

Appendix 4D

Half year report

Name of entity

Bubs Australia Limited

ABN

63 060 094 742

Half yearly
(tick)

✓

Preliminary final
(tick)

The information disclosed in the Appendix 4D should be read in conjunction with the most recent annual financial report.

1. Details of reporting period

Current reporting period	31 December 2024
Previous corresponding period	31 December 2023

2. Results for announcement to the market

				31 December 2023		31 December 2024
2.1	Total Revenue	Up	23%	from \$ 39,417,766	to	\$ 48,537,610
2.2	(Loss)/Profit after income tax expense	Up	146%	from (\$7,669,927)	to	\$ 3,554,613
2.3	(Loss)/Profit after income tax expense attributable to the members of Bubs Australia Limited	Up	146%	from (\$7,669,927)	to	\$ 3,554,613

2.4	Dividends (distributions)	Amount per security	Franked amount per security
Current period:			
	Interim dividend for the half year ended 31 December 2024	-	-
	Final dividend for the year ended 30 June 2024	-	-
Previous corresponding period:			
	Interim dividend for the half year ended 31 December 2023	-	-
	Final dividend for the year ended 30 June 2023	-	-
2.5	Record date for determining entitlements to the dividend:	Refer section 5.0	

2.6 Brief explanation of any of the figures reported above and commentary on the results for the period:

Refer to the directors' report – Operating and financial review on page 4 of the Interim Report for the half year ended 31 December 2024.

3. Net tangible assets per security

	30 June 2024 Cents	31 Dec 2024 cents
Net tangible asset backing per ordinary security	4.00	4.20

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4. Control gained or lost over entities during the period.

No control gained or lost during the period.

5. Details of dividends / distributions

Current period

No interim dividend is declared for the half year ended 31 December 2024.

For the year ended 30 June 2024, no final dividend was declared.

Previous corresponding period

No interim dividend was declared for the half year ended 31 December 2023.

For the year ended 30 June 2023, no final dividend was declared.

6. Details of dividend / distribution reinvestment plan

Current period

No interim dividend is declared for the half year ended 31 December 2024.

For the year ended 30 June 2024, no final dividend was declared.

Previous corresponding period

No interim dividend was declared for the half year ended 31 December 2023.

For the year ended 30 June 2023, no final dividend was declared.

7. Details of associates and joint venture entities

As at 31 December 2024, the Company has the following associate entities:

- 51% of the issued shares in Bubs Supreme Partner Pty Ltd
- 20% of the issued shares in Capela Dairy Nutrition Co. Pty Ltd

8. Accounting standards used by foreign entities

International Financial Reporting Standards.

Qualification of audit / review

- | | |
|---|---|
| <input type="checkbox"/> The accounts have been audited. | <input checked="" type="checkbox"/> The accounts have been subject to review. |
| <input type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have not yet been audited or reviewed. |

9. Attachments

Details of attachments (if any):

The interim report of Bubs Australia Limited for the half year ended 31 December 2024 is attached.

Signed



Katrina Rathie
Chair
28 February 2025

bübs®

Interim Report

28 February 2025

Bubs Australia Limited and
Controlled Entities

ACN 060 094 742



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Contents

Corporate Directory.....	3
Directors Report.....	4
Auditor’s Independence Declaration	8
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	9
Condensed Interim Consolidated Statement of Financial Position	10
Condensed Interim Consolidated Statement of Changes in Equity.....	11
Condensed Interim Consolidated Statement of Cash Flows	12
Notes to the Condensed Interim Consolidated Financial Statements.....	13
Director’s Declaration	21
Independent Auditor’s Review Report	22

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Bubs Australia Limited and Controlled Entities
Corporate Directory
31 December 2024

Current Directors

Katrina Rathie	<i>Chair and Independent Non-Executive Director</i>
Paul Jensen	<i>Independent Non-Executive Director</i>
Steve Lin	<i>Non-Executive Director</i>
Reg Weine	<i>Chief Executive Officer and Managing Director</i>

Company Secretary

Jay Stephenson (resigned on 31 December 2024)
Peter Cope (appointed on 1 January 2025)

Registered Office and Domicile

Bubs Australia Limited is a company limited by shares, incorporated and domiciled in Australia.
Its registered office is:
23-29 Nina Link Dandenong South
Melbourne VIC 3175

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

Bubs Australia Limited and Controlled Entities

Directors' report

31 December 2024

Directors

The names of the directors of Bubs Australia Limited and the entities it controlled ('the Group' or 'Bubs') in office during the half-year and until the date of this report are set out below.

Directors were in office for this entire period unless otherwise stated.

- Katrina Rathie, Chair and Independent Non-Executive Director, appointed 6 April 2023 (21 July 2021 as Independent Non-Executive Director)
- Paul Jensen, Independent Non-Executive Director, appointed 20 March 2023
- Steve Lin, Non-Executive Director, appointed 18 April 2019
- Reg Weine, CEO & Managing Director, appointed 29 August 2023 (11 April 2023 as Non-Executive Director)

Operating and financial review

Financial performance and operating expenses management

Revenue

The Group delivered revenue of \$48.5 million for the half year, up 23% on 1HY24 (\$39.4 million), driven by strong growth in the USA, China and Rest of World markets. This includes revenue from the sale of Bubs' infant formula of \$41.8 million, an increase of 41% compared to 1HY24 (\$29.6 million), which contributed 86% to the Group's revenue.

United States

The success of the strategic focus on expansion in the USA market as our number one priority is demonstrated by Bubs' revenue growth of 28% to \$23.2 million from 1HY24 (\$18.2 million) and representing 48% of the Group's revenue.

The Group continues to make meaningful progress in meeting all regulatory milestones for permanent access to the U.S. market. As at 31 December 2024, the Group has completed the infant enrolment phase of the Growth Monitoring Study (GMS) with 478 participants enrolled. Bubs is working closely with the FDA and other stakeholders to help diversify America's infant formula supply chain and secure ongoing product availability in the American market and expects FDA regulatory approval for permanent access in October this year.

Bubs has completed the roll out of its new product variants, including new look labels and new pack formats in the US which were required under US labelling laws and to better align with the market norms and our competitors' formats.

As expected, these significant but positive changes impacted 1HY25 ex-factory sales as we transitioned from the old tins to the new tins. Sales during the half were impacted as both pack formats were still being sold in the marketplace. However, in the week ending 5 January 2025, 98%¹ of tins sold in the US were Bubs' new pack formats and the consumer acceptance to our new products has been very strong. The higher sales velocity of the new pack formats, which are higher margin products than the old tin formats, have contributed to the Group's strong gross margin in 1HY25 of 50%. Bubs is well placed

¹ Circana Weekly To 05/01/2025 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates.

Bubs Australia Limited and Controlled Entities

Directors' report

31 December 2024

to capture the growth in premium speciality infant formulas which have grown 47%² in the US in the last year

Australia

Domestically, Bubs continues to be the dominant player in the goat infant milk formula (IMF) market, with 55%³ market share. Bubs continues to be one of the fastest growing infant formula manufacturers in the category and the fastest growing premium brand, achieving revenue of \$10.5 million (1HY24: \$11.7 million). The comparative revenue period (1HY24) included sales of excess raw materials of \$2.3 million and 3rd party contract manufacturing canning services of \$0.6 million. Due to the Group's focus on its own premium brands as well as the effective management of supply and demand and inventory levels, the Group did not generate any material inventory obsolescence or need to sell any raw materials, thus the underlying growth half on half on the core product portfolio is 16%.

China

China achieved revenue of \$10.2 million, a 45% increase on 1HY24 (\$7.1 million). Bubs China continued to demonstrate strong growth in 1HY25, as brand awareness and confidence builds in the Cross-border E-commerce (CBEC) channel, and as Bubs continues to successfully penetrate the Online to Offline (O2O) Mother & Baby store channel. Bubs now has distribution in 20 provinces and 61 cities across China and over 985 O2O stores stocking and selling the Bubs brands. Bubs China go-to-market channel strategy focused on CBEC and O2O continues to deliver strong profitable growth with significant scope to grow our distribution footprint and branded sales in the coming years. Revenue for adult goat dairy products, which are predominantly sold in China, was \$5.8 million for the year, a 3% decrease from 1HY24 (\$5.9 million).

Rest of World

Rest of World markets are also performing strongly with revenue of \$4.6 million and growth of 85% on 1HY24 (\$2.5 million) driven by strong performances from the Japan and Vietnam markets. We are currently developing our optimal market entry strategy for Canada and while we previously envisaged a soft market entry launch in H2 FY25, we now expect to commence selling Bubs' products in Canada in FY26.

Gross margin

Group gross margin at 50% for the half reflects Bubs' premium brand and market positioning, improved inventory management, new product variants, including new look labels and new pack formats in the US and geographic and channel optimisation.

Operating expenses

Operating expenses⁴ to revenue ratio decreased to 52% from 66% in 1HY24. Excluding costs on the FDA growth study, operating expenses were 50% of revenue. The decrease is due to the effectiveness

² Circana MAT December 2024 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates

³ Circana MAT To 12/01/2025 Value Sales \$'s Woolworths, Coles & Chemist Warehouse Combined

⁴ Operating expenses consist of distribution and selling costs, marketing and promotion costs, administrative and other costs, and do not include share-based payments and depreciation and amortisation. This is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

Bubs Australia Limited and Controlled Entities

Directors' report

31 December 2024

of Management's tight cost control measures, providing a pathway to breakeven before share based payments expense in FY25.

Included in operating expenses are:

- Distribution and selling costs, which are 8% of revenue, consistent with 1HY24.
- Administrative and other costs which include employee costs of \$7.5 million with an increase of 3% from 1HY24, reflecting inflation and other administrative costs of \$6.7 million, a 39% decrease from 1HY24.
- Marketing and promotion costs for 1HY24 are at 16% of revenue and increased by 48% compared to 1HY24 reflecting an initial investment to launch and educate consumers on Bubs' new global branding & product portfolio across both the US & China markets. In 1HY25 we continued to roll out our new look labels and new pack formats in the US which were required under US labelling laws and to better align with the market norms and our competitors' formats. The new 20 ounce or 567gm tin size is the standard IMF tin size in the US market and it provides a lower price point for consumers looking to trial Bubs infant formula in the China market along with a new global branding and packaging design, a new upgraded Goat Milk IMF formulation was launched through the existing CBEC channel, and investment was required to build out the new O2O channel.

EBITDA⁵ was \$0.5 million (1HY24: \$7 million loss) and the reconciliation to the statutory profit/(loss) before tax is set out in the table below.

	1HY25	1HY24
	\$	\$
Profit / (Loss) before tax	3,554,613	(7,161,383)
Finance income	3,699,417	417,561 ⁶
Finance cost	(305,158)	(105,535)
EBIT / (EBIT Loss)	160,354	(7,473,409)
Depreciation and amortisation	(373,302)	(485,105)
EBITDA / (EBITDA Loss)	533,656	(6,988,304)

Subsequent events

No matters or circumstances have arisen since 31 December 2024 that has significantly affected or could significantly affect the reported results from operations or financial position for the period then ended.

Rounding

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

⁵ EBITDA and EBIT are non-IFRS measures. Non-IFRS measures have not been subject to audit or review.

⁶ The Group has reclassified the foreign exchange gains to reflect more appropriately the financing nature of the underlying transactions. Comparative amounts in the condensed interim consolidated statement of profit and loss and other comprehensive income were reclassified for consistency. As a result, \$234,778 has been reclassified from "administrative and other costs" to "finance income".

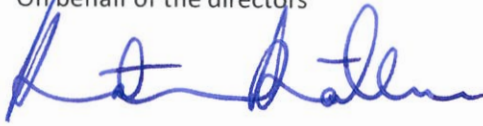
Bubs Australia Limited and Controlled Entities
Directors' report
31 December 2024

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 8 and forms part of this report.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Katrina Rathie
Chair
Melbourne
28 February 2025

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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 review of Bubs Australia Limited for the half-year ended 31 December 2024 there have been:

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

KPMG

KPMG

J. Carey

Partner

Melbourne

28 February 2025

Bubs Australia Limited and Controlled Entities
Condensed Interim Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For the six months ended 31 December 2024

	Note	31/12/2024 \$	31/12/2023 \$
Revenue	3	48,537,610	39,417,766
Cost of sales	6	(24,090,404)	(20,178,783)
Gross profit		24,447,206	19,238,983
Other Income	5	1,268,065	81,117
Distribution and selling costs		(3,777,210)	(3,308,639)
Marketing and promotion costs		(7,591,404)	(5,115,606)
Administrative and other costs	6	(14,186,303)	(18,369,264) ⁷
Finance income	6	3,699,417	417,561 ⁷
Finance cost	6	(305,158)	(105,535)
Profit / (Loss) before tax		3,554,613	(7,161,383)
Income tax expense		-	(508,544)
Profit / (Loss) for the period after tax		3,554,613	(7,669,927)
Other comprehensive (loss)/income			
Exchange difference on translation of foreign operations		(1,854,750)	270,727
Other comprehensive (loss)/ income, net of tax		(1,854,750)	270,727
Total comprehensive income /(loss) for the period		1,699,863	(7,399,200)
Earnings /(Loss) per share			
Basic earnings / (loss) per share (dollars)	7	0.004	(0.010)
Diluted earnings/ (loss) per share (dollars)	7	0.004	(0.010)

The accompanying notes form part of these condensed interim consolidated financial statements.

⁷ The Group has reclassified the foreign exchange gains to reflect more appropriately the financing nature of the underlying transactions. Comparative amounts in the condensed interim consolidated statement of profit and loss and other comprehensive income were reclassified for consistency. As a result, \$234,778 has been reclassified from “administrative and other costs” to “finance income”.

Bubs Australia Limited and Controlled Entities
Condensed Interim Consolidated Statement of Financial Position

	Note	31/12/2024	30/06/2024
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		17,239,900	17,523,474
Trade and other receivables	8	10,659,890	9,323,240
Inventories	9	30,344,257	28,225,946
Other assets		4,689,084	4,548,035
Total Current Assets		62,933,131	59,620,695
Non-Current Assets			
Property, plant and equipment		3,858,859	4,038,370
Right of use assets		1,040,580	1,335,400
Intangible assets	10	1,193,877	1,201,444
Other assets		563,091	558,442
Total Non-Current Assets		6,656,407	7,133,656
Total Assets		69,589,538	66,754,351
Liabilities			
Current Liabilities			
Trade and other payables		20,557,849	17,720,241
Contract liabilities		2,663	2,663
Lease liabilities		714,670	727,432
Borrowings		5,000,000	5,283,866
Provisions		3,549,026	4,795,933
Total Current Liabilities		29,824,208	28,530,135
Non-Current Liabilities			
Lease liabilities		632,003	986,325
Provisions		440,615	366,191
Total Non-Current Liabilities		1,072,618	1,352,516
Total Liabilities		30,896,826	29,882,651
Net Assets		38,692,712	36,871,700
Equity			
Issued capital	11	356,757,916	356,757,916
Share based payments reserve		12,377,181	12,256,032
Foreign currency translation reserve		(2,480,097)	(625,347)
Accumulated losses		(327,962,288)	(331,516,901)
Total Equity		38,692,712	36,871,700

The accompanying notes form part of these condensed interim consolidated financial statement

Bubs Australia Limited and Controlled Entities
Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 31 December 2024

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2024	356,757,916	12,256,032	(625,347)	(331,516,901)	36,871,700
Comprehensive income					
Profit for the period	-	-	-	3,554,613	3,554,613
Other comprehensive loss	-	-	(1,854,750)	-	(1,854,750)
Total comprehensive income	-	-	(1,854,750)	3,554,613	1,699,863
Transactions with owners in their capacity as owners:					
Issue of shares	-	-	-	-	-
Capital raising costs, net of tax	-	-	-	-	-
Share based payment expense	-	121,149	-	-	121,149
Balance at 31 December 2024	356,757,916	12,377,181	(2,480,097)	(327,962,288)	38,692,712

For the six months ended 31 December 2023

	Issued Capital	Share Based Payments 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
Comprehensive income					
Loss for the period	-	-	-	(7,669,927)	(7,669,927)
Other comprehensive income	-	-	270,727	-	270,727
Total comprehensive loss	-	-	270,727	(7,669,927)	(7,399,200)
Transactions with owners in their capacity as owners:					
Issue of shares	17,375,750	-	-	-	17,375,750
Capital raising costs, net of tax	(1,186,602)	-	-	-	(1,186,602)
Share based payment expense	-	217,619	-	-	217,619
Balance at 31 December 2023	356,757,915	12,151,684	(24,043)	(318,197,771)	50,687,785

The accompanying notes form part of these condensed interim consolidated financial statements.

Bubs Australia Limited and Controlled Entities
Condensed Interim Consolidated Statement of Cash Flows
For the six months ended 31 December 2024

	31/12/2024	31/12/2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	46,734,624	38,013,769
Payments to suppliers and employees	(47,099,246)	(50,285,182)
Interest received	223,770	182,783
Interest paid	(305,158)	(105,535)
Net cash used in operating activities	(446,010)	(12,194,165)
Cash flows from investing activities		
Purchases of property, plant and equipment	(16,637)	(40,597)
Purchases of intangible assets	(3,900)	-
Net cash used in investing activities	(20,537)	(40,597)
Cash flows from financing activities		
Repayment of borrowings	-	(1,800,000)
Proceeds from share issue	-	17,375,750
Capital raising costs	-	(1,695,146)
Repayment of lease liabilities	(367,084)	(340,377)
Net cash from financing activities	(367,084)	13,540,227
Net (decrease)/increase in cash and cash equivalents	(833,631)	1,305,465
Cash and cash equivalents at the beginning of the financial year	17,523,474	26,052,523
Effects of exchange rates on cash held	550,057	-
Total cash and cash equivalents at the end of the period	17,239,900	27,357,988

The accompanying notes form part of these condensed interim consolidated financial statements.

Bubs Australia Limited and Controlled Entities

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended 31 December 2024

1. Corporate information

The condensed interim consolidated financial statements of Bubs Australia Limited and the entities it controlled ('the Group') for the six months ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 28 February 2025. The condensed interim consolidated financial statements are 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. A description of the nature of the Group's operations and its principal activities is included in the Directors' report, which is not part of the financial report. The consolidated annual financial statements of the Group as at and for the year ended 30 June 2024 are available upon request from the Company's registered office at 23 Nina Link, Dandenong South, VIC 3175 or at www.bubsaustralia.com.

2. Basis of preparation and changes to the Group's accounting policies

2.1 Basis of preparation

The condensed interim consolidated financial statements for the six months ended 31 December 2024 are general purpose financial statements and have been prepared in accordance with Australian Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2024 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange listing rules and the *Corporations Act 2001*.

Going concern basis

The Group has prepared the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 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.

At 31 December 2024, the Group is in a net current asset position of \$33.1 million (30 June 2024: \$31.1 million). The Group has \$17.3 million in available cash and cash equivalents at 31 December 2024 (30 June 2024: \$17.5 million) and \$5 million in committed un-drawn bank facilities expiring on the 29th of August 2025 (FY24: \$5.0 million).

The Group made a profit after tax of \$3.6 million for the half year ended 31 December 2024 (1HY24: loss after tax of \$7.7 million).

Net cash outflows from operating activities for the six months ended 31 December 2024 were \$0.45 million (1HY24: \$12.2 million).

Bubs Australia Limited and Controlled Entities

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended 31 December 2024

The Group acknowledges the inherent uncertainty in earnings forecasts, which include 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 October 2025 to continue operating in the USA and managing expenses to obtain it. The Group is currently operating under discretionary approval until permanent approval is obtained.
- Continuing the revenue growth in China through the success of the Online to Offline (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.
- Extension of the Group's \$10 million lending facility when it is due in August 2025.

Due to the uncertainty surrounding the above matters, and should the cash flow forecasts not be achieved, 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.

The Condensed Interim 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.

Use of judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those described in the last annual financial statements.

2.2 New, revised or amending Accounting Standards and Interpretations adopted.

Several amendments and interpretations applied for the first time in the 2025 financial period. These new amendments and interpretations do not have a material impact on the consolidated financial statements of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Bubs Australia Limited and Controlled Entities
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 31 December 2024

3. Revenue from contracts with customers

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

	31/12/2024	31/12/2023
Type of goods and services	\$	\$
Sale of Infant Formula	41,797,849	29,551,274
Sale of Nutritional Products	659,992	1,024,892
Sale of Adult Goat Dairy Products	5,808,111	5,959,658
Sale of Raw Materials	271,658	2,297,789
Canning services	-	584,153
Total revenue	48,537,610	39,417,766

4. Segment information

The Group has 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 condensed interim consolidated statement of profit or loss and other comprehensive income and condensed interim consolidated statement of financial position aligns with the level of information that is presented to the chief operating decision maker.

Geographic information

	31/12/2024	31/12/2023
	\$	\$
Australia	10,483,932	11,694,372
China	10,232,831	7,063,232
USA	23,190,345	18,151,632
Rest of World	4,630,502	2,508,530
Total	48,537,610	39,417,766

The Group had one external customer who generated greater than 10 percent of the Group's revenue for the six months ended 31 December 2024 amounting to \$9,657,984 (31 Dec 2023: one customer amounting to \$9,839,134).

5. Other Income

Proceeds from insurance claim	1,259,338	-
Other Income	8,727	81,117
Total	1,268,065	81,117

In December 2024 the Group reached a settlement agreement with its insurers for losses relating to quality issues identified on some raw materials. Given the contractual agreement, at 31 December 2024, it was virtually certain that the income would be realised. As a result, the Group has recognised income and a receivable, and the proceeds have been received subsequent to period end in January 2025.

Bubs Australia Limited and Controlled Entities
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 31 December 2024

6. Expenses

	31/12/2024	31/12/2023
	\$	\$
Cost of sales		
Production costs	25,138,213	30,523,437
Inventory provision/(reversal)	8 (1,047,809)	(10,344,654)
Total	24,090,404	20,178,783

Included in administrative and other costs are the following:

Listing and registry fees	137,083	396,527
Accountancy and legal fees	703,575	1,502,346
Insurance	650,486	429,380
Travel costs	340,467	313,553
Consultancy fee	953,987	1,299,681
Occupancy costs	401,588	416,035
Expected Credit losses	120,799	860,621
Depreciation and amortisation	373,302	485,105
ERP expenditure	309,119	648,189
FDA Growth Study	936,287	2,745,617
Other costs	1,794,134	2,008,183
Total	6,720,827	11,105,236

Employee costs

Wages and salaries	6,840,226	6,552,940
Superannuation	504,101	493,469
Share based payments	121,149	217,619
Total	7,465,476	7,264,028

Total administrative and other costs

14,186,303 **18,369,264**

Finance cost

Interest expense	269,068	52,213
Interest expense on lease liabilities	36,090	53,322
Total	305,158	105,535

Bubs Australia Limited and Controlled Entities
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 31 December 2024

Finance Income

Interest Income	223,770	182,783
Net gains from foreign currency translations	3,475,647	234,778
Total	3,699,417	417,561

Foreign exchange gains from foreign currency translations relate to the impact of exchange rate movements during the period.

Change in classification:

The Group has reclassified the foreign exchange gains to reflect more appropriately the financing nature of the underlying transactions. Comparative amounts in the condensed interim consolidated statement of profit and loss and other comprehensive income were reclassified for consistency. As a result, \$234,778 has been reclassified from “administrative and other costs” to “finance income”.

7. Earnings /(loss) per share

	31/12/2024	31/12/2023
	\$	\$
Profit / (Loss) attributable to the Group used in calculating basic and diluted EPS/ (LPS)	3,554,613	(7,669,927)
Weighted average number of ordinary shares for basic EPS/ (LPS)	892,787,647	773,100,290
Basic EPS/(LPS) (dollars)	0.004	(0.010)
Diluted EPS/(LPS) (dollars)	0.004	(0.010)

8. Trade and other receivables

	31/12/2024	30/06/2024
	\$	\$
Trade debtors	15,189,163	15,256,411
Allowance for credit losses	(6,366,268)	(7,051,338)
Other receivables	1,836,995	1,118,167
Total	10,659,890	9,323,240

Key estimate and judgement

For trade receivables, the Group used the standard’s 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.

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Bubs Australia Limited and Controlled Entities
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 31 December 2024

9. Inventories

	31/12/2024	30/06/2024
	\$	\$
Raw materials	9,541,532	15,714,241
Finished goods	20,802,725	12,511,705
Total	30,344,257	28,225,946

Having regard to the significant inventories on hand, the expiry dates of the inventory and sales forecast, the inventory obsolescence provision is \$2,301,927 (2024: \$4,634,605). For the half year ended 31 December 2024, the movement of the inventory provision is a reversal of \$ 1,047,809 (2024: 20,592,319) for inventories sold and/or utilised during the period. The cost of inventories recognised as an expense during the period was \$25,138,213 (1HY24 : \$30,523,437).

Key estimate and judgement

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 the estimated end consumer demand in the second half of FY25. Changes in trading and economic conditions, and changes in country specific regulations, may impact these estimations in future periods.

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Bubs Australia Limited and Controlled Entities
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 31 December 2024

10. Intangible assets

	Goodwill	Brand name	Patents, trademarks and software	Other Intangibles	Total
	\$	\$	\$	\$	\$
Cost					
As at 30 June 2024	90,614,673	4,691,634	130,965	47,096,599	142,533,871
Additions	-	-	3,900	-	3,900
As at 31 December 2024	90,614,673	4,691,634	134,865	47,096,599	142,537,771
Accumulated amortisation and impairment					
As at 30 June 2024	(90,040,602)	(4,100,000)	(95,226)	(47,096,599)	(141,332,427)
Amortisation	-	-	(11,467)	-	(11,467)
As at 31 December 2024	(90,040,602)	(4,100,000)	(106,693)	(47,096,599)	(141,343,894)
Net book value					
As at 30 June 2024	574,071	591,634	35,739	-	1,201,444
As at 31 December 2024	574,071	591,634	28,172	-	1,193,877

Key estimate and judgement

In accordance with the accounting standard AASB 136 Impairment of Assets, the Group has conducted a review of indicators of impairment during the half year for each of the cash generating units (CGUs) to which goodwill and intangible assets have been allocated. Each CGU performance for the half year was ahead of forecast previously assumed in the impairment model at 30 June 2024 with no other indicators present as at 31 December 2024.

11. Share capital

	31/12/2024		30/06/2024	
	Shares	\$	Shares	\$
Movement in share capital				
Balance at the beginning of the year	892,130,038	356,757,916	751,357,408	340,568,767
Placement of shares	-	-	139,006,000	17,375,750
Share issue transactions costs (net of tax)	-	-	-	(1,186,601)
Share issue to employees	1,000,000	-	1,766,630	-
Balance at the end of the period	893,130,038	356,757,916	892,130,038	356,757,916

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

Bubs Australia Limited and Controlled Entities
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 31 December 2024

12. Subsequent events

No matters or circumstances have arisen since 31 December 2024 that has significantly affected or could significantly affect the reported results from operations or financial position for the period then ended.

13. Legal matters

The Group is party to ongoing litigation with former customers – Alice Trading Ltd and Willis Trading Ltd.

The outcome of currently pending and potential future legal actions 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 considered 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 liabilities arising from such action would not have a material effect on the Group's financial performance or position in future years.

Bubs Australia Limited and Controlled Entities
Director's Declaration
31 December 2024

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

- a) The financial statements and notes that are set out on page 13 to 20 are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the financial position as at 31 December 2024 and its performance for the half year ended on that date; and
 - ii. Complying with Accounting Standard *AASB 134: Interim Financial reporting* and the *Corporations Regulations 2001*.
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Katrina Rathie
Chair
28 February 2025



Independent Auditor's Review Report

To the shareholders of Bubs Australia Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Bubs Australia Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Bubs Australia Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2024 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Report** comprises:

- Condensed Interim Consolidated Statement of Financial Position as at 31 December 2024;
- Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Interim Consolidated Statement of Changes in Equity and Condensed Interim Consolidated Statement of Cash Flows for the Interim Period ended on that date;
- Notes 1 to 13 including selected explanatory notes; and
- The Directors' Declaration.

The **Group** comprises Bubs Australia Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2024.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Material uncertainty related to going concern

We draw attention to Note 2.1 Basis of preparation in the Condensed Interim Financial Report. The events or conditions disclosed in Note 2.1, indicate a material uncertainty exists 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 Condensed Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

J. Carey

Partner

Melbourne

28 February 2025

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