

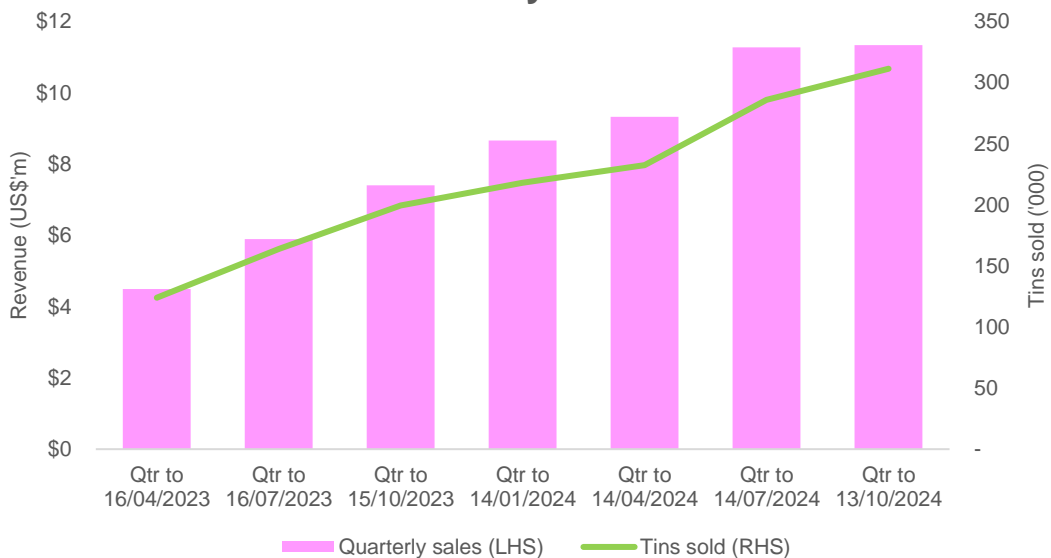
Q1 FY25 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT

31 October 2024, Melbourne: Bubs Australia Limited (ASX: BUB) (“Bubs” or “the Company”) is pleased to provide its trading performance for October 2024 Year to Date (YTD) and announce its unaudited financial results for the quarter ending 30 September 2024 (Q1 FY25).

Group Highlights

- **October 2024 group gross revenue¹ of \$11.8m², up ~121% on pcp (October 2023: \$5.3m)**
- **October YTD FY25 group gross revenue¹ of ~\$36.0m², up ~20% on pcp (October YTD FY24: \$30.0m)**
- **Record weekly sales in USA bricks and mortar stores, exceeding US\$1.3m³ in week ending 10 October 2024**
- **Bubs achieved Q1 FY25 group gross revenue¹ of \$24.2m (net revenue of \$19.7m, slightly down 0.3% on prior corresponding period (pcp) (Q1 FY24: \$24.3m)**
- **Gross profit margin of 43% in Q1 FY25 (up from 36% on pcp)**
- **Bubs continues to follow the FDA’s guidelines and make meaningful progress on its USA clinical trial and USA FDA permanent access, with 433 patients enrolled in the Growth Monitoring Study at the end of October 2024. FDA approval is expected in October 2025.**
- **Q1 operating cash outflow of \$4.9m (including \$1.1m of one-off costs) with Q1 FY25 cash burn of \$1.6m per month**
- **#1 domestic goat formula brand, holding 55%⁴ of domestic retail goat formula market**
- **\$14.3m in total cash and cash equivalents plus \$3.0m in undrawn debt facilities available as at 30 September 2024**
- **Reaffirm FY25 outlook guidance of \$102m net revenue, gross margin > 40% and EBITDA breakeven⁵**

USA Quarterly Scan Sales³



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Regional Highlights for Q1 FY25

- **USA gross revenue¹ of \$11.3m, down 3% on pcp (Q1 FY24: \$11.6m)**
- **China gross revenue¹ of \$4.3m, up 15% on pcp (Q1 FY24: \$3.8m)**
- **Australia gross revenue¹ of \$6.1m, down 19% on pcp (Q1 FY24: \$7.6m)**
- **ROW gross revenue¹ of \$2.4m, up 86% on pcp (Q1 FY24: \$1.3m)**

Bubs' Chief Executive Officer and Managing Director, Reg Weine, commented: "We have commenced FY25 strongly, building on our momentum from last year with group gross revenue¹ 20%² ahead of last year after the first four months of trading.

In Q4 FY24, we rolled out our new look labels and new pack formats in the USA which, as we flagged in our July 2024 4C release would impact US Q1 ex-factory sales as we transitioned from the old tins to the new tins. Since launch, we have seen week on week improvement in the run rate and uptake of our new products which is very encouraging and, in October, we achieved a record week of over US\$1.3m³ in sales in bricks and mortar stores. The acceleration in US scan sales has continued strongly in October contributing to monthly group gross revenue¹ of \$11.8m², up ~121% on pcp"

In the week ending 20 October 2024, over 68%³ of tins sold in the USA that week were Bubs' new pack formats (43%³ end of September), and we expect the transition to the new variants to accelerate in Q2 FY25 as we sell out of the remaining old label products in the marketplace.

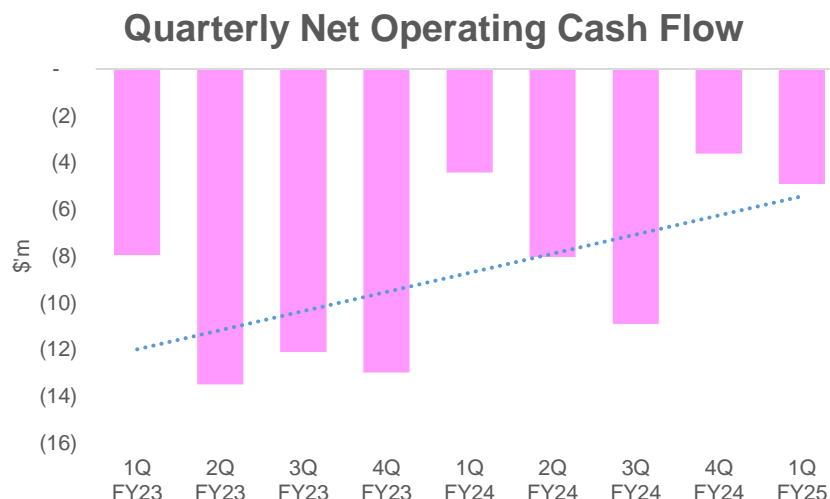
"Pleasingly, China has experienced strong growth in Q1 driven by Bubs' O2O sales strategy, with 200 new O2O stores added in the quarter bringing the total to over 500 O2O stores selling Bubs' products. We are currently preparing for Singles' Day next month, which is a hallmark of the Chinese shopping calendar and largest e-commerce promotion event in China.

"In Australia we continue to be the dominant player in the domestic goat infant milk formula (IMF) market, with 55%⁴ market share (up from 50%⁴ 12 months ago). Bubs is the fastest growing supplier in Australian major retailers, growing at 12.1%⁴, or 6x faster than the market growth of 2.2%⁴.

"Gross margin in the first quarter has been strong at 43%, exceeding our target gross margin of 40%. Profit margins are expected to improve over FY24, as we focus our sales strategy on a higher margin product mix in our key markets and sales channels. We are confident we will meet or exceed our target FY25 gross margin of 40%.

"Overall, we remain on track to achieve our group net revenue, gross margin and EBITDA guidance for the full year."

Working Capital – net operating cash flow for Q1 FY25 was \$(4.9)m (including one-off costs of \$1.1m). Monthly cash burn average of \$1.6m in Q1 FY25.





Cash Position - Bubs held \$14.3m in cash reserves as at 30 September 2024, with a further \$3.0m of headroom on its bank facilities, totalling \$17.3m of available cash liquidity.

ASX Additional Information

Pursuant to ASX Listing Rule 4.7C.1, and as outlined in the Appendix 4C, the Company advises it spent \$16.6m on product manufacturing and operating costs, \$2.7m on administration and corporate costs, \$4.5m on staff costs, and \$4.1m on advertising and marketing. Details of the business activities are found within this report.

Pursuant to ASX LR4.7C.3, the Company advises that payments of \$503,763 were made to Key Management Personnel and \$97,105 was paid for Directors' remuneration, including \$5,923 paid in superannuation contributions. These payments are included in item 1.2.

Footnotes

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

² Estimated and subject to finalisation of October month end reconciliation

³ Circana Weekly To 13/10/2024 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates

⁴ Circana MAT To 22/09/2024 Value Sales \$'s Woolworths, Coles & Chemist Warehouse Combined

⁵ Before share-based payments

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

This release is approved by the Board of Directors

END

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ABOUT BUBS AUSTRALIA LIMITED (ASX: BUB)

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

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

Consumer Website: bubsaustralia.com

Investor Centre: investor.bubsaustralia.com

Appendix 4C

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

Name of entity

BUBS AUSTRALIA LIMITED (ASX: BUB)

ABN

63 060 094 742

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows

**Current quarter
\$A'000**

**Year to date
\$A'000**

1. Cash flows from operating activities

1.1	Receipts from customers	23,224	23,224
1.2	Payments for		
	(a) research and development	(75)	(75)
	(b) product manufacturing and operating costs	(16,591)	(16,591)
	(c) advertising and marketing	(4,149)	(4,149)
	(d) leased assets	(182)	(182)
	(e) staff costs	(4,507)	(4,507)
	(f) administration and corporate costs	(2,668)	(2,668)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	154	154
1.5	Interest and other costs of finance paid	(127)	(127)
1.6	Income taxes paid	(3)	(3)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(4,924)	(4,924)

2. Cash flows from investing activities

2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(25)	(25)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(4)	(4)
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(29)	(29)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	2,000	2,000
3.6	Repayment of borrowings	(284)	(284)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,716	1,716

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,523	17,523
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,924)	(4,924)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(29)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,716	1,716
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14,286	14,286

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,969	11,217
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	1,317	6,306
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,286	17,523

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

6.1	Aggregate amount of payments to related parties and their associates included in item 1	97
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

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

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	-	-
	10,000	7,000
	-	-
	10,000	7,000

7.5 Unused financing facilities available at quarter end

3,000,000

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

NAB Trade Refinance facility 8.62% per annum secured with the maturity date 29 August 2025.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,924)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	14,286
8.3 Unused finance facilities available at quarter end (Item 7.5)	3,000
8.4 Total available funding (Item 8.2 + Item 8.3)	17,286
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.5

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

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

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

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 October 2024

Date:

The Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.