

bübs®

# Annual Report 2024



[bubsaustralia.com](https://bubsaustralia.com)

For personal use only



# Contents

<b>FY24 Review</b>	<b>3</b>
Bubs Strategic Review	4
Year at a Glance	5
From our Chair and CEO	6
Performance at a Glance	9
Review of Operations and Financial Results	10
Risk Statement	12
<b>Directors' Report</b>	<b>15</b>
Board of Directors	16
Directors' Report	19
Remuneration Report (Audited)	22
Auditor's Independence Declaration	29
<b>Financial Statements</b>	<b>31</b>
Consolidated Statement of Profit Or Loss And Other Comprehensive Income	32
Consolidated Statement of Financial Position	33
Consolidated Statement of Changes In Equity	34
Consolidated Statement of Cash Flows	35
Notes to the Financial Statements	36
Directors' Declaration	63
Consolidated Entity Disclosure Statement	64
Independent Auditor's Report	65
Other Information	70
Corporate Directory	IBC

For personal use only



# 01 FY24 Review

# Bubs Strategic Review

## USA GROWTH ENGINE

The US delivered record growth in FY24, where Bubs continued to sell under the FDA's enforcement discretion. Bubs continued to follow the FDA's guidelines, demonstrating meaningful progress on its US clinical trial, with 382 patients enrolled in the Growth Monitoring Study as at 23 August 2024. Bubs achieved 95% of its target enrolments for the study, with FDA approval expected in October 2025.

Bubs' revenue growth in the US market has been fuelled by strong consumer demand, endorsement from healthcare professionals, social media advocacy, and robust trial and repeat purchases. Available in more than 5,800 brick & mortar retailers, major e-commerce platforms, and with a first mover advantage, Bubs is well placed to capture the expected growth in premium speciality formulas for years to come.

## CHINA RESET

The China reset strategy progressed well, with Bubs achieving 27% revenue growth over FY23. In addition to Bubs' core infant product portfolio, there was strong demand for Bubs' adult goat formula in China, with sales of adult goat products up 79% over FY23.

Importantly, the Bubs' premium brand positioning and pricing architecture has been restored with the average selling price (RRP) increasing 15% YOY.

Bubs' brands continue to perform strongly in the CBEC channel, and Bubs' O2O sales strategy has also progressed with Bubs' products stocked in 138 new O2O stores across China in June, bringing the total O2O stores stocking our products to over 300.

With the Bubs Supreme stock overhang from the previous distributor having now been cleared in the marketplace, combined with new products and further penetration of the O2O channel, Bubs is anticipating 50% revenue growth in China in FY25.

## PORTFOLIO OPTIMISATION

Bubs recently launched new product variants, including new look labels and new pack formats, with key US retailers at the end of FY24 which are expected to perform strongly in FY25. One of Bubs' new variants – Essential has already won one of the most prestigious American consumer awards – the *Good Housekeeping Parenting Award*, and Essential is expected to contribute strongly to Bubs' continued US revenue growth in FY25.

Similar to the US, the new look labels and pack formats have also recently been launched in China and are performing strongly.

## SWEAT THE ASSETS

Bubs' state of the art manufacturing facility in Victoria is now operating at approximately 60% of capacity up from 31% in FY23. Additionally, our Deloraine canning facility has been operating on a double shift, five days per week, since January 2024.

US FDA annual site audit successfully completed.

## WORKING CAPITAL

Net operating cash flow for FY24 was \$(26.3)m, an improvement from \$(46.5)m in FY23.

Bubs raised \$17.4m in December 2023 via a Placement and Share Purchase Plan to fund future strategic growth. The proceeds raised were used to invest in working capital, including commencing a second production shift at Deloraine, expanding capacity, inventory build to mitigate stock shortages, and funding for regulatory costs in the US to obtain FDA approval.

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 and consulting fees (\$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.

# Year at a Glance



REVENUE GROWTH IN ALL REGIONS

## USA

**\$35.0m**

Up 46% on pcp (FY23: \$23.9m)

Representing 44% of revenue

## Australia

**\$21.6m**

Up 24% on pcp (FY23: \$17.3m)

Representing 27% of revenue

## China

**\$17.3m**

Up 27% on pcp (FY23: \$13.6m)

Representing 22% of revenue

## ROW

**\$5.9m**

Up 12% on pcp (FY23: \$5.2m)

Representing 7% of revenue



## USA RECORD REVENUE GROWTH

- USA revenue of \$35.0m, up 46% on pcp
- Q4 record scan revenue of \$11.2m
- In June, achieved USD \$1m in weekly scan sales
- Good Housekeeping Parenting Award



## US FOOD & DRUG ADMINISTRATION (FDA)

- 95% of target infant enrolment achieved<sup>1</sup>
- GRAS application submitted
- US FDA annual site audit successfully completed
- Permanent market access expected in October 2025



## CHINA RESET WELL UNDERWAY

- China revenue of \$17.3m, up 27% on pcp (FY23: \$14m)
- China reset gathering pace with 38% revenue growth in H2 over H1
- Bubs' premium brand positioning restored with the average selling price (RRP) increasing 15% YOY
- Bubs' O2O sales strategy progressing, with Bubs' products stocked in over 300 outlets



## RECORD GROWTH & MARKET SHARE IN AUSTRALIA

- Australia revenue of \$21.6m, up 24% on pcp
- No1# Goat brand in the Goat IMF category with 52%<sup>2</sup> market share
- Bubs' scan sales growing 12.1%<sup>2</sup> MAT or 6x faster than the market
- Bubs' goat scan sales growing 17%<sup>2</sup> MAT

1. As at 23 August 2024  
2. Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined to MAT 28/07/24

# From our Chair and CEO

Dear Fellow Shareholders,

In FY24 we embarked on the first year of our three-year strategic plan and turnaround, focused on a 5-point plan to responsibly manage capital and to grow and maximise shareholder value.

1. USA Growth Engine
2. China Reset
3. Portfolio Optimisation
4. Sweat Existing Assets
5. Working Capital

This first year in our turnaround strategy was a pivotal one and an important step in the right direction. We achieved very strong growth in our two key strategic export markets, with US revenue up 46% and China revenue up 27% on FY23. We also saw strong growth in our home market and our rest of world markets including Japan and Vietnam. Pleasingly, we achieved total revenue of \$80m during the year, in line with our revenue guidance.

Over the past year, we have focussed on delivering against each one of our strategic pillars that we announced in announced in August 2023. Pleasingly, we have made excellent progress against each strategic pillar, and we are on track to achieve our medium term financial and operational ambitions.

FY24 was a significant year for the Company as we continued to build on our momentum in the US and reset our China business. We also upgraded and refreshed our master brand, introduced new packaging and tin sizes, reformulated products, implemented a new ERP system – SAP, and moved to a second shift at our state-of-the-art Deloraine canning facility in Victoria. This significant program of operational activities required careful planning and seamless execution to ensure Bubs' high quality clean label nutrition products remained competitive, available and accessible to customers and consumers in our global markets.

## USA GROWTH ENGINE

The US delivered record growth in FY24, with revenue of \$35.0m, up 46% on pcp. Bubs' revenue growth in the US market has been fuelled by strong consumer demand, endorsement from healthcare professionals, social media advocacy, and robust trial and repeat purchases. Available in more than 5,800 brick & mortar retailers, major e-commerce platforms, and with a first mover advantage, Bubs is well placed to capture the expected growth in premium speciality infant formulas for years to come.

## FDA

Post balance date, Bubs enrolled its 400th and final infant in the Growth Monitoring Study (GMS). The GMS and clinical trial are being conducted as part of the regulatory requirement and guidelines set by the U.S Food and Drug Administration (FDA), for permanent access to the US infant formula market. Bubs intends to formally submit the completed GMS and clinical trial documentation early in 2025, with the FDA's regulatory approval expected in October 2025.

Importantly, Bubs' 400th infant enrolment is a demonstration of meaningful progress throughout all aspects for the regulatory process in line with the FDA transition guidelines, following earlier completion of the 'protein efficiency ratio (PER) study', and submission of the 'generally accepted as safe' (GRAS) application.

This represents a significant milestone in the clinical trial. Bubs' first infant was enrolled in the GMS in late August 2023 and completing enrolment within 13 months in a competitive market is testament to the focus and experience of Bubs' advisers and the quality of the contract research organisation (CRO).

Bubs first began importing its infant formulas into the US in May 2022 as a response to the infant formula shortage. Bubs was the first company to offer assistance from abroad, participating in the US government's 'Operation Fly Formula' program and Bubs was the second company in the world to be granted 'temporary enforcement discretion'.



Since then, Bubs has been steadily building its premium branded infant formula portfolio of evidence based clean label nutrition for American families, caregivers and paediatricians and has now cemented its position as the leading goat milk formula brand in the United States.

## CHINA RESET

Bubs' China reset strategy has also progressed well, with 27% revenue growth on pcp. In addition to the demand for Bubs' core infant product portfolio, there was also strong demand for our adult goat formula in China, with sales of adult goat products up 79% on pcp.

Importantly, the Bubs' premium brand positioning and pricing architecture has now been restored with the average selling price (RRP) increasing 15% YOY.

Our brands continue to perform strongly in the CBEC channel and Bubs' O2O sales strategy is gaining traction, with products stocked in 138 new O2O stores across China in June, bringing the total O2O stores stocking Bubs' products to over 300.

With the Bubs Supreme inventory overhang from the previous distributor having now been cleared in the marketplace, combined with new product development and further penetration of the O2O channel, Bubs is anticipating 50% revenue growth in China in FY25.

## AUSTRALIA & REST OF WORLD (ROW)

Last year, Bubs achieved \$21.6m of revenue domestically, representing 24% growth on pcp (FY23: \$17.3m). Bubs is the largest player in the Australian goat IMF market, with 52%<sup>1</sup> market share. Bubs is also the fastest growing MAT supplier in Australian major retailers, growing at 12.1%<sup>1</sup>, or 6x faster than the market growth of 2.2%<sup>1</sup> and demand for Bubs' branded goat IMF remains very strong.

Bubs achieved \$5.9m and 12% revenue growth in other international markets (FY23 \$5.2m). Growth in the ROW operating segment has been driven by Japan and Vietnam. Revenue for ROW has grown at a CAGR of 20% from FY20 (\$2.5m) to FY24 (\$5.9m), highlighting the strong momentum in these markets. On 16 August 2024 Bubs was granted authorisation to sell both Bubs Goat and Bubs Essential infant formula under Health Canada's Interim Policy and Transition Strategy via discretionary enforcement, which will enable Bubs to launch into the ~US\$340m Canadian market in H2 FY25.

## PORTFOLIO OPTIMISATION

At the end of FY24, Bubs launched new product variants with key US retailers, including new look labels and new pack formats which are expected to perform strongly in FY25. One of the new variants – Essential – has already won one of the most prestigious American consumer awards – the *Good Housekeeping Parenting Award*, and Essential is expected to contribute strongly to Bubs' continued US revenue growth in FY25. A recent NY Times *Wirecutter* "The best baby formula" review<sup>2</sup> featured two of Bubs infant formula products, and Bubs Goat Milk IMF Stage 1 was the best-selling IMF product on the US Amazon e-commerce site in May.

Similar to the US, the new look labels and pack formats have also recently been launched in China and are already performing strongly.

In Australia, the Bubs' brand has gone from strength to strength with the Bubs' portfolio growing 6x faster than the market. Bubs' Goat infant formula is the clear market leader with a 52% share of the market.

<sup>1</sup> Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined to MAT 28/07/24

<sup>2</sup> 6th September 2024 – The Wirecutter, The Best Baby Formula. <https://www.nytimes.com/wirecutter/reviews/best-baby-formula/>

## SWEAT EXISTING ASSETS

Bubs' state of the art manufacturing facility in Victoria is now operating at approximately 60% of capacity, up from 31% in FY23. Since January 2024, Bubs' Deloraine canning facility has been operating on a double shift, five days per week. In June it successfully passed the US FDA annual site audit.

Deloraine was designed and built for SAMR registration. Whilst Bubs is not currently pursuing a SAMR registration, obtaining access to additional China label SAMR registrations may provide an additional future pathway for sustained growth.

## WORKING CAPITAL

In December 2023, Bubs raised \$17.4m via a Placement and Share Purchase Plan, supported by Australian and international institutional and sophisticated investors. The proceeds were used to invest in working capital, including initiating a second production shift at Deloraine, increasing capacity, building inventory to prevent stock shortages, and covering regulatory costs in the US to secure FDA approval.

Management's continued focus on costs delivered a significant reduction in net operating cash flow for FY24 at \$(26.3)m, an improvement from \$(46.5)m in FY23.

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 and consulting fees (\$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.

## LITIGATION

During the year, Bubs settled the proceedings in the Federal Court of Australia with Ms Kristy-Lee Newland Carr and Mr Dennis Lin.

Bubs was also pleased to agree binding terms to resolve all outstanding matters with respect to its Chinese Joint Venture with Zhitong (Hangzhou) Health Technology Co Ltd.

Bubs has commenced arbitration proceedings against Alice and Willis for the recovery of an alleged \$5.6 million debt, damages and costs, and the case is expected to be heard in late 2024.

## OUTLOOK

The successful introduction of Bubs' new product variants and pack sizes in the US will be a key determinate of Bubs' performance in FY25. Group revenue is forecast to grow ~28% in FY25, targeting revenue of \$102m. This includes revenue growth of 50% in both the US and China. Bubs is targeting a gross margin >40% in FY25 with positive EBITDA<sup>3,4</sup>.

While non-recurring costs affected our statutory loss for FY24, their absence in FY25, combined with sustained strong momentum across all markets and cost-reduction initiatives, provides a clear pathway for positive trading EBITDA<sup>3</sup> (before shared based payments) in FY25.

We are excited about the future of our Company given the significant progress we have made in the first year of our three-year strategic plan. Our award-winning, clean-label certified infant nutrition products continue to gain popularity across all key global markets. With a first-class management team in place, we are confident in the Company's future and the successful execution of our strategic plan and turnaround.

Finally, we would like to thank our shareholders for their continued support and interest in the Company.



Katrina Rathie

Chair



Reg Weine

CEO & Managing Director

# Performance at a Glance

## 1. FINANCIAL

FY24 represented a significant improvement over FY23. Total revenue reached \$79.7m, marking a robust 33% increase from FY23's \$60.1m. The Company reported a statutory net loss of \$(21.0)m, a substantial reduction from the \$(108.4)m loss in FY23.

This first year of our turnaround strategy was crucial and a strong step forward as we continue to build momentum in the US and reset our business in China. We saw strong growth in our domestic and key international markets, including Japan and Vietnam. Notably, we achieved \$80 million in revenue for the year, aligning with our guidance.

The Group reported FY24 revenue of \$79.7 million, a 33% increase over the pcp. The statutory after-tax loss of \$(20.9) million reflects an 81% improvement compared to FY23's \$(108.4) million. Full-year EBITDA recorded a loss of \$(19.7) million, a notable improvement from the underlying EBITDA loss of \$(69.1)m<sup>1,2</sup> million in FY23.

Bubs achieved revenue growth in all regions, with US revenue 46% higher than pcp (FY23: \$23.9m). The US now contributes 44% of total revenue, up from 40% in FY23. The improvement in EBITDA is due to the growth in revenue, tighter control of operating expenses, improved gross margins and product mix, and rationalisation of poor performing SKUs.

## PERFORMANCE BY REGION

- USA: revenue of \$35.0m, up 46% on pcp, representing 44% of revenue (FY23: \$23.9m)
- Australia: revenue of \$21.6m, up 24% on pcp, representing 27% of revenue (FY23: \$17.3m)
- China: revenue of \$17.3m, up 27% on pcp, representing 22% of revenue (FY23: \$13.6m)
- ROW: revenue of \$5.9m, up 12% on pcp, representing 7% of revenue (FY23: \$5.2m)

## 2. WORKING CAPITAL

Net operating cash flow for FY24 was \$(26.3)m, an improvement from \$(46.5)m in FY23.

Bubs raised \$17.4m in December 2023 via a placement and share purchase plan to fund future strategic growth. The proceeds raised have been invested in working capital, including starting a second production shift at Deloraine, expanding capacity, building inventory to prevent stock shortages, and funding regulatory costs in the US to secure FDA approval.

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 and consulting fees (\$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.

## 3. CASH POSITION

Bubs held \$17.5m 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.

## 4. ENTERPRISE RESOURCE PLANNING (ERP)

As Bubs has rapidly evolved its organisation infrastructure over the past few years, the internal business administrative systems have become stretched and challenged. During the course of the past 12 months the Board initiated an ERP project to address this risk. Accordingly, the business proceeded with an enterprise-wide ERP project which saw the successful implementation of SAP By-Design.

## 5. FY25 OUTLOOK

The successful introduction of Bubs' new product variants and pack sizes in the US will be a key determinate of Bubs' success in FY25. Bubs is currently forecasting Group revenue growth of ~28% in FY25, targeting revenue of \$102m, including revenue growth of 50% in both the US and China. Bubs is targeting a gross margin >40% in FY25 with positive EBITDA<sup>1,3</sup>.

While the impact of the non-recurring costs impacted our statutory loss for FY24, their absence in FY25 when coupled with the continued strong momentum in all markets and cost out initiatives, provides a clear pathway to positive trading EBITDA<sup>3</sup> (before shared based payments) in FY25.

<sup>3</sup> Earnings before interest, tax, depreciation and amortisation is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review

<sup>4</sup> Before share based payments

<sup>1</sup> Before share based payments

<sup>2</sup> Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

<sup>3</sup> Underlying earnings before interest, tax, depreciation and amortisation excluding impairment of \$36.2m in FY23, is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review

# Review of Operations and Financial Results

## REVENUE

The Group delivered revenue of \$79.7million in FY24, up 33% year on year. Notably, revenue for the sale of Bubs' infant formula totalled \$62.4 million.

The Group's gross revenue<sup>1</sup> reached \$98.6 million, a 34% increase from FY23 (\$73.8 million). This includes gross revenue<sup>1</sup> from the sale of Bubs' infant formula of \$79.2 million, an increase of 31% compared to FY23 (\$60.7m). This contributed to approximately 80% to the Group's Gross revenue<sup>1</sup>.

## UNITED STATES

Our key target market, the USA, delivered growth for Bubs, with revenue of \$35.0 million an increase of 46% on FY23 (\$23.9m), surpassing US\$1.0m in weekly scan sales, selling over 27,000 tins in the week ending 9 June.

## CHINA

China achieved revenue of \$17.3 million, a 27% increase on FY23 (\$13.6m). The CBEC and O2O sales strategy is progressing well, and we were stocked in 300 O2O stores. Revenue for adult goat dairy products, which is predominantly sold in China, was \$11.3 million for the year, an increase of 70% on FY23 (\$6.7m).

## AUSTRALIA

Domestically, we are one of the fastest growing infant formula manufacturers in the category and the fastest growing premium brand, achieving revenue of \$21.6 million and growth of 24% on FY23 (\$17.3m) across Australia's leading retailers. Bubs is the largest player in the domestic goat IMF<sup>2</sup> market with 52%<sup>3</sup> market share.

## REST OF WORLD

Rest of World markets are also performing strongly with revenue of \$5.9 million and growth of 12% on FY23 (\$5.2m) with strong performances from the Japan and Vietnam markets.

## GROSS MARGIN

The Group's gross profit margin saw an improvement, reaching 49% for FY24, compared to (16%) in FY23. This positive shift is attributed to an underlying gross profit<sup>4</sup> rate of 41%, along with the release of prior year inventory provisions amounting to \$20.6 million. Notably, the reduction in inventory provisions to \$4.6 million from \$25.2 million in the previous year, reflects enhanced inventory management by the Group.

## OPERATING EXPENSES

Operating expenses as a percentage of revenue<sup>5</sup> decreased to 73%, from 99% in FY23. The operating expenses include the following:

- Legal and accounting costs of \$4.9 million.
- Marketing and promotional costs of \$14 million.
- Consulting fees of \$2.9 million.
- Non-recurring ERP costs of \$1 million and FDA costs of \$5.6 million.

## STATUTORY RESULTS

The EBITDA<sup>6</sup> loss was \$19.7million (FY23: \$105.2 million) and the reconciliation to the statutory loss before tax is set out in the table below.

	FY24 \$	FY23 \$
Loss before tax	(20,488,985)	(107,484,539)
Interest Income	334,827	518,982
Finance cost	(241,384)	(452,470)
<b>EBIT<sup>7</sup> Loss</b>	<b>(20,582,429)</b>	<b>(107,551,051)</b>
Depreciation and amortisation	(878,634)	(2,320,272)
Impairment	-	(36,165,080)
<b>Underlying EBITDA Loss</b>	<b>(19,703,795)</b>	<b>(69,065,698)</b>

## BALANCE SHEET

The Group had \$17.5 million in cash and cash equivalents at 30 June 2024 (30 June 2023: \$26.1m) and \$5.3 million external debt at balance date with \$5 million unused.

## GOING CONCERN

On 30 June 2024, the Group is in a net current asset position of \$31.1million (2023: \$35.4m). At 30 June 2024, the Group has \$17.5 million in available cash and cash equivalents and \$5.0 million in committed un-drawn bank facilities (Note C8). The Group made a FY24 loss after tax of \$21.0 million (FY23: \$108.4m).

Post 30 June 2024, the Group extended the \$10.0 million facility with National Australia Bank for a further 12 months to 29 August 2025. (Note C8).

Net cash outflows from operating activities in FY24 were \$26.3 million (FY23: \$46.5m) which included the following:

- Legal costs of \$3.7 million in relation to ongoing litigation matters, including the Group's former customers in China.
- Enterprise resource planning (ERP) costs of \$1.0 million.
- U.S. Food and Drug Administration (FDA) costs \$5.6 million.
- Costs relating to the closure of the joint venture of \$0.5 million.

The directors have considered the Group's revenue projections and cash flow forecasts based on current market conditions and business plans to determine the appropriateness of preparing the financial report on a going concern basis.

The Group acknowledges the inherent uncertainty in their earnings forecast, which includes assumptions such as:

- Increased customer base, ranging of products, number of stores for each product in the USA and achieving projected sales volumes in FY25 with the smaller tin sizes.
- Attainment of the permanent U.S. Food and Drug Administration approval in FY25 to continue operating in the USA and managing expenses to obtain it. The Group is currently operating under discretionary approval until permanent approval is expected to be obtained in FY25.
- Continuing the revenue growth in China through the success of the CBEC and O2O strategy.

- Continuing improvement of the working capital position through detailed demand planning and forecasting.
- Reduced operating expenses through stringent expense management, and cost optimisation and estimated expenses relating to litigation matters.

Due to the uncertainty surrounding the above matters, a material uncertainty exists which may cast doubt on the Group's ability to continue as a going concern and therefore whether it may be able to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, based on the current information and actions being taken, the Directors consider that it is appropriate for the financial report to be prepared on a going concern basis. Should the cash flow forecasts not be achieved, there is a material uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

<sup>1</sup> Gross revenue is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review. Gross revenue represents the revenue recognised without rebates and marketing contribution totalling \$18.9 million in FY24.

<sup>2</sup> IMF (Infant Milk Formula) refers to Baby formula products including both Infant and Toddler.

<sup>3</sup> Data sourced from: Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined QTR To 28/07/24

<sup>4</sup> Underlying gross profit is a non-IFRS term, excludes net inventory provision / reversal and bulk and ingredients revenue. Non-IFRS measures have not been subject to audit or review

<sup>5</sup> Operating expenses to revenue ratio excludes Depreciation & Amortisation and Share Based payments expense.

<sup>6</sup> Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

<sup>7</sup> Earnings before Interest and Tax is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

# Risk Statement

## BUSINESS RISKS

Bubs has identified certain risks with the potential to materially impact the Group's performance and prospects, and has implemented measures to manage those risks, as summarised below:

<b>USA Regulatory Approval/ Non Compliance with US FDA Audit and Regulations</b>	There is a risk that the FDA may not approve Bubs' application for permanent access to the US infant formula market, which would impact future operational and financial performance. Bubs is constantly monitoring and addressing this risk through the use of external expert resources in the United States, as well as its own industry-leading in-house regulatory and compliance specialists. Bubs regularly meets with the US FDA to demonstrate its meaningful progress and compliance with the FDA's temporary enforcement discretion and transition to regulatory approval guidelines.
<b>Product contamination, recall &amp; food safety</b>	As with all food businesses, Bubs faces ongoing risks of contamination and product recalls. To manage this risk, the Group has implemented robust approved supplier programs, quality and environmental testing and end-product testing which is well in excess of regulatory requirements and industry standards. The Group also demands a strong food safety culture, and continues to be at the forefront of improvements in food safety management.
<b>Reliance on third party suppliers</b>	The Group is exposed to an ongoing risk of disruption or failures of third party suppliers. The Group mitigates this inherent supply chain risk by entering contracts with multiple suppliers for important classes of production inputs, auditing suppliers and by ongoing consideration and assessment of the security of the Groups' supply chains generally.
<b>Major Retailer Product Deletion</b>	There is a risk that one of Bubs' customers (e.g., an e-commerce platform or one of our retailers) may delete one or more of Bubs' products from its website or product range offering across their retail network. To manage this risk, the Group continually monitors developments in key markets, conducts regular major account reviews, and places a high importance upon the maintenance of strong relationships with key suppliers.
<b>Fraud</b>	Theft or dishonest activity resulting in loss or misappropriation of organisation's resources has the potential to adversely affect the Group's operations and financial position. The Group manages this risk through the implementation of appropriate policies and procedures, authority limits, software, and segregation of duties, all of which is overseen by the Group's Chief Financial Officer and finance team.

<b>Day to Day operational risk</b>	The Group is subject to a range of operational risks including of damage to operating assets and equipment, equipment failure or breakdowns, human error or accidents, IT system failures, external services failures, industrial action or disputes, and natural disasters. This risk is managed through the formulation of business continuity plans and the maintenance of appropriate policies of insurance.
<b>Slow moving and obsolete stock</b>	The generation of slow-moving or obsolete inventory represents a financial risk with the potential to dilute gross margin and overall profitability. The Group manages this risk by observing rigorous supply & demand forecasting processes together with careful inventory management. The maintenance of strong supplier & customer relationships also provides the Group with further protection against this risk.
<b>Capital Adequacy</b>	Due to rapid growth in the US market, Bubs has a relatively high working capital requirement which needs to be carefully managed to ensure that the business operates at an appropriate level. Bubs manages this risk through monthly cashflow forecasting and active management of debtors, creditors and inventory. Bubs also has access to a trade finance facility with the NAB.
<b>Employee Retention</b>	The loss of key personnel or high staff turnover could lead to the loss of valuable corporate knowledge, negatively impacting the Group's operational and financial performance in the short to medium term. Bubs mitigates this risk through a robust employee engagement program, a positive company culture and a commitment to core values. This includes implementing annual performance reviews, individual development plans, salary benchmarking, and offering share-based retention incentives.

Other than as described above, the Group does not consider that it faces any material exposure to social or environmental risks that would materially impact the Group's ability to create or preserve value for security holders over the short, medium or longer term.



For personal use only



# 02 Directors' Report

## Board of Directors

### THE BOARD OF DIRECTORS

The directors present their report together with the consolidated financial statements of Bubs Australia Limited as a consolidated entity consisting of Bubs Australia Limited (the "Company") and the entities it controlled ("the Group") for the financial year ended 30 June 2024 and the auditor's report thereon.

### DIRECTOR PROFILES

The names of the directors in office at any time during and since the end of the financial year are:



#### MS KATRINA RATHIE

B Com (Accounting & Financial Management)/LLB UNSW Sydney, FAICD

Non-Executive Director/ Chair (appointed 21 July 2021)

Ms Katrina Rathie has served on the Bubs Board as an independent Non-Executive Director since July 2021, before becoming Chair in April 2023. Ms Rathie is Chair of the Board and Chair of the Nomination & Remuneration Committee. She is a Fellow of the Australian Institute of Company Directors and a Member of Chief Executive Women.

Ms Rathie is a well-known Chinese-Australian business leader, Non-Executive Director and distinguished lawyer, based in Sydney Australia. Ms Rathie has deep experience in law, governance, infant formula, fast moving consumer goods, consumer brands, intellectual property and international trade between Australia, China, Asia and the USA. In March 2022, Ms Rathie was appointed by the Governor-General to serve as a Non-Executive Director of multi-cultural broadcaster SBS. She has served on government, listed, private, for purpose and community boards, including serving as a Non-Executive Director of the Starlight Children's Foundation, NSWRU/Waratah's Rugby and pre-eminent educational institutions.

Ms Rathie had a distinguished 35-year career as a trusted advisor and partner at top tier global law firm King & Wood Mallesons, including seven years as Partner in Charge, Sydney (2014 – 2021).

To Bubs, Ms Rathie brings strong skills in governance, strategy, leadership, networks, international connections and cultural skills. As a trusted advisor to leading Fortune 500 companies, ASX listed companies and start-ups over three decades, she has deep experience in helping consumer brands grow and flourish in Australia, Asia and USA. She has lived in America and advised Australian companies on how to do business in the USA, and international companies on how to do business in Australia.

Ms Rathie was named the overall winner in the prestigious Board & Management category in AFR 100 Women of Influence Awards (2019), recognised for her outstanding contributions to leadership in the law, advancement of gender and cultural diversity across Australia and Asia. She is the NSW Patron of the Asian Australian Lawyers Association. She holds a Commerce/ Law (Accounting) degree from UNSW Sydney and is admitted to practice as a solicitor in Australia and as an Attorney & Counsellor of the New York Bar.



#### MR PAUL JENSEN

B Com (Accounting and Commercial Law), FAICD

Non-Executive Director (appointed 20 March 2023)

Paul Jensen joined the Bubs Board as independent Non-Executive Director and Chair of the Audit and Risk Committee in April 2023 and brings perspectives drawn from his extensive professional career. Paul is based in Sydney, Australia.

Paul has more than 20 years' Board experience as a professional director with both ASX listed, public and private corporations across consumer goods, equity capital markets, banking, government, philanthropy, and indigenous affairs.

He brings an international perspective gained from an executive career working in New Zealand, Australia, and the United Kingdom. In both his executive and non-executive career Paul has been focused on shareholder value creation. Paul is a critical thinker and highly proficient in financial disciplines to manage risk, drive growth and create sustainable value. He is deeply committed to ensuring strong governance, risk management and compliance principles are actively exhibited, and that a constructive culture is present.

He currently holds the position of Non-Executive Director and Treasurer for the Australia Made Campaign Limited, which on behalf of the Australian Government administers the highly recognised and trusted Australian Made / Australian Grown trademarks, he is Chairman of Carbon Conscious Investments Limited, Alterra Limited and the Watarrka Foundation Limited (supporting remote Aboriginal communities in the NT) and is a Non-Executive Director of GNS Wholesale Limited and ReMade Australia Limited. Paul is a Fellow of The Australian Institute of Company Directors.



#### MR REG WEINE

Managing Director & Chief Executive Officer (appointed on 28 August 2023)

Reg Weine joined the Bubs Board in April 2023 as an independent Non-Executive Director and is a dynamic and trusted member of the board. He is based in Melbourne Victoria, near our Deloraine canning operations.

Reg is an executive with over 25 years' experience in fast moving consumer goods (FMCG) and agri-food and more than 15 years working in international markets and trade. An experienced CEO, Reg was previously Managing Director of SPC Ardmona (Coca-Cola Amatil), CEO of Australia's largest and oldest privately-owned dairy business – Bulla Dairy Foods, and Director of Sales and International at Blackmores Limited.

Reg has a Bachelor of Business from Monash University, is a graduate of the Australian Institute of Company Directors and is a Certified Practising Marketer and Fellow of the Australian Marketing Institute. In 2019 Reg completed the AGSM@UNSW Business School Governance for Social Impact certificate and completed the Wharton Executive Education – Venture Capital program.



#### MR STEVE LIN

Non-Executive Director

Steve Lin has been a Director on the Bubs board since 2019 and is based in Hong Kong and the USA. Steve is the Managing Partner of C2 Capital and represents Bubs' largest shareholder, C2 Capital, which has a holding of 8.55%. C2 was established in 2018 to provide growth capital and operational support for companies to scale in China. The firm's anchor investor is Alibaba Group.

Steve currently serves on the Board of three North American consumer products companies, Stella & Chewy's, a leading pet food company in the US, Petcurean a leading pet food company in Canada and China and KDC/ONE, one of the world's largest OEM/ODM manufacturers in beauty, personal care and home care.

A highly experienced board director, Steve has been doing business in China for 30 years including serving on company and university boards. More broadly, Steve also has more than 30 years of investment, operations, and management experience in Asia and the US

Prior to joining C2 Capital, Steve worked for Morgan Stanley, Goldman Sachs, GMAC Commercial Holding Corp (subsequently, Capmark Financial Group) and Laureate Education in New York, Hong Kong and Tokyo. Steve has a bachelor's degree in economics from Harvard College.



**MR JAY STEPHENSON**

MBA, FCPA, FGIA, MAICD, CPA  
(Canada), CMA (Canada)

Company Secretary  
(appointed 1 September 2015)

Mr Stephenson has been involved in business development for over 30 years including approximately 26 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, IT, manufacturing, food, wine, hotels and property. Mr Stephenson has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

### RECORD OF ATTENDANCE AT THE BOARD MEETINGS

Director attendance at Board and Committee meetings during the year is set out below.

	Board Meetings		Nomination & Remuneration Committee		Audit and Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
K Rathie (Non-Executive Director/ Chairman)	11	11	2	2	4	4
P Jensen (Non-Executive Director)	11	11	2	2	4	4
S Lin (Non-Executive Director)	11	11	2	2	4	4
R Weine (Managing Director & Chief Executive Officer)	11	11	N/A	N/A	N/A	N/A

## Directors' Report

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no significant change in the state of affairs of the Group during the financial year.

### PRINCIPAL ACTIVITIES

The Group offers a significant range of organic baby food, goat milk infant formula products, adult goat milk powder products and fresh dairy products. The Group also provides canning services of nutritional dairy products.

### ENVIRONMENTAL REGULATIONS

The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

### EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In July 2024, the Group renewed its \$10 million facility with NAB under the same terms as FY24. The renewed facility expires on 29 August 2025.

There have been no other subsequent events since 30 June 2024 that have significantly affected or could significantly affect the reported results from operations or the Company's financial position for the year then ended.

### DIVIDENDS

No dividends have been paid or declared since the start of the financial year (2023: Nil).

### INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Group has paid insurance premiums in respect of Directors' and Officers' liability insurance for current and past Directors and Officers. Insurance does not indemnify the Directors and Officers where there is conduct involving lack of good faith.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer, director or auditor of the Group against a liability incurred as such an officer, director or auditor.

### PROCEEDINGS ON BEHALF OF THE GROUP

The Group has an ongoing legal dispute with its former customers - Alice Trading Ltd and Willis Trading Ltd. The outcome of the currently pending and potential future legal actions, of a legal nature cannot be predicted with certainty. Such matters can raise complex legal issues and are subject to many uncertainties including but not limited to the facts and circumstances of each matter.

The directors have given consideration to such matters which are or may be subject to claims, penalties and litigation as of the reporting date and are of the opinion that any litigation arising from such action would not have a material effect on the Group's financial performance.

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

### ROUNDING

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

## GENDER DIVERSITY

The Group has a strong commitment to diversity and recognises the value of attracting and retaining employees with different backgrounds, gender, culture, knowledge, experience, and abilities. Diversity contributes to the Group's business success and benefits individuals, clients, teams, shareholders, and stakeholders. The Group's business policies, practices and behaviours promote diversity and equal opportunity and creates an environment where individual differences are valued, and all employees have the opportunity to realise their potential and contribute to the Group's success.

	As at 30 June 2024				As at 30 June 2023			
	Male	Percentage Male (%)	Female	Percentage Female (%)	Male	Percentage Male (%)	Female	Percentage Female (%)
Board	3	75	1	25	3	75	1	25
Senior management	5	83	1	17	5	83	1	17
Employees	36	47	41	53	40	47	45	53
<b>Total</b>	<b>44</b>	<b>51</b>	<b>43</b>	<b>49</b>	<b>48</b>	<b>51</b>	<b>47</b>	<b>49</b>

## UNISSUED SHARES

At the date of this report, the Group has no unissued shares under option.

## NON-AUDIT SERVICES

No non-audit services were provided by KPMG during the year ended 30 June 2024.

Details of amounts paid or payable to the auditor during the year are outlined in Note G3 to the financial statements.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

## Remuneration Report

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2024.

The Nomination and Remuneration Committee (the Committee) advises the Board on the policies and practices of the Company regarding the remuneration of Non-Executive Directors, the Executive Leadership Team (ELT) and other senior leaders of the Group and reviews all components of the Group's remuneration practices relevant to its employees. The Committee Charter sets out the objectives, responsibilities and authority of the Committee in relation to remuneration matters.

Robust processes are in place for supporting and evaluating the performance of the CEO, ELT and other senior leaders. The Board and CEO determine and agree annual targets and objectives for the Company based on the Company's strategic plan, supported by comprehensive and collaborative operational planning and financial budgeting processes. The CEO is accountable to the Board for the delivery of the agreed targets and objectives. The targets and objectives agreed between the Board and the CEO are discussed with, and cascaded to, each member of the ELT and captured in individual performance plans. The CEO uses the performance plans to facilitate individual conversations with each member of the ELT. The performance discussions are documented and form the basis of the annual performance review that each ELT member undertakes with the CEO at the end of the performance period.

The Board's policy for remunerating the CEO, ELT and other senior leaders is to provide market-based remuneration packages comprising a blend of fixed and variable at-risk incentive-based remuneration, with clear links between individual and Company performance and individual reward. The Committee reviews the remuneration of the CEO, ELT and, as an aggregate, all other employees at least annually.

The Committee seeks external professional advice from time to time on remuneration matters. During FY24, external consultants Godfrey Remuneration Group Pty Ltd (GRG) were engaged to provide market practice information, benchmarking data and make remuneration recommendations regarding fixed remuneration and variable rewards including short term incentives (STI) and long-term incentives (LTI) for the CEO, ELT and selected senior leaders. Any recommendations provided by GRG in relation to remuneration of Key Management Personnel of Bubs were made free from undue influence by any Key Management Personnel to whom the recommendations related to. Bubs paid GRG \$58,300 for the benchmarking, STI plan design, LTI plan design, and services rendered.

The outcome of the ELT's performance over the course of the year is one factor considered when any changes to fixed annual remuneration or any award of variable remuneration and incentives are determined.



Katrina Rathie

Chair

## Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2024 forms part of the Directors' Report. It has been prepared in accordance with the *Corporations Act 2001 (Cth) (the Act)*, the *Corporations Regulations 2001 (Cth)* and *AASB124 Related Party Disclosures* and audited as required by the Act. It also includes additional information and disclosures that are intended to enable a deeper understanding by shareholders of Bubs' remuneration governance and practices.

### KEY MANAGEMENT PERSONNEL

The term key management personnel (KMP) refers to those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly and includes any Director of the Group. The disclosures in this report have been audited.

The KMP of the Group during the year ended 30 June 2024 were:

- Katrina Rathie (Independent Non-Executive Chair, Chair of the Nomination and Remuneration Committee)
- Steve Lin (Non-Executive Director)
- Paul Jensen (Independent Non-Executive Director, Chair of the Audit and Risk Committee)
- Reg Weine (Managing Director and Chief Executive Officer – appointed 28 August 2023)
- Robin Johnston (Chief Financial Officer — appointed on 1 February 2024, Interim Chief Financial Officer from 24 May 2023)
- Richard Paine (Chief Operating Officer, Interim Chief Executive Officer 10 May 2023 – 28 August 2023)

### REMUNERATION STRUCTURE

The Nomination and Remuneration Committee (the Committee) was established on 1 February 2022 and advises the Board on the policies and practices employed in the remuneration of the Group's Directors and other KMP. The Committee is also responsible for reviewing all components of the Group's remuneration practices pertinent to its employees. The Committee makes recommendations to the Board however, all decision-making authority in relation to remuneration remains with the Board.

In consultation with external remuneration consultants, the Board's policy for remunerating executives is to provide market-based remuneration packages comprising a blend of fixed and variable at-risk incentive-based remuneration with clear links between Group and individual employee performance and reward.

The Board seeks to set aggregate compensation at a level that provides the Group with the ability to attract and retain Directors and KMP of the highest calibre. The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst the Directors and other KMP is reviewed annually.

The following table provides the summary of Group's earnings and movement in shareholder wealth for the five years to 30 June 2024:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Revenue	79,703,759	60,110,627	89,297,324	39,312,738	54,644,952
EBIT <sup>8</sup> Loss	(20,582,429)	(107,551,051)	(10,445,126)	(76,515,692)	(15,037,949)
EBITDA <sup>9</sup> Loss	(19,703,795)	(105,230,779)	(7,751,929)	(73,110,674)	(11,307,097)
Share price at year end	0.130	0.180	0.595	0.435	0.925
Basic loss per share	(0.03)	(0.15)	(0.02)	(0.12)	(0.01)
Total dividend (cents per share)	-	-	-	-	-

### FIXED REMUNERATION

Key Management Personnel's fixed remuneration is based on a matrix of an individual qualifications, skills and experience, their individual performance and their current level of remuneration relative to the market. Fixed remuneration is reviewed on an annual basis, and where appropriate, is adjusted based on consideration of individual performance and market remuneration movement. The overall level of KMP reward takes into account the performance of the Group over a number of years. This ensures that the Group attracts, motivates, and retains high calibre executives so they can deliver on the Group's business strategy and contribute to the Group's ongoing financial performance.

Total fixed remuneration (TFR) comprises of base salary, superannuation in accordance with the statutory rates and allowances. The Board reviews and approves all changes to fixed remuneration.

### VARIABLE REMUNERATION

For FY24 the only KMP that variable remuneration applied to was the MD/CEO. FY24 Short term incentive (STI)

The STI focuses on performance goals which align with the Group's direction, driving outcomes, and rewarding high performance over the financial year. STI values are generally calculated as a percentage of fixed remuneration. STI values and performance targets are approved by the Board annually.

STI payments are determined and paid annually following the finalisation of audited Group results and are contingent on the achievement of Group financial targets and specific agreed personal objectives.

#### The Link Between Performance and Reward in FY24

Each element of remuneration should be designed to work with the other elements of remuneration to produce an appropriate range of remuneration outcomes linked to performance, market benchmarks and the Company's strategy, as well as working together to incentivise and reward an appropriate range of behaviours.

### SHARE RIGHTS ISSUED TO CEO

On 31 August 2023, Bubs issued Shares Rights to the incoming Chief Executive Officer & Managing Director (CEO/MD) and was subject to Shareholder approval. The framework of the approach to the STI award for the CEO/MD is set based on achievement against an EBITDA financial KPI.

The following performance rights were issued:

#### Sign-on retention rights (SOR Rights)

SOR Rights have "time-based" vesting conditions where period held determines the number of shares that will vest.

- 1,000,000 share rights vest on 30 June 2024 - These rights vested upon completion of the service period on 30 June 2024;
- 1,000,000 share rights vest on 30 June 2025;
- 1,000,000 share rights will vest on 30 June 2026.

The sign-on retention rights were approved by shareholders and granted on 14 November 2023 and valued at \$0.17 per share.

#### Short-term incentive performance rights (STI Performance Rights)

STI Performance Rights are "performance-based" but have no market conditions. The number of rights that vest is dependent on the following results at 30 June 2024:

- 2,591,716 share rights will be issued if the Group achieves the budgeted Trading EBITDA<sup>10</sup> loss; or
  - 3,887,574 share rights will be issued if the Group achieves at least break-even in Trading EBITDA<sup>10</sup>.
- Due to the Trading EBITDA<sup>10</sup> hurdles not being met, no STI Performance Rights were vested in FY24.

The above short-term incentives were approved by shareholders and granted on 14 November 2023 and valued at \$0.17 per share.

### FY24 Long term incentives (LTI)

#### LTI Performance rights

The LTI program provides the potential for the CEO to receive payment over and above fixed remuneration and short-term incentive. These programs are discretionary, appropriate to the results delivered by the Group, and based on the principle of reward for performance. The purpose of a LTI is to focus the KMP's efforts on the achievement of sustainable long-term shareholder value creation and the long-term financial success of the Group

The following Long Term performance rights (LTI rights) were issued to the CEO/MD:

- No Rights will vest if the share price is less than \$0.35 ;or
- 1,795,082 Rights will vest if the share price is at least \$0.35 (Threshold LTI) ;or
- 3,590,164 Rights will vest if the share price is at least \$0.50 (Target LTI) ;or
- 7,180,328 Rights will vest if the share price is at least \$1.00 (Stretch LTI).

If the Company's performance is between Threshold LTI and Target LTI, or Target LTI and Stretch LTI, a pro-rata amount of the LTI Performance Rights will lapse so that the participant will receive a pro-rata amount of the relevant award on a straight-line basis.

The Company's share price will be measured by reference to the average of the 5-day VWAP (Volume-weighted average price) immediately after the date the Company's FY26 audited financial results are released to the ASX (Review Date).

The LTI rights were granted on 14 November 2023 and valued at \$0.05. The rights will vest on 30 June 2026.

8 EBIT (Earnings before Interest and Tax) is a non - IFRS measure. Non-IFRS measures are not subject to audit.

9 EBITDA relates to Earnings before Interest, Tax, depreciation and amortisation and is a non-IFRS measure. Non-IFRS measures are not subject to audit.

10 Trading EBITDA refers to the Earnings Before Interest, Tax, Depreciation, and Amortisation derived from the Company's operating activities, excluding significant one-off items as defined in the employment contract or determined by the Board. Trading EBITDA is a non -IFRS measure. Non-IFRS measures are not subject to review or audit.

### EXECUTIVE CONTRACTS

The remuneration and other terms of employment for KMP executives are covered in formal employment contracts. The Group may terminate an executive immediately for cause, in which case the executive is not entitled to any payment other than the value of total fixed remuneration (and accrued entitlements) up to the termination date.

KMP executive	Notice period by the Group	Notice period by Executive	Payment in lieu of notice
Reg Weine (Chief Executive Officer and Managing Director) Appointed on 28 August 2023	12 months	12 months	Yes
Richard Paine (Chief Operating Officer) Interim Chief Executive Officer to 28 August 2023	3 months	3 months	Yes
Robin Johnston (Chief Financial Officer) Resigned on 26 June 2024, effective post the release of FY24 annual report	3 months	3 months	Yes

### NON-EXECUTIVE DIRECTORS' REMUNERATION

The Group's remuneration policy for Non-Executive Directors aims to ensure that the Group can attract and retain suitably qualified and experienced Directors having regard to:

- the level of fees paid to Non-Executive Directors of other comparable Australian listed companies.
- the growing size and complexity of the Group's operations.
- the responsibilities and work requirements of Board members; and
- the skills and diversity of Board members.

Under the ASX Listing Rules, the total amount paid to all Non-Executive Directors in any financial year must not exceed the amount fixed in a general meeting of the Group.

This amount is currently \$500,000 (2023: \$500,000) as determined by Shareholders at the AGM held on 14 November 2023. The Board's present policy for Non-Executive Directors, the Chair of the Nomination and Remuneration Committee and the chair of the Audit and Risk Committee is set out below.

The annual remuneration rate for the year ended 30 June 2024 and exclusive of superannuation.

Position	Annual remuneration
Chair of the Board	\$170,000
Non-Executive Director	\$100,000
Chair of Nomination and Remuneration Committee & Chair of the Audit & Risk Committee	\$20,000
Committee member	\$10,000

### COMPANY SECRETARY

Jay Stephenson is contracted on a monthly basis as Company Secretary at a rate of \$30,000 per annum.

### OTHER RELATED PARTY TRANSACTIONS WITH KMP

No key management personnel or any other related party has entered into any other contracts with the Group since the end of the previous financial year. All of the above transactions were considered to be on an arms' length basis.

### DETAILS OF THE NATURE AND AMOUNT OF EACH ELEMENT OF THE REMUNERATION

Table A(1): Remuneration for Executive KMP

	Year	Short Term		Cash Bonus	Non-monetary	Post Employment	Other Long Term		Total	Performance related
		Salary & fees	Annual Leave				Long service leave	Share Based Payments - Share rights		
Reg Weine [1]	2024	608,366	42,550	-	-	34,385	9,212	296,127	990,640	2%
	2023	-	-	-	-	-	-	-	-	0%
Richard Paine [2]	2024	367,782	24,255	105,000	-	46,420	5,251	-	548,708	0%
	2023	363,982	26,923	-	-	41,700	5,829	-	438,434	0%
Robin Johnston	2024	330,441	11,392	-	-	13,213	-	-	355,046	0%
	2023	49,758	-	-	-	-	-	-	49,758	0%
Dennis Lin [3]	2024	-	-	-	-	-	-	-	-	0%
	2023	406,603	22,436	-	-	44,013	4,469	(7,274)	470,246	0%
Kristy Carr [4]	2024	-	-	-	-	-	-	-	-	0%
	2023	537,360	46,408	-	90,000	75,632	10,076	(13,093)	746,383	0%
Iris Ren [5]	2024	-	-	-	-	-	-	-	-	0%
	2023	339,058	32,657	-	-	27,500	5,829	-	405,043	0%
	<b>2024</b>	<b>1,306,589</b>	<b>78,197</b>	<b>105,000</b>	<b>-</b>	<b>94,018</b>	<b>14,463</b>	<b>296,127</b>	<b>1,894,395</b>	
	<b>2023</b>	<b>1,696,761</b>	<b>128,424</b>	<b>-</b>	<b>90,000</b>	<b>188,845</b>	<b>26,203</b>	<b>(20,367)</b>	<b>2,109,864</b>	

[1] STI and LTI share rights issued to the CEO and approved by the AGM on 14 November 2023

[2] Richard Paine's remuneration includes remuneration for his tenure as Interim Chief Executive Officer until 28 August 2023.

[3] Dennis Lin ceased to be the Executive Chairman on 6 April 2023 and resigned as a Non-Executive Director on 30 May 2023.

[4] Kristy Carr ceased as Chief Executive Officer & Managing Director on 10 May 2023 and resigned as a Non-Executive Director on 30 May 2023.

[5] Iris Ren resigned as Chief Financial Officer on 24 May 2023, effective on 15 August 2023 and she ceased to be KMP in FY23.

Table A(2): Remuneration for Non-Executive Directors

	Year	Short Term		Post Em-	Other Long Term		Total	Perfor- mance related %	
		Director fees	Special Exertion fees	Non-monetary	Superannuation	Long service leave			Share Base Payments-options
		\$	\$	\$	\$	\$	\$		
Katrina Rathie	2024	197,744	-	-	34,952	-	-	232,696	-
	2023	122,974	120,000	-	14,290	-	-	257,264	-
Steve Lin <sup>(1)</sup>	2024	-	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-	-
Paul Jensen	2024	141,525	-	-	-	-	-	141,525	-
	2023	37,071	60,000	-	-	-	-	97,071	-
Reg Weine <sup>(2)</sup>	2024	20,000	-	-	2,200	-	-	22,200	-
	2023	127,846	-	-	2,923	-	-	130,769	-
Dennis Lin <sup>(3)</sup>	2024	-	-	-	-	-	-	-	-
	2023	10,382	-	-	1,090	-	-	11,472	-
<b>Total</b>	<b>2024</b>	<b>359,269</b>	<b>-</b>	<b>-</b>	<b>37,152</b>	<b>-</b>	<b>-</b>	<b>396,420</b>	<b>-</b>
	<b>2023</b>	<b>298,273</b>	<b>180,000</b>	<b>-</b>	<b>18,303</b>	<b>-</b>	<b>-</b>	<b>496,576</b>	<b>-</b>

[1] Steve Lin's services were remunerated by C2 Capital Partners in FY23 and FY24.

[2] Reg Weine ceased being a Non-Executive Director in August 2023 when he was appointed as the Chief Executive Officer and Managing Director.

[3] Dennis Lin ceased as an executive Director on 6 April 2023 and a Non – Executive Director on 30 May 2023.

## FULLY PAID ORDINARY SHARES OF BUBS AUSTRALIA LIMITED

Table B: Movement in the shares of Bubs held, directly, indirectly or beneficially, by each KMP, including their related parties

	Year	At the beginning of the year		Purchase of shares	Other change	Shares disposed	At the end of the year
Katrina Rathie <sup>(1)</sup>	2024	1,095,970	-	240,000	-	-	1,335,970
	2023	1,000,000	-	95,970	-	-	1,095,970
Steve Lin <sup>(2)</sup>	2024	-	-	-	-	-	-
	2023	-	-	-	-	-	-
Paul Jensen <sup>(3)</sup>	2024	100,000	-	360,000	-	-	460,000
	2023	-	-	100,000	-	-	100,000
Reg Weine <sup>(4)</sup>	2024	-	-	600,000	-	-	600,000
	2023	-	-	-	-	-	-
Robin Johnston	2024	-	-	250,000	-	-	250,000
	2023	-	-	-	-	-	-
Richard Paine <sup>(5)</sup>	2024	228,391	-	333,576	-	-	561,967
	2023	1,500	-	333,576	-	(106,685)	228,391
Iris Ren <sup>(6)</sup>	2024	-	-	-	-	-	-
	2023	-	-	333,576	-	-	333,576
Kristy Carr <sup>(7)</sup>	2024	-	-	-	-	-	-
	2023	13,620,600	-	545,852	(14,166,452)	-	-
Dennis Lin <sup>(8)</sup>	2024	-	-	-	-	-	-
	2023	-	-	5,074,061	(5,074,061)	-	-

[1] Shares are held by Rathie Superannuation Pty Limited.

[2] On 30 June 2023 and 30 June 2024, 76,288,510 shares were held by C2 Capital Partners, of which Steve Lin is the Managing Director.

[3] Shares are held by Taranaki Holdings Pty Ltd.

[4] Shares are held by Barnbogle Investments Pty Limited and Muirfield Securities Pty Ltd.

[5] In FY24, Richard Paine converted 333,576 share rights following the release of FY23 accounts into ordinary shares.

[6] Iris Ren resigned as Chief Financial Officer on 24 May 2023, effective on 15 August 2023 and she ceased to be KMP in FY23.

[7] Kristy ceased to be a KMP on 30 May 2023

[8] Dennis Lin ceased as Chairman of the Board on 6 April 2023 and as a Non-Executive Director on 30 May 2023

## SHARE BASED PAYMENTS

Table C: Share-based payments granted as remuneration to KMP STI Share rights

	Year	Number of share rights held at the beginning of the year	Grant date	Number of share rights granted	Fair Value of share rights granted	Vesting date	Number vested	Number Exercised	Number Expired	Number lapsed	Number of share rights held at the end of the year
Reg Weine*	2024	-	14-Nov-23	3,887,574	660,888	30-Jun-24	-	-	-	(3,887,574) <sup>(1)</sup>	-
	2024	-	14-Nov-23	1,000,000	170,000	30-Jun-24	1,000,000 <sup>(2)</sup>	-	-	-	1,000,000
	2023	-	-	-	-	-	-	-	-	-	-
Richard Paine	2024	333,576	-	-	-	-	333,576	(333,576)	-	-	-
	2023	667,152	-	-	-	-	333,576	(333,576)	-	-	333,576
Iris Ren <sup>(3)</sup>	2024	-	-	-	-	-	-	-	-	-	-
	2023	667,152	-	-	-	-	333,576	(333,576)	-	-	333,576
Kristy Carr	2024	-	-	-	-	-	-	-	-	-	-
	2023	1,091,704	-	-	-	-	545,852	(545,251)	-	(545,852)	-
Dennis Lin	2024	-	-	-	-	-	-	-	-	-	-
	2023	606,502	-	-	-	-	303,251	(303,251)	-	(303,251)	-

\* The STI share rights were approved to be issued at the AGM held on 14 November 2023.

[1] Due to the performance measures not being met, the FY24 STI rights have lapsed.

[2] Reg Weine met his service condition at 30 June 2024, therefore his sign on rights vested.

[3] Iris Ren resigned as Chief Financial Officer on 24 May 2023, effective on 15 August 2023 and she ceased to be KMP in FY23

## LTI SHARE RIGHTS

LTI Share rights granted to KMP

Movement in the LTI share rights granted to KMP during the year

	Year	Number of share Rights held at the beginning of the year	Grant date	Number of share rights granted	Fair Value of share rights granted	Vesting date	Number vested	Number Exercised	Number Expired	Number lapsed	Number of share rights held at the end of the year
Reg Weine	2024	-	14-Nov-23	7,180,328	359,016	30-Jun-26	-	-	-	-	7,180,328
	2024	-	14-Nov-23	1,000,000	170,000	30-Jun-25	-	-	-	-	1,000,000
	2024	-	14-Nov-23	1,000,000	170,000	30-Jun-26	-	-	-	-	1,000,000
	2023	-	-	-	-	-	-	-	-	-	-

**LTI OPTIONS**

No LTI options were granted in FY24.

Movement in the LTI options granted to KMP during the year

		Number of options held at the beginning of the year	Number of options granted	Number exercised	Number expired	Number forfeited	Number cancelled	Number of options held at the end of the year	Number vested and exercisable at the end of the year
Dennis Lin	2024	-	-	-	-	-	-	-	-
	2023	4,770,810	-	(4,770,810)	-	-	-	-	-
Kristy Carr	2024	-	-	-	-	-	-	-	-
	2023	4,770,810	-	-	-	(4,770,810)	-	-	-
Iris Ren	2024	-	-	-	-	-	-	-	-
	2023	400,000	-	-	-	-	-	400,000	400,000
Richard Paine	2024	400,000	-	-	(400,000)	-	-	-	-
	2023	400,000	-	-	-	-	-	400,000	400,000

This Directors' report is signed in accordance with a resolution of the board of Directors:



Katrina Rathie  
Chair  
Melbourne

Dated: 28 August 2024



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Bubs Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Bubs Australia Limited for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



J. Carey

Partner

Melbourne

28 August 2024

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



For personal use only



# 03 Financial Statements

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Revenue	B2	79,703,759	60,110,627
Cost of sales	B3	(41,006,176)	(69,466,176)
<b>Gross profit/(loss)</b>		<b>38,697,583</b>	<b>(9,355,549)</b>
Other Income		273,334	199,996
Distribution and selling costs		(7,223,888)	(5,512,785)
Marketing and promotion costs		(13,876,131)	(15,873,517)
Administrative and other costs	B3	(37,572,798)	(34,041,328)
Expected credit losses		(880,529)	(6,785,873)
Impairment	C5	-	(36,165,080)
<b>Operating Loss</b>		<b>(20,582,429)</b>	<b>(107,534,136)</b>
Interest income		334,827	518,982
Finance cost	B3	(241,384)	(452,470)
<b>Net Finance income/(cost)</b>		<b>93,443</b>	<b>66,512</b>
Share of net profits of joint ventures accounted for using the equity method		-	(16,914)
<b>Loss before tax</b>		<b>(20,488,986)</b>	<b>(107,484,539)</b>
Income tax expense	B5	(500,072)	(868,303)
<b>Loss for the year after tax</b>		<b>(20,989,058)</b>	<b>(108,352,842)</b>
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange difference on translation of foreign operations		(330,577)	(249,561)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(330,577)</b>	<b>(249,561)</b>
<b>Total comprehensive loss for the year</b>		<b>(21,319,635)</b>	<b>(108,602,403)</b>
Loss per share			
Basic (loss) per share (dollars)	B4	(0.03)	(0.15)
Diluted (loss) per share (dollars)	B4	(0.03)	(0.15)

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 \$	2023 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	D3	17,523,474	26,052,523
Trade and other receivables	C1	9,323,240	7,914,587
Inventories	C2	28,225,946	20,767,492
Other assets	C3	4,548,035	2,624,480
<b>Total Current Assets</b>		<b>59,620,695</b>	<b>57,359,082</b>
<b>Non-Current Assets</b>			
Plant and equipment	C4	4,038,370	4,438,440
Right of use assets	C7	1,335,400	1,930,243
Intangible assets	C5	1,201,444	1,204,780
Investment in associates	E	-	116,907
Other assets	C3	558,442	549,145
<b>Total Non-Current Assets</b>		<b>7,133,656</b>	<b>8,239,515</b>
<b>Total Assets</b>		<b>66,754,351</b>	<b>65,598,597</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	C6	17,720,241	16,673,764
Contract liabilities		2,663	124,307
Lease liabilities	C7	727,432	679,239
Borrowings	C8	5,283,866	2,000,000
Provisions	C9	4,795,933	2,438,969
<b>Total Current Liabilities</b>		<b>28,530,135</b>	<b>21,916,279</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	C7	986,325	1,726,648
Provisions	C9	366,191	275,452
<b>Total Non-Current Liabilities</b>		<b>1,352,516</b>	<b>2,002,101</b>
<b>Total Liabilities</b>		<b>29,882,651</b>	<b>23,918,380</b>
<b>Net Assets</b>		<b>36,871,700</b>	<b>41,680,218</b>
<b>Equity</b>			
Issued capital	D5	356,757,916	340,568,767
Share based payments reserve	D6	12,256,032	11,934,065
Foreign currency translation reserve		(625,347)	(294,770)
Accumulated losses		(331,516,901)	(310,527,844)
<b>Total Equity</b>		<b>36,871,700</b>	<b>41,680,218</b>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

2024	Issued Capital \$	Share Based Payments Reserve \$	Equity Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2023	340,568,767	11,934,065	-	(294,770)	(310,527,844)	41,680,218
<b>Comprehensive income</b>						
Loss for the year	-	-	-	-	(20,989,058)	(20,989,058)
Other comprehensive loss	-	-	-	(330,577)	-	(330,577)
<b>Total comprehensive loss</b>	-	-	-	(330,577)	(20,989,058)	(21,319,635)
<b>Other equity transactions:</b>						
Issue of shares	D5 17,375,750	-	-	-	-	17,375,750
Capital raising costs, net of tax	D5 (1,186,601)	-	-	-	-	(1,186,601)
Share based payment expense	D6 -	321,967	-	-	-	321,967
<b>Balance at 30 June 2024</b>	<b>356,757,916</b>	<b>12,256,032</b>	<b>-</b>	<b>(625,347)</b>	<b>(331,516,901)</b>	<b>36,871,700</b>

The accompanying notes form part of these consolidated financial statements.

2023	Issued Capital \$	Share Based Payments Reserve \$	Equity Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2022	274,851,116	11,332,626	4,246,021	(45,209)	(202,175,003)	88,209,551
<b>Comprehensive income</b>						
Loss for the year	-	-	-	-	(108,352,842)	(108,352,842)
Other comprehensive loss	-	-	-	(249,561)	-	(249,561)
<b>Total comprehensive loss</b>	-	-	-	(249,561)	(108,352,842)	(108,602,403)
<b>Other equity transactions:</b>						
Issue of shares	D5 67,743,690	-	(4,246,021)	-	-	63,497,669
Capital raising costs, net of tax	D5 (2,026,039)	-	-	-	-	(2,026,039)
Share based payment expense/ (benefit)	D6 -	601,439	-	-	-	601,439
<b>Balance at 30 June 2023</b>	<b>340,568,767</b>	<b>11,934,065</b>	<b>-</b>	<b>(294,770)</b>	<b>(310,527,844)</b>	<b>41,680,218</b>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	77,687,943	77,286,737
Payments to suppliers, employees and government	(104,109,086)	(123,846,485)
Interest received	334,827	518,982
Interest paid	(241,384)	(452,470)
<b>Net cash used in operating activities</b>	<b>D4 (26,327,700)</b>	<b>(46,493,236)</b>
<b>Cash flows from investing activities</b>		
Purchases of plant and equipment	(174,241)	(240,227)
Payments to Deloraine vendors relating to Deloraine acquisition	-	(4,000,000)
Purchases of intangible assets	(15,583)	(6,605)
<b>Net cash used in investing activities</b>	<b>(189,824)</b>	<b>(4,246,832)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	4,800,000	-
Repayment of borrowings	(1,800,000)	-
Proceeds from share issue	17,375,750	63,020,588
Transaction costs relating to issue of shares	(1,695,145)	(2,026,039)
Payment of lease liabilities	(692,130)	(512,963)
<b>Net cash from financing activities</b>	<b>17,988,475</b>	<b>60,481,587</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(8,529,049)</b>	<b>9,741,519</b>
Cash and cash equivalents at the beginning of the financial year	26,052,523	16,311,005
<b>Total cash and cash equivalents at the end of the year</b>	<b>17,523,474</b>	<b>26,052,523</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### A. BASIS OF PREPARATION

##### CORPORATE INFORMATION

The consolidated financial statements cover Bubs Australia Limited as a consolidated entity consisting of Bubs Australia Limited and the entities it controlled ("the Group") for the year ended 30 June 2024. The financial report is presented in Australian dollars, which is Bubs Australia Limited's functional and presentational currency.

The Group is a for-profit entity that is a listed public company limited by shares, incorporated and domiciled in Australia. The Group's principal activity is the manufacturing and sale of organic baby food, infant formula products, adult goat milk powder and fresh dairy products. The Group also provides canning services for nutritional dairy products.

The annual report was authorised for issue, in accordance with a resolution of directors, on 28 August 2024.

##### BASIS OF PREPARATION

The consolidated financial statements are general-purpose financial statements, which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements, apart from the cash flow information and deferred consideration payable, have been prepared on an accruals basis and are based on historical costs.

##### GOING CONCERN BASIS OF ACCOUNTING

The Group have prepared the consolidated financial statements for the year ended 30 June 2024 on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

##### FINANCIAL RESULTS

On 30 June 2024, the Group is in a net current asset position of \$31.1million (2023: \$35.4m). At 30 June 2024, the Group has \$17.5 million in available cash and cash equivalents and \$5.0 million in committed un-drawn bank facilities (Note C8).

The Group made a FY24 loss after tax of \$21.0 million (FY23: \$108.4m). Post 30 June 2024, the Group extended the \$10.0 million facility with National Australia Bank for a further 12 months to 29 August 2025 (Note C8). Net cash outflows from operating activities in FY24 were \$26.3million (FY23: \$46.5m) which included the following:

- Legal costs of \$3.7million in relation to ongoing litigation matters, including the Group's former customers in China.
- Enterprise resource planning (ERP) costs of \$1.0 million.
- U.S. Food and Drug Administration (FDA) costs \$5.6million.
- Costs relating to the closure of the joint venture of \$0.5million

##### FUTURE FINANCIAL PERFORMANCE

The directors have considered the Group's revenue projections and cash flow forecasts based on current market conditions and business plans to determine the appropriateness of preparing the financial report on a going concern basis.

The Group acknowledges the inherent uncertainty in their earnings forecast, which includes assumptions such as:

- Increased customer base, ranging of products, number of stores for each product in the USA and achieving projected sales volumes in FY25 with the smaller tin sizes.
- Attainment of the permanent U.S. Food and Drug Administration approval in FY25 to continue operating in the USA and managing expenses to obtain it. The Group is currently operating under discretionary approval until permanent approval is expected to be obtained in FY25.
- Continuing the revenue growth in China through the success of the CBEC and O2O strategy.

- Continuing improvement of the working capital position through detailed demand planning and forecasting.
- Reduced operating expenses through stringent expense management, and cost optimisation and estimated expenses relating to litigation matters.

Due to the uncertainty surrounding the above matters, a material uncertainty exists which may cast doubt on the Group's ability to continue as a going concern and therefore whether it may be able to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, based on the current information and actions being taken, the Directors consider that it is appropriate for the financial report to be prepared on a going concern basis. Should the cash flow forecasts not be achieved, there is a material uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

##### NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

Several other amendments and interpretations were applied for the first time in the 2024 financial period, but do not have a material impact on the consolidated financial statements of the Group.

##### NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting year ended 30 June 2024.

*IFRS 18* was issued in April 2024 and replaces IAS 1 Presentation of Financial Statements. The new standard introduces new requirements for the Statement of Profit or Loss, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows.

The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The Group is in the process of assessing the impact of the new standard.

##### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

*The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

##### Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

*Income Tax* The amendments to *IAS 12 Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

### International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 Income Taxes

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than €750 million/year.

### MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions. The most material use of judgements and estimates has been applied to the following areas. Refer to the respective notes for additional details.

	Reference
Recoverability of trade and other receivables	Note C1
Valuation of inventory	Note C2

## B. GROUP PERFORMANCE

This section explains the results and performance of the Group for the year, including segment information, earnings per share and taxation.

### B1. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Board) in order to allocate resources to the segment and assess its performance.

In FY23 and FY24, the Group had identified a single operating segment being the sale of nutritional food, adult powder and providing canning services of nutritional dairy products. Accordingly, the financial information presented in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position was the same as that presented to the chief operating decision maker.

### B2. REVENUE

#### GEOGRAPHIC INFORMATION

	2024 \$	2023 \$
Australia	21,560,307	17,343,758
China	17,330,158	13,621,330
USA	34,956,864	23,904,446
Rest of World	5,856,430	5,241,093
<b>Total</b>	<b>79,703,759</b>	<b>60,110,627</b>

The revenue information above is based on the locations of the customers. The Group had one external customer who generated greater than 10 percent of the Group's revenue at 30 June 2024 amounting to \$19,995,645 (2023: two customers amounting to \$12,567,897).

99.4% of the Group's assets are located in Australia.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2024 \$	2023 \$
Sale of Infant Formula	62,434,749	48,613,317
Sale of Nutritional Products	1,888,457	2,939,978
Sale of Adult Goat Dairy Products	11,324,488	6,673,844
Sale of Raw Materials	3,431,854	606,104
Canning services	624,211	1,277,384
<b>Total revenue from contracts with customers</b>	<b>79,703,759</b>	<b>60,110,627</b>

## RECOGNITION AND MEASUREMENT

Under AASB 15 Revenue from Contracts with Customers, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

### Sale of products

The Group has identified the following revenue streams by product type:

- Infant Formula
- Nutritional Products
- Adult Goat Dairy Products
- Raw materials

For all revenue streams, the Group's contracts with customers for the sale of products include one performance obligation. For most customers the Group has concluded that revenue from the sale of products should be recognised at the point in time when the products are transferred to the customer, generally on delivery of the products or when the goods are picked up at the Group's warehouse. Customers obtain control of products when the goods are delivered to and have been accepted by the customer. If the order is requested for pickup, control passes when the goods are picked up by the customer.

For customers where there is a right of return, the performance obligation is seen to have been met when the risks and rewards are transferred, where revenue is recognised when the goods are sold to the end customer. Invoices are generated at that point in time and are usually payable within 30 - 90 days.

Some contracts contain trade spend terms, early payment discounts and may permit the customer to return an item for replacement or refund.

The Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns, volume rebates and marketing contribution.

For the year ended 30 June 2024, the Group has not recognised any right to recover or refund liability as there is no expectation for goods to be returned.

### Rebates and marketing contribution

Rebates and marketing contribution with customers are recognised as a reduction of revenue. Under AASB 15 Revenue from Contracts with Customers, marketing contributions give rise to variable consideration. To estimate the variable consideration to which it is entitled, the Group applies the 'most likely amount method' for contracts with marketing contribution. The selected method that best predicts the amount of variable consideration is primarily driven by the marketing contribution agreed with the customers. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

### Provision of canning services

The Group provides canning services for nutritional dairy products. The Group recognises revenue from the canning services measured at the fair value of the consideration received or receivable. The revenue represents the Group's right to an amount of consideration that is unconditional. Where the Group controls the promised goods before transferring them to the customers, the Group is a principal and recognises the full amount of goods and canning services as revenue when the production is complete. Where the Group does not control the promised goods and solely provides canning services to the customers, the Group is an agent and recognises the revenue for the canning services when the production is complete.

Where contracts with customers have minimum volume commitments over the term of the agreement and the customer is not able to fulfil minimum volume commitment, the Group is entitled to charge a penalty fee of the shortfall volume. This gives rise to variable consideration. To estimate the variable consideration to which it is entitled, the Group applies the 'expected value method'.

## KEY ESTIMATE AND JUDGEMENT

The Group estimates variable consideration to be included in the transaction price for the sale of products with rebates and market contribution.

The Group estimates variable consideration to be included in the transaction price of the canning service with minimum volume commitments.

The Group estimates the expected volume based on customer forecasts and accumulated purchases to date.

## B3. EXPENSES

	2024 \$	2023 \$
<b>Cost of sales</b>		
Production costs	61,598,495	42,195,685
Net inventories provision/(reversal)	(20,592,319)	27,270,491
<b>Total</b>	<b>41,006,176</b>	<b>69,466,176</b>

### Included in administrative and other expenses are the following:

Listing and registry fees	399,217	404,723
Accountancy and legal fees	4,905,082	3,802,567
Insurance	1,250,479	1,050,770
Travel costs	787,526	1,235,747
Consultancy fee	2,936,851	7,090,641
Occupancy costs	850,853	661,680
Depreciation and amortisation	878,634	2,320,272
Implementation of Enterprise resource planning (ERP)	980,027	1,079,076
<b>Total</b>	<b>12,988,669</b>	<b>17,645,476</b>

### Employee costs

Wages and salaries	13,198,871	13,130,723
Superannuation	1,042,756	1,171,378
Share based payments	321,967	601,439
<b>Total</b>	<b>14,563,594</b>	<b>14,903,540</b>

### Finance costs

Interest expense	187,412	324,996
Interest expense on lease liabilities	53,972	127,474
<b>Total</b>	<b>241,384</b>	<b>452,470</b>

## B4. LOSS PER SHARE (LPS)

	2024 \$	2023 \$
Loss attributable to the Group used in calculating basic and diluted LPS	(20,989,058)	(108,352,842)
Weighted average number of ordinary shares for basic LPS	832,289,946	739,265,049
Basic LPS (dollars)	(0.03)	(0.15)
Diluted LPS (dollars)	(0.03)	(0.15)

## RECOGNITION AND MEASUREMENT

Basic LPS is calculated as net loss attributable to the Group divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted LPS adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## B5. INCOME TAXES

	2024 \$	2023 \$
<b>Consolidated profit or loss</b>		
Income tax benefit/(expense)		
Current tax	-	-
Income tax benefit/(expense) reported in the statement of profit or loss	(500,072)	(868,303)
<b>Numerical reconciliation of income tax benefit and tax at the statutory rate</b>		
Accounting loss before income tax benefit	20,488,985	107,484,539
Income tax benefit calculated at 30% (2023 30%)	6,146,696	32,245,362
Effect of different tax rates of subsidiary operating in other jurisdiction <sup>11</sup>		-
<b>Tax effect of amounts not taxable in calculating income tax benefit</b>		
Share based payments	(96,590)	(180,432)
Non-deductible costs	(35,602)	(98,443)
Impairment	-	(10,849,524)
Income tax losses not recognised	(11,832,932)	(12,038,628)
Temporary difference not recognised	5,318,356	(9,946,638)
<b>Income tax benefits/(expense)</b>	<b>(500,072)</b>	<b>(868,303)</b>

Deferred tax assets/(liabilities) arise from the following:

2024	Opening Balance	Recognised in Profit or Loss	Recognised in equity	Closing Balance
Trade and other receivables	-	(2,837,901)	-	(2,837,901)
Inventories	-	(1,364,407)	-	(1,364,407)
Intangible assets	(361,434)	721,867	-	360,433
Plant and equipment	(226,914)	133,636	-	(93,278)
Right of use assets	(579,073)	979,693	-	400,620
Lease liabilities	-	(514,127)	-	(514,127)
Trade and other payables	-	(86,129)	-	(86,129)
Provisions	422,270	(825,856)	-	(403,586)
Carried forward tax losses	-	4,990,629	-	4,990,629
Capital raising costs	745,151	(1,697,478)	500,072	(452,254)
	-	(500,072)	500,072	-

2023	Opening Balance	Recognised in Profit or Loss	Recognised in equity	Closing Balance
Trade and other receivables	420,814	(420,814)	-	-
Inventories	291,427	(291,427)	-	-
Intangible assets	(11,540,569)	11,179,135	-	(361,434)
Plant and equipment	(201,689)	(25,225)	-	(226,914)
Right of use assets	(339,298)	(239,775)	-	(579,073)
Lease liabilities	494,734	(494,734)	-	-
Trade and other payables	114,387	(114,387)	-	-
Provisions	306,873	115,397	-	422,270
Carried forward tax losses	10,020,424	(10,020,424)	-	-
Capital raising costs	432,897	(556,049)	868,303	745,151
	-	(868,303)	868,303	-

<sup>11</sup> New Zealand statutory tax rate is 28%. China statutory tax rate is 2.5% as the taxable income is less than RMB 1 million. USA statutory tax rate is 21%.

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Bubs Australia Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group ('TCG') and Bubs Australia Limited is the head entity of the tax consolidated group.

## KEY ESTIMATE AND JUDGEMENT

### Recovery of deferred tax assets

Judgement is required to be made by the Group in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the consolidated statement of financial position. As detailed above, in the year ended 30 June 2024, Bubs has recognised deferred tax assets up to the carrying amount of deferred tax liabilities. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Probable is considered more likely than not.

Judgement is required when deferred tax assets are reviewed at each reporting date. Deferred tax assets may be reduced to the extent that it is no longer probable that future taxable profits will be available.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

Changes in expectations for the future performance of the business may impact the amount of deferred tax assets recoverable and recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised.

At 30 June 2024, the Group had \$ 45,927,048 (2023: \$39,412,473) of unrecognised tax losses.

## C. OPERATING ASSETS AND LIABILITIES

This section provides details of the Group's operating assets, and liabilities incurred as a result of trading activities, used to generate the Group's performance.

### C1. TRADE AND OTHER RECEIVABLES

	30/06/2024 \$	30/06/2023 \$
Trade debtors	15,256,411	14,373,217
Allowance for credit losses	(7,051,338)	(6,776,007)
Other receivables	1,118,167	266,982
Receivable from associates	-	50,395
<b>Total</b>	<b>9,323,240</b>	<b>7,914,587</b>

The following table details trade receivables at risk based on the Group's provision matrix.

30/06/2024	Not past due	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Estimated total gross carrying amount at default	170,207	92,464	25,682	117,243	12,350	6,633,392	7,051,338
<b>Provision for credit losses</b>							<b>7,051,338</b>

30/06/2023	Not past due	<30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Estimated total gross carrying amount at default	127,600	13,455	35,611	850,598	1,066,149	4,682,594	6,776,007
<b>Provision for credit losses</b>							<b>6,776,007</b>

The Group's exposure to credit risks related to trade and other receivables are disclosed in Note D2 Financial risk management.

### RECOGNITION AND MEASUREMENT

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under AASB 15 Revenue from Contracts with Customers. Further details are disclosed in Note B2 Revenue.

Financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The Group's trade and other receivables and financial assets are measured at amortised cost that are held within a business model with the objective of holding the financial assets to collect contractual cash flows that meet the SPPI criterion.

The Group adopted a forward-looking expected credit loss (ECL) approach for impairment losses for ECLs for financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

### KEY ESTIMATE AND JUDGEMENT

For trade receivables, the Group has applied the standard simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

## C2. INVENTORIES

	30/06/2024 \$	30/06/2023 \$
Raw materials	15,714,241	13,911,736
Finished goods	12,511,705	6,855,756
<b>Total</b>	<b>28,225,946</b>	<b>20,767,492</b>

The amount of inventory that was written off during the year was \$243,739 (2023: \$1,129,736).

Having regard to the inventories on hand at 30 June 2024, the expiry dates of the inventory and sales forecasts, management has recognised an inventory obsolescence provision of \$4,634,605 (2023: \$25,226,924). The cost of inventories recognised as an expense during the year was \$ 61,598,495 (2023: \$42,195,685).

### RECOGNITION AND MEASUREMENT

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the standard costing method (2023: weighted average cost). The change in costing methodology did not have a material impact on the opening inventory balances therefore a restatement of prior year balances is not required.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### KEY ESTIMATES AND JUDGEMENTS

#### Recovery of inventory

Estimation of net realisable value includes assessment of expected future turnover of inventory held for sale and the expected future selling price of such inventory. Management assessed the recoverability of inventories based on changes in trading and economic conditions, and changes in country specific regulations that may impact these estimations in future periods. This expected turnover method is also used to determine the realisable use of ingredients, including powder.

## C3. OTHER ASSETS

	30/06/2024 \$	30/06/2023 \$
Current		
Prepayments and other assets	1,200,147	615,777
Deposits paid	1,187,604	490,656
Prepayment for purchase of raw materials	2,160,284	1,518,047
	<b>4,548,035</b>	<b>2,624,480</b>
Non-current	558,442	549,145
<b>Security bond</b>	<b>558,442</b>	<b>549,145</b>

### RECOGNITION AND MEASUREMENT

#### Prepayment for purchase of raw materials

Prepayment for purchase of raw materials represent payments for purchases of raw materials prior to ownership passing to the Group.

#### Deposits paid

Deposits paid represent payments to suppliers in relation to goods not received or services not rendered. These deposits are refundable to the Group.

#### Security bond

Security bond represents payments to the landlord securing the obligations of the Group under the lease contract of the Deloraine Dairy site.



#### C4. PLANT AND EQUIPMENT

##### RECOGNITION AND MEASUREMENT

	Building and improvements \$	Production equipment \$	Motor Vehicle \$	Office equipment \$	Total \$
<b>Cost</b>					
As at 30 June 2022	1,635,735	3,846,370	25,000	320,882	5,827,989
Additions	71,968	238,546	-	183,686	494,199
Disposals	-	(6,557)	(25,000)	(3,150)	(34,707)
As at 30 June 2023	1,707,703	4,078,359	-	501,418	6,287,481
Additions	43,984	14,660	-	115,596	174,241
Disposals	(16,454)	(32,552)	-	(94,282)	(143,288)
As at 30 June 2024	1,735,233	4,060,467	-	522,732	6,318,434
<b>Accumulated depreciation and impairment</b>					
As at 30 June 2022	(379,731)	(955,360)	(8,283)	(117,761)	(1,461,134)
Depreciation	(90,625)	(232,556)	(264)	(78,540)	(401,985)
Disposals	-	5,532	8,547	-	14,079
As at 30 June 2023	(470,356)	(1,182,384)	-	(196,301)	(1,849,041)
Depreciation	(106,128)	(268,627)	-	(183,659)	(558,414)
Disposals	16,454	8,978	-	101,959	127,391
As at 30 June 2024	(560,030)	(1,442,033)	-	(278,001)	(2,280,064)
<b>Net book value</b>					
As at 30 June 2023	1,237,348	2,895,975	-	305,117	4,438,440
As at 30 June 2024	1,175,203	2,618,434	-	244,731	4,038,370

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Building and improvements	15–20 years
Production equipment	12–19 years
Motor Vehicle	10 years
Office equipment	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### C5. INTANGIBLE ASSETS

	Goodwill	Brand Name	Patents, trademarks & Software	Other Intangibles	Total
<b>Cost</b>					
As at 30 June 2022	90,614,673	4,691,634	107,110	47,096,599	142,510,016
Additions	-	-	8,970	-	8,970
Disposals	-	-	-	-	-
As at 30 June 2023	90,614,673	4,691,634	116,080	47,096,599	142,518,986
Additions	-	-	15,600	-	15,600
Disposals	-	-	(715)	-	(715)
As at 30 June 2024	90,614,673	4,691,634	130,965	47,096,599	142,533,871
<b>Accumulated depreciation and impairment</b>					
As at 30 June 2022	(90,040,602)	-	(61,570)	(13,363,447)	(103,465,619)
Amortisation	-	-	(15,436)	(1,668,072)	(1,683,508)
Impairment	-	(4,100,000)	-	(32,065,081)	(36,165,080)
Disposals	-	-	-	-	-
As at 30 June 2023	(90,040,602)	(4,100,000)	(77,006)	(47,096,599)	(141,314,207)
Amortisation	-	-	(18,935)	-	(18,935)
Disposals	-	-	715	-	715
As at 30 June 2024	(90,040,602)	(4,100,000)	(95,226)	(47,096,599)	(141,332,427)
<b>Net book value</b>					
As at 30 June 2023	574,071	591,634	39,074	-	1,204,780
As at 30 June 2024	574,071	591,634	35,739	-	1,201,444

### Goodwill

Goodwill is recognised on business acquisitions, representing the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the business recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

### Brand names

Brand names in Infant Food Co and Nulac Foods CGUs are considered to have an indefinite life and are not amortised. As at 30 June 2024, these assets were tested for impairment.

### Other Intangibles

Included in Other Intangibles are:

- CNCA (Certification and Accreditation Administration of the People's Republic of China) licence held by Deloraine Dairy. The licence was fully impaired in FY23.
- Customer contract/lists acquired in a business combination that were fully impaired in FY23.

## IMPAIRMENT TESTING FOR CASH GENERATING UNITS (CGUS) INCLUDING GOODWILL

### Goodwill and brand names allocation

For the purposes of impairment testing, goodwill and other intangible assets with an indefinite useful life are allocated to the Group's CGUs which represent the lowest level within the Group at which goodwill and brand names are monitored by internal management and are no higher than an operating segment.

Goodwill and intangible assets with an indefinite useful life are allocated to the Group's CGUs as follows:

	2024 \$	2023 \$
Infant Food Co	1,165,705	1,165,705
Nulac Foods	-	-
Deloraine Dairy	-	-
<b>Total</b>	<b>1,165,705</b>	<b>1,165,705</b>

## RECOGNITION AND MEASUREMENT

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Nulac and DLD CGUs do not carry any goodwill or indefinite life intangible assets as at 30 June 2024 and there are no material indicators of impairment that would necessitate further impairment testing at year end.

For the Infant Food Co CGU, the recoverable amount has been calculated based on the value in use, using a discounted cash flow (DCF) approach. The DCF uses post-tax cash flow projections that are based on the most recent budget/forecast and growth through the forecast period of 5 years. Discount rates has been updated to reflect the current market conditions.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

	30/06/2024 \$	30/06/2023 \$
Infant Food Co		
Compound annual growth rate in revenue (years 1–5)	6.25%	4.72%
Compound annual growth rate in expenses (years 1–5)	(2.93%)	(0.98%)
Discount rate (post tax)	9.76%	12.88%
Discount rate (pre-tax)	13.94%	18.40%
Terminal growth	2.50%	2.50%
Headroom	\$169.8m	\$30.3m

The impairment assessment concluded that the recoverable amount exceeds the carrying amount for The Infant Food Co CGU at 30 June 2024. As a result, no impairment of goodwill and intangible assets has been recognised for this CGU.

## SENSITIVITY ANALYSIS

The calculation of value in use for the CGUs is most sensitive to the following assumptions:

- Revenue growth
- Expense growth

### Revenue Growth

Revenue projections have been constructed with reference to the FY24 results and five-year forward-looking plans with the earlier years being estimated through specific volume assumptions based on known opportunities, while years thereafter are adjusted for performance trends across the particular regions. The five-year revenue growth focus assumes that full FDA registration will be obtained in FY25 for the US market. Should the registration be unsuccessful and the shortfall in revenue cannot be substantiated by other opportunities, further impairment on intangible and other assets may be required.

### Expenses

Management forecasts operating costs based on the current structure of the business, adjusting for inflationary increases but not reflecting future restructuring and cost-saving measures.

Having regard to the current business performance, holding all other assumptions constant, Management has determined that a 10% compound annual decrease in revenue or a 10% compound annual increase to expenses would not result in an impairment loss.

## C6. TRADE AND OTHER PAYABLES

	30/06/2024 \$	30/06/2023 \$
Trade payables	11,606,070	11,653,901
Other payables	500,950	433,038
Customer deposits	5,613,221	4,545,453
Payable to associates	-	41,372
<b>Total</b>	<b>17,720,241</b>	<b>16,673,764</b>

## RECOGNITION AND MEASUREMENT

### Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost due to their short-term nature, and they are not discounted. They represent liabilities recognised when the Group becomes obligated to make future payments resulting from the purchase of goods and services. The amounts are unsecured.

The carrying value of trade and other payables approximates their fair value.

### Customer Deposits

Customer deposits are cash considerations received from customers, for which the Group has not yet provided goods or services in exchange.

## C7. LEASES

### RIGHT OF USE ASSETS

	Buildings \$	Equipment \$	Total \$
<b>Cost</b>			
As at 30 June 2022	3,714,733	76,042	3,790,775
Additions	76,868	39,343	116,211
As at 30 June 2023	3,791,601	115,385	3,906,986
Additions	-	-	-
As at 30 June 2024	3,791,601	115,385	3,906,986
<b>Accumulated depreciation and impairment</b>			
As at 30 June 2022	(1,335,700)	(54,344)	(1,390,044)
Depreciation	(565,818)	(20,880)	(586,698)
As at 30 June 2023	(1,901,518)	(75,224)	(1,976,742)
Depreciation	(569,431)	(25,413)	(594,844)
As at 30 June 2024	(2,470,949)	(100,637)	(2,571,586)
<b>Net book value</b>			
As at 30 June 2023	1,890,083	40,161	1,930,244
As at 30 June 2024	1,320,652	14,748	1,335,400

The Group leases several assets including buildings and IT equipment. The lease terms range from 2–10 years (2023: 1.2–10 years).

Extension options are included in a number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension options held are exercisable only by the group and not by the respective lessor.

### AMOUNTS RECOGNISED IN PROFIT AND LOSS

	30/06/2024 \$	30/06/2023 \$
Depreciation expense on right-of-use assets	594,844	586,699
Interest expense on lease liabilities	53,972	127,474
Expense relating to short-term leases	407,396	70,103

The total cash outflow for leases amount to \$692,130 (2023: \$512,963).

### LEASE LIABILITIES

	30/06/2024 \$	30/06/2023 \$
Current	727,432	679,239
Non-current	986,325	1,726,648
	<b>1,713,757</b>	<b>2,405,887</b>
<b>Maturity analysis</b>		
Year 1	806,050	791,602
Year 2	681,537	806,050
Year 3	298,515	681,537
Year 4	1,496	298,515
Year 5	-	1,496
Onwards	-	-
	<b>1,787,598</b>	<b>2,579,200</b>
Less Interest	73,841	173,312
<b>Total</b>	<b>1,713,757</b>	<b>2,405,887</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities. All lease obligations are denominated in Australian dollars.

### RECOGNITION AND MEASUREMENT

Applying *AASB 16 Leases*, for all leases, the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments.
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.
- Lease incentives (e.g., rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities

Under AASB 16, right-of-use assets are tested for impairment in accordance with *AASB 136 Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'Administrative and other costs' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying AASB 16:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

## C8. BORROWINGS

	30/06/2024 \$	30/06/2023 \$
Current	5,283,866	2,000,000
	<b>5,283,866</b>	<b>2,000,000</b>

The Group has a facility with National Australia Bank. Total limit of the facility is \$10 million (2022: \$10 million) with \$5 million drawn as at 30 June 2024 (2023: \$2 million). This security is categorised as a level 2 security within the fair value hierarchy.

Post 30 June 2024, the facility has been renewed for a further 12 months to 29 August 2025, refer to Going concern disclosures in Note A.

### RECOGNITION AND MEASUREMENT

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. The carrying value of borrowings approximates their fair value due to relatively short-term maturity.

## C9. PROVISIONS

	30/06/2024 \$	30/06/2023 \$
Current		
Annual leave and long service leave	766,823	951,796
Other provisions	4,029,110	1,487,173
	<b>4,795,933</b>	<b>2,438,969</b>
Non-Current		
Long service leave	248,433	162,176
Make good provision	117,758	113,276
	<b>366,191</b>	<b>275,452</b>

### RECOGNITION AND MEASUREMENT

#### Annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

#### Other provisions

Provisions made for employee retention bonuses and other financial obligations including legal, audit and consulting fees and credit notes to customers.

## D. CAPITAL AND FINANCIAL RISK MANAGEMENT

This section outlines how the Group manages its capital structure and its exposure to financial risk and provides details of its balance sheet liquidity and access to financing facilities.

### D1. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern so that in due course it can provide returns for stakeholders and maintain an optimum capital structure.

In order to maintain or adjust the capital structure, the Group manages the level of debt such that it remains prudent and facilitates the execution of the operational plan and provides flexibility for growth.

### D2. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, foreign currency risk and liquidity risk arises in the normal course of the Group's business.

The Group's financial risk management processes and procedures seek to minimise the potential adverse impacts that may arise from the unpredictability of financial markets.

Policies and procedures are reviewed periodically to reflect both changes in market conditions and changes in the nature and volume of Group activities.

As at 30 June 2024 there were no derivative financial instruments in place. Specific risk management objectives and policies are set out below.

The Group uses various methods to measure different types of risk exposures. These methods include ageing analysis for credit risk, and sensitivity analysis in the case of foreign exchange risks and equity price risk.

### CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss to the Group if a customer or the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

	30/06/2024 \$	30/06/2023 \$
Cash and cash equivalent (counterparty risk)	17,523,474	26,052,523
Trade receivables (customer credit risk)	8,205,074	7,647,604
Other receivables	1,118,166	266,983
Prepayment for purchase of raw materials	2,160,284	1,518,047
Deposits paid	1,746,046	1,039,801
	<b>30,753,044</b>	<b>36,524,958</b>

#### Counterparty risk

At balance date, the Group's bank accounts were held with National Australia Bank Limited, Australia and New Zealand Bank Limited, Commonwealth Bank of Australia and Bank of the West. The Group does not have any other concentrations of counterparty credit risk.

#### Customer credit risk

The Group's exposure to customer credit risk is influenced mainly by the individual characteristics of each customer. The majority of sales are to major retailers with established creditworthiness and minimum levels of default.

New customers are analysed individually for creditworthiness, taking into account credit ratings where available, financial position, previous trading experience and other factors.

In monitoring customer credit risk, customers are assessed individually by their debtor ageing profile. Monitoring of receivable balances on an ongoing basis minimises the exposure to bad debts.

For trade receivables and contract assets, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

#### Other credit risk

The Group is exposed to related party credit risk and other credit risk. In monitoring related party credit risk and other credit risk, the related parties and counterparties are analysed individually for creditworthiness, taking into account credit ratings where available, financial position and other factors.

Ageing of trade receivables at the reporting date:

	30/06/2024 \$	30/06/2023 \$
Neither past due nor default	2,268,118	5,130,004
<b>Past due but not impaired</b>		
Past due up to 30 days	3,285,643	550,358
Past due 31 to 60 days	437,735	1,881,310
Past due 61 to 90 days	694,811	85,932
Past due more than 90 days	1,518,767	-
	<b>8,205,074</b>	<b>7,647,604</b>

Movement in allowance for doubtful debts

	30/06/2024 \$	30/06/2023 \$
Allowance of doubtful debts		
Balance at beginning of the year	6,776,007	21,752
Amount charged to the statement of profit or loss and other comprehensive income	880,529	(21,752)
Provision provided/(utilised)	(605,198)	6,776,007
	<b>7,051,338</b>	<b>6,776,007</b>

#### Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings in financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates to the AUD dollar.

Market risk exposures are monitored by management on an ongoing basis and there has been no change during the year to the Group's exposure to market risks or the manner in which it manages and measures risk.

#### FOREIGN CURRENCY RISK MANAGEMENT

The Group enters into the transactions in Australia, New Zealand, China, USA and Europe and is exposed to currency risk arising from movements in the currencies of those countries against the AUD dollar. Expressed in AUD dollars, the table below indicates material exposure and sensitivity to movements in exchange rates on the profit or loss of the Group based on closing exchange rates as at 30 June, applied to the Group's financial assets/(liabilities) at 30 June.

Exchange rates and assets and liabilities held in foreign currencies will fluctuate over the course of normal operations. The analysis is performed consistently from year to year.

2024	Net exposure on reporting date		
	(Payable)/Receivable	Impact on pre-tax profit/(loss)	
		+10%	-10%
\$	\$	\$	
Movement on exchange rate			
NZ Dollar	(252,672)	22,970	(28,075)
USD Dollar	2,046,036	(186,003)	227,337
RMB Dollar	(131,780)	11,980	(14,642)
Euro Dollar	(51,025)	4,639	(5,669)
<b>Net Exposure</b>	<b>1,610,559</b>	<b>(146,414)</b>	<b>178,951</b>

2023	Net exposure on reporting date		
	(Payable)/Receivable	Impact on pre-tax profit/(loss)	
		+10%	-10%
\$	\$	\$	
Movement on exchange rate			
NZ Dollar	121,606	(11,055)	13,512
USD Dollar	668,542	(60,777)	74,282
RMB Dollar	(109,388)	9,944	(12,154)
Euro Dollar	(43,407)	3,946	(4,823)
<b>Net Exposure</b>	<b>637,353</b>	<b>(57,942)</b>	<b>70,817</b>

#### INTEREST RISK MANAGEMENT

The Group's main interest rate risk arises from borrowings, which expose the Group to cash flow interest rate risk. The risk is considered immaterial.

#### LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. This risk is managed by establishing a target minimum liquidity level, ensuring that ongoing commitments are managed with respect to forecast available cash inflows.

The Group holds significant cash reserves which enable it to meet its obligations as they fall due, and to support operations in the event of unanticipated external events.

The Group has one facility with \$5,000,000 (2023: \$2,000,000) drawn at 30 June 2024. Total limit of facility is \$10,000,000. Post 30 June 2024, the facility has been renewed for a further 12 months to 29 August 2025, refer to Going concern disclosures in Note A.

Contractual undiscounted maturities of financial liabilities:

Contractual cash flows							
2024	Carrying amount	Total	2 months or less	2-12 months	1-2 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Lease liability	1,704,212	1,787,597	134,341	671,708	681,537	300,011	-
Trade and other payables	17,720,241	17,720,241	17,720,241	-	-	-	-
Borrowings	5,283,866	5,283,866	-	5,283,866	-	-	-
Payable to associates	-	-	-	-	-	-	-
<b>Net Exposure</b>	<b>24,708,319</b>	<b>24,791,704</b>	<b>17,854,582</b>	<b>5,955,574</b>	<b>681,537</b>	<b>300,011</b>	<b>-</b>

Contractual cash flows							
2023	Carrying amount	Total	2 months or less	2-12 months	1-2 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Lease liability	2,458,889	2,579,199	131,933	659,668	806,050	981,548	-
Trade and other payables	16,632,392	16,632,392	16,632,392	-	-	-	-
Borrowings	2,000,000	2,000,000	-	2,000,000	-	-	-
Payable to associates	41,372	41,372	-	41,372	-	-	-
<b>Net Exposure</b>	<b>21,132,653</b>	<b>21,252,963</b>	<b>16,764,325</b>	<b>2,701,040</b>	<b>806,050</b>	<b>981,548</b>	<b>-</b>

### D3. CASH AND CASH EQUIVALENTS

	30/06/2024 \$	30/06/2023 \$
Cash at bank	17,523,474	26,052,523
	<b>17,523,474</b>	<b>26,052,523</b>

Interest is earned at floating rates based on daily bank deposit rates.

#### RECOGNITION AND MEASUREMENT

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents approximates their fair value.

### D4. CASH FLOW INFORMATION

Reconciliation of after-tax profit with net cash flows from operating activities

	30/06/2024 \$	30/06/2023 \$
(Loss) after income tax expense for the year	(20,989,058)	(108,352,842)
Income tax benefit/(expense)	500,072	868,303
Share-based payments	321,967	601,439
Impairment	-	36,165,080
Depreciation and amortisation	1,173,363	2,721,938
Impairment of Investments in Associates	116,907	-
Net foreign exchange loss	(330,577)	(249,561)
Loss on disposal of plant and equipment	23,181	-
Decrease/(increase) in trade and other receivables	(1,408,653)	16,564,978
Decrease/(increase) in inventories	(7,458,454)	7,291,010
Decrease/(increase) in other assets	(1,648,986)	7,196,515
Increase/(decrease) in trade and other payables	924,833	(10,739,006)
Increase/ (decrease) in provisions	2,447,705	1,438,910
<b>Net cash outflow from operating activities</b>	<b>(26,327,700)</b>	<b>(46,493,236)</b>

### D5. SHARE CAPITAL

	30/06/2024		30/06/2023	
	Shares	\$	Shares	\$
Movement in share capital				
Balance at the beginning of the year	751,357,408	340,568,767	612,775,580	274,851,116
Exercise of options	-	-	4,770,810	477,081
Placement of Shares	139,006,000	17,375,750	121,193,439	63,020,588
Share Issue transaction costs (net of tax)	-	(1,186,601)	-	(2,026,039)
Share issue to employees	1,766,630	-	3,075,959	-
<b>Share issue to Willis Trading Limited</b>	<b>-</b>	<b>-</b>	<b>9,541,620</b>	<b>4,246,021</b>
<b>Balance at the end of the period</b>	<b>892,130,038</b>	<b>356,757,916</b>	<b>751,357,408</b>	<b>340,568,767</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Fully paid ordinary shares have no par value.

#### Placement of shares

On 21 December 2023, the Group completed the institutional component of the \$17.4million (before costs) equity raise at \$0.125 per fully paid ordinary share. The institutional component consisted of a placement of 112 million new shares to institutional investors ("Institutional placement"), raising \$14 million. The Group also completed the retail component ("Retail Entitlement Offer") which raised \$3.4million at \$0.125 per fully paid ordinary share in the Company. The company issued 27 million shares in this offer.

#### Share issue to employees

Exercise of share rights granted to employees and key management personnel in FY22 and valued at \$0.595 per right and vested at the date of release of the Group's FY23 audited results to ASX. These rights did not have a performance hurdle and were exercised in FY24.

### D6. SHARE BASED PAYMENTS RESERVE

	30/06/2024 \$	30/06/2023 \$
Balance at the beginning of the year	11,934,065	11,332,626
Share based payment expense	321,967	601,439
<b>Balance at the end of the period</b>	<b>12,256,032</b>	<b>11,934,065</b>

#### SHARE BASED PAYMENTS RESERVE

The equity settled payments reserve is used to record the value of share-based payments.

### D7. CONTINGENT LIABILITIES

From time-to-time entities within the Group are party to various legal actions as well as enquiries from regulators and government bodies that have arisen in the normal course of business.

The Group is party to ongoing litigation with its former customers in China, Alice Trading Ltd and Willis Trading Ltd. The outcome of the currently pending and potential future legal actions, of a legal nature cannot be predicted with certainty. Such matters can raise complex legal issues and are subject to many uncertainties including but not limited to the facts and circumstances of each matter.

The Group has given consideration to such matters which are or may be subject to claims, penalties and litigation as of the reporting date and are of the opinion that any litigation arising from such action would not have a material effect on the Group's financial performance.

## E. ASSOCIATES

### BUBS BRAND MANAGEMENT SHANGHAI CO.LTD

On 6 May 2019, the Group and Beingmate Baby & Child Food Co., Ltd ('Beingmate') established a joint venture company Bubs Brand Management Shanghai Co. Ltd ('Bubs Brand Management').

The Group contributed 49% of registered capital RMB 4,900,000 in FY20. In April 2021, the Group and the Beingmate reached an agreement to wind up Bubs Brand Management and the liquidation process was completed on 15 January 2024.

During the current year, the associate's loss after tax was \$245,024 (2023: \$32,653). The carrying amount of the associate of \$116,907 (2023: \$116,907) was written off during the year and recognised in administrative and other costs.

### CAPELA DAIRY NUTRITION CO. PTY LTD

On 19 June 2020, Capela Dairy Nutrition Co. Pty Ltd ('Capela Dairy') was established and was a wholly owned subsidiary of the Group. On 1 March 2021, 80% interest in Capela Dairy was transferred to Grand Products Investment Pty Ltd ('Grand Products') at a price of \$80. The Group is not required to contribute any working capital.

The associate does not have any assets and was carried at \$Nil carrying amount as at 20 June 2024 (2023: \$Nil)

### RECOGNITION AND MEASUREMENT

The Group has determined that it does not have joint control of Bubs Brand Management and Capela Dairy, and they are therefore outside the scope of AASB 11 Joint Arrangements. As such, The Group's investment in both entities is accounted for as an associate under AASB 128 Investments in Associates and Joint Ventures.

The financial results of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less impairment in value. The consolidated Statement of Profit or Loss reflects the Group's share of the results of operations of the associate.

Where there has been a change in the associates' other comprehensive income or equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated Statement of Other Comprehensive Income.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

## F. GROUP STRUCTURE

### F1. PARENT ENTITY

Bubs Australia Limited is the ultimate parent of the Group.

### F2. SUBSIDIARIES

	Country of incorporation	Principal Activity	Class of Shares	% Owned 2024	% Owned 2023
The Infant Food Holding Co. Pty Limited	Australia	Non-trading	Ordinary	100%	100%
The Infant Food Co. Pty Limited	Australia	Trading Company	Ordinary	100%	100%
Bubs IP Pty Ltd (formerly Bubs Australia Pty Limited)	Australia	Holder of IP and trademarks	Ordinary	100%	100%
Nulac Foods Pty Ltd	Australia	Trading Company	Ordinary	100%	100%
Bubs New Zealand Pty Limited	New Zealand	Trading Company	Ordinary	100%	100%
Australia Deloraine Dairy Pty Ltd	Australia	Trading Company	Ordinary	100%	100%
Aussie Bubs Inc	USA	Trading Company	Ordinary	100%	100%
Bubs (Shanghai) Trading Co. Ltd	China	Non-trading	Ordinary	100%	100%

### F3. PARENT ENTITY INFORMATION

Set out below is the supplementary information of the legal parent entity.

	2024 \$	2023 \$
<b>Result of parent entity</b>		
Profit/(Loss) for the year	(5,371,743)	(41,851,677)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(5,371,743)</b>	<b>(41,851,677)</b>
<b>Financial position of parent entity at year end</b>		
Current assets	5,971,352	12,609,784
Total assets	107,903,652	84,994,639
Current liabilities	(660,439)	380,722
Total liabilities	(8,307,153)	380,722
<b>Net assets</b>	<b>99,596,499</b>	<b>84,613,918</b>
Issued share capital	384,756,709	364,321,539
Reserves	12,231,989	13,287,041
Accumulated losses	(297,392,199)	(292,994,662)
<b>Total Equity</b>	<b>99,596,499</b>	<b>84,613,918</b>

## OTHER DISCLOSURES

### G1. RELATED PARTY TRANSACTIONS

#### KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having significant authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation:

	30/06/2024 \$	30/06/2023 \$
<b>Key management personnel disclosures</b>		
Short-term employee benefits	1,849,055	2,393,457
Post-employment benefits	131,170	207,148
Long-term benefits	14,463	26,202
Share-based payments	296,127	(20,367)
<b>Key management personnel disclosures</b>	<b>2,290,815</b>	<b>2,606,440</b>

#### TRANSACTIONS WITH RELATED PARTIES

The following table provides details of transactions that were entered into for the relevant financial year.

2023	Sales to related parties		Purchases from related parties		Amounts owed to related parties		Amounts owed by related parties	
	2024	2023	2024	2023	2024	2023	2024	2023
Joint venture in which the parent is a venturer:								
Bubs Brand Management Shanghai Co. Ltd	-	-	-	-	-	42,402	-	50,939
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,402</b>	<b>-</b>	<b>50,939</b>

All of the above transactions were considered to be on an arms' length basis.

### G2. SHARE BASED PAYMENTS

#### OPTIONS

No Share based payments expense was recognised in relation to options exercisable for the year ended 30 June 2024 (2023: \$Nil)

The movements in the options are as follows:

	Number of Options
<b>Balance at 1 July 2022</b>	10,741,620
Options granted to employees during the year (Exercisable at \$0.65)	-
Options exercised during the year (Exercisable at \$0.10)	(4,770,810)
Options lapsed during the year (Exercisable at \$0.65)	(4,770,810)
<b>Balance at 30 June 2023</b>	1,200,000
Options granted to the employees during the year	-
Options exercised during the year	-
Options lapsed during the year (Exercisable at \$0.65)	(1,200,000)
<b>Balance at 30 June 2024</b>	-

#### SHARE RIGHTS

Share based payments expense in relation to the share rights granted in FY24 is as follows:

	30/06/2024 \$	30/06/2023 \$
Share rights issued to the CEO	321,967	(13,093)
Share rights issued to the Executive Chairman	-	(7,274)
Share rights issued to the KMP	-	326,017
Share rights issued to the employees	-	295,789
	<b>321,967</b>	<b>601,439</b>

#### SHARE RIGHTS ISSUED TO CEO

On 31 August 2023, Bubs issued Employee Shares Rights to incoming Chief Executive Officer & Managing Director. The following Rights were issued:

##### I. Sign-on retention rights (SOR Rights)

SOR Rights have "time-based" vesting conditions where period held determines the number of shares that will vest.

- 1,000,000 share rights vest on 30 June 2024, - These rights vested upon completion of the service period on 30 June 2024.
- 1,000,000 share rights vest on 30 June 2025,
- 1,000,000 share rights will vest on 30 June 2026.

The sign – on retention rights were approved by shareholders and granted on 14 November 2023 and valued at \$0.17 per share.

##### II. Short-term incentive performance rights (STI Performance Rights)

STI Performance Rights are "performance-based" but have no market conditions. The number of rights that vest is dependent on the following results at 30 June 2024:

- 2,591,716 share rights will be issued if the Group achieves the budgeted Trading EBITDA<sup>12</sup> ; or
- 3,887,574 share rights will be issued if the Group achieves at least break-even in Trading EBITDA<sup>10</sup> .

Due to the Trading EBITDA<sup>10</sup> hurdles not being met, no STI Performance Rights were vested in FY24.

The performance rights were approved by shareholders and granted on 14 November 2023 and valued at \$0.17 per share.

##### III. Long Term performance rights (LTI rights)

The purpose of a LTI is to focus the KMP's efforts on the achievement of sustainable long-term shareholder value creation and the long-term financial success of the Group.

The framework of the approach to the LTI award for the CEO/MD is set as below:

- No Rights will vest if the share price is less than \$0.35 ;or
- 1,795,082 Rights will vest if the share price is at least \$0.35 (Threshold LTI) ;or
- 3,590,164 Rights will vest if the share price is at least \$0.50 (Target LTI) ;or
- 7,180,328 Rights will vest if the share price is at least \$1.00 (Stretch LTI).

If the Company's performance is between Threshold LTI and Target LTI, or Target LTI and Stretch LTI, a pro-rata amount of the LTI Performance Rights will lapse so that the participant will receive a pro-rata amount of the relevant award on a straight-line basis.

The Company's share price will be measured by reference to the average of the 5-day VWAP immediately after the date the Company's FY26 audited financial results are released to the ASX (Review Date).

The LTI rights were granted on 14 November 2023 and valued at \$0.05. The rights will vest on 30 June 2026.

At 30 June 2024, 14,067,902 share rights were outstanding (FY23 2,226,856).

<sup>12</sup> Trading EBITDA refers to the Earnings Before Interest, Tax, Depreciation, and Amortisation derived from the Company's operating activities, excluding significant one-off items as defined in the employment contract or determined by the Board. Trading EBITDA is a non -IFRS measure. Non-IFRS measures are not subject to review or audit.



## RECOGNITION AND MEASUREMENT

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted over the period to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met but is not adjusted when market performance conditions are not met.

Expected volatility has been based on an evaluation of the historical volatility of the Group's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

The fair value of share rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at share price on the grant date. The amount recognised as an expense is adjusted over the period to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met but is not adjusted when market performance conditions are not met.

## KEY ESTIMATE AND JUDGEMENT

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

## G3. AUDITORS REMUNERATION

During the financial year the following fees were paid or payable for services provided by the auditor of the Group:

	2024 \$	2023 \$
Audit services		
Audit or review of the financial statements	708,850	963,915
	<b>708,850</b>	<b>963,915</b>

## G4. SUBSEQUENT EVENTS

There have been no subsequent events since 30 June 2024 that have significantly affected or could significantly affect the reported results from operations or financial position for the year then ended.

## G5. ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bubs Australia Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Bubs Australia Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## DIRECTORS' DECLARATION

### FOR THE YEAR ENDED 30 JUNE 2024

In the opinion of the directors of Bubs Australia Limited (the 'Company'):

The consolidated financial statements and notes that are set out on pages 32 to 62 and the Remuneration report on pages 22 to 28 in the Directors' report, are in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The information disclosed in the consolidated entity disclosure statement is true and correct

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the CEO, COO and CFO for the financial year ended 30 June 2024.

The directors draw attention to Note A to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Dated at Melbourne this 28th day of August 2024.

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2024

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the Corporation Acts 2001 (S. 295 (3A)(a)):

	Body Corporate, partnership, or Trust	Place incorporated	% held directly or indirectly by the Company in the Body Corporate	Australia or foreign tax resident	Jurisdiction for foreign residents
<b>Parent entity:</b>					
Bubs Australia Limited	Body Corporate	Australia	-	Australian	N/A
<b>Subsidiaries:</b>					
The Infant Food Holding Co. Pty Limited	Body Corporate	Australia	100%	Australian	N/A
The Infant Food Co. Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Australia Deloraine Dairy Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bubs IP Pty Ltd (formerly Bubs Australia Pty Limited)	Body Corporate	Australia	100%	Australian	N/A
Nulac Foods Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bubs New Zealand Pty Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
Aussie Bubs Inc	Body Corporate	USA	100%	Foreign	USA
Bubs (Shanghai) Trading Co. Ltd	Body Corporate	China	100%	Foreign	China

### BASIS OF PREPARATION

#### DETERMINATION OF TAX RESIDENCY

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDSD) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.



Katrina Rathie

Chair

Melbourne

Dated: 28 August 2024



## Independent Auditor's Report

To the shareholders of Bubs Australia Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Bubs Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of Financial Position as at 30 June 2024;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



### Material uncertainty related to going concern

We draw attention to Note A. Basis of preparation, "Going Concern basis of accounting" in the financial report. The conditions disclosed in Note A. Basis of preparation, indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Analysing the cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
  - Assessing the planned levels of operating cash inflows and outflows, including capital expenditures, for feasibility, timing and consistency of relationships to the Group's historical results, particularly in light of recent loss making operations, results since year end, assumptions around attainment of the permanent U.S. Food and Drug Administration approval, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows including the impact of new product development in key markets for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading correspondence with existing financiers to understand the terms of current financing arrangements and assessing the level of associated uncertainty; and
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.



### Valuation of inventory (\$28.2m)

Refer to Note C2 Inventories to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Valuation of inventory is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• size of the inventory balance relative to the Group's financial position (42% of total assets); and</li> <li>• extent of judgement involved by the Group in determining the net recoverable value. Such judgements may have a significant impact on the Group's provision and therefore the overall carrying value of inventories, necessitating additional audit effort.</li> </ul> <p>The most significant areas of judgement we focused on was in assessing the Group's:</p> <ul style="list-style-type: none"> <li>• expected selling price of inventory; and</li> <li>• future usage of inventory.</li> </ul> <p>We involved our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• assessing the appropriateness of inventory valuation accounting policies applied by the Group against the requirements of accounting standards and our understanding of the business;</li> <li>• obtaining an understanding of the Group's processes relating to inventory provisioning and valuation;</li> <li>• attending a sample of year end inventory counts across the Group including inventory held at third-party locations. We observed the Group's process which included identifying slow moving and potentially obsolete inventory, and performed sample counts ourselves comparing count results to the Group's testing the existence and condition of inventory;</li> <li>• assessing the integrity of the inventory valuation models used, including the mathematical accuracy of the underlying calculations;</li> <li>• comparing a sample of individual inventory carrying values against current selling prices (as a proxy for expected selling price of inventory and net realisable value) to identify individual products at risk of being recorded in excess of their net realisable value;</li> <li>• challenging the Group's judgements relating to the provision for slow moving inventory specifically the expected future usage of inventory. We assessed recent demand for the Group's products in comparison to forecast demand, ageing inventory and our knowledge of the Group's business strategy;</li> <li>• assessing the disclosures in the Group's financial report against the requirements of accounting standards.</li> </ul>

For personal use only



### Other Information

Other Information is financial and non-financial information in Bubs Australia Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Review of Operations and Financial Results and the Director's Report (including the Remuneration Report). The Bubs Strategic Update, Year at a Glance, From our Chair and CEO, Risk Statement, and Performance at a Glance are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Bubs Australia Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in pages 22 to 28 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG

J. Carey

Partner

Melbourne

28 August 2024

## OTHER INFORMATION

### 1. SHAREHOLDING AS AT 23 AUGUST 2024

#### (a) Distribution of shareholders

Range	Total holders	Units	% Units
1–10,000	18,038	56,740,811	6.36
10,001–20,000	2,737	41,086,676	4.61
20,001–30,000	1,234	31,360,017	3.52
30,001–50,000	1,174	47,345,375	5.31
50,001–100,000	1,105	81,827,371	9.17
100,001 Over	1,195	633,769,788	71.04
<b>Rounding</b>			<b>-0.01</b>
<b>Total</b>	<b>25,483</b>	<b>892,130,038</b>	<b>100.00</b>

#### (b) Unmarketable parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.1300 per unit	3,847	12,256	18,588,567

#### (c) Voting rights

The voting rights attached to each class of equity security are as follows: Ordinary shares: each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands

#### (d) Top 20 shareholders – Ordinary Shares

Rank	Name	Units
1	C2 CAPITAL GLOBAL EXPORT-TO-CHINA FUND	76,288,510
2	CW RETAIL HOLDINGS PTY LTD	24,713,254
3	CITICORP NOMINEES PTY LIMITED	20,764,597
4	ATATURK INVESTMENTS PTY LTD	13,343,991
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,968,076
6	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	8,276,510
7	MR JIANLIN ZHOU	7,558,000
8	MR BENJAMIN PAUL LANDON	7,001,271
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	6,776,207
10	KEONG LIM PTY LIMITED <SK LIM FAMILY A/C>	5,346,000
11	COSTA ASSET MANAGEMENT PTY LTD <COSTA ASSET MGMT UNIT A/C>	5,200,000
12	LAVYA PTY LTD <LAVYA FAMILY A/C>	4,800,666
13	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	4,778,012
14	STABLE CHARTER LIMITED	4,615,385
15	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,526,438
16	MR XIN FAN	4,300,000
17	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	4,247,730
18	MS LIYING WANG	4,200,000
19	A Z GLOBAL CORPORATION PTY LTD	4,097,911
20	CARR FAMILY PTY LIMITED <CARR FAMILY A/C>	4,041,841
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>		<b>227,844,399</b>
<b>Total Remaining Holders Balance</b>		<b>665,285,639</b>

## CORPORATE DIRECTORY

The name of the Company Secretary is Jay Stephenson

#### Registered office

23 Nina Link, Dandenong South, VIC 3175 Australia

#### Principal office

23 Nina Link, Dandenong South, VIC 3175 Australia

#### Registers of securities

Computer Investor Services Pty Ltd

#### Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all member exchanges of the Australian Securities Exchange Limited

#### Unquoted securities

Share rights over unissued shares - The Group has 14,067,902 share rights.

### DIRECTORS

Steve Lin

Katrina Rathie

Paul Jensen

Reg Weine

### COMPANY SECRETARY

Jay Stephenson

### REGISTERED OFFICE AND DOMICILE

Bubs Australia Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

23 Nina Link, Dandenong South VIC 3175 Australia

### SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000

### AUDITORS

KPMG

Tower Two, Collins Square 727 Collins Street

Melbourne VIC 3008

### AUSTRALIAN STOCK EXCHANGE

ASX Code: BUB

For personal use only

bübs®