



Bubs Australia Limited
ACN 060 094 742
23-29 Nina Link, Dandenong South
VIC 3175 Australia

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ALPHA GROUP LEGAL DISPUTE

3 July 2023, Melbourne: Bubs Australia Limited (ASX:BUB) (“**Bubs**” or “**the Company**”) provides the following market update on a legal dispute with Alpha Professional Holdings Ltd (“**Alpha Group**”).

Willis Trading Ltd (Willis) & Alice Trading Ltd (Alice) debt

As advised to the market on 22 June 2023, Willis (one of the shareholders which has requisitioned the extraordinary general meeting) has an outstanding debt owed to Bubs/Infant Food Co Pty Limited of \$2.67m and its related entity, Alice, has an outstanding debt owed to Bubs/Infant Food Co Pty Limited of \$2.99m. Willis and Alice are subsidiary companies of Alpha Group, which is listed on the Hong Kong Stock Exchange under the code 948:HK.

The overdue and outstanding debts owed by Willis and Alice relate to purchases made by the Alpha Group from Bubs between August/September 2022 and March 2023.

In response to efforts from Bubs to pursue these debts, Alice and Willis alleged for the first time after close of trade on Thursday 29 June 2023 that that the “previous Bubs management team” made promises to the Alpha Group that:

- Alice and Willis could unconditionally return any stock that they could not sell without any liability, and now intend to return the stock for which they have not paid, namely the \$5.65m owed to Bubs.
- Alice and Willis intend to return further stock which has been paid for and delivered since August 2022, and seek a refund from Bubs of approximately \$7.5m.
- Bubs would provide credit for any near expiry stock Alice and Willis had and further claims they are entitled to approximately \$12.9m “due to Bubs’ failure” to provide this credit in new stock.

Bubs does not accept these alleged claims and in particular notes:

- The sales agreements with the Alpha Group do not provide for the return of stock, sale on consignment nor do they provide for refund of the goods by reason of Alice and Willis’ failure or inability to sell those goods.
- The Bubs 31 December 2022 Financial Statements were reviewed by KPMG.
- The alleged claims would be contrary to the unconditional purchases made by the Alpha Group under the Sale and Purchase Agreements, the Willis Share Subscription Agreement, and the representations made by the former Bubs Executive Chairman and former CEO to the Board and our auditors.
- No such promises were communicated to the non-executive directors on the Bubs Board at the time by the “previous Bubs management team”.

Late on Friday 30 June 2023 and Saturday 1 July 2023, Bubs urgently requested further information from Alice and Willis, including who in the previous Bubs management team they allege made these promises and evidence of their claims. On 1 July 2023, Willis advised that it will “endeavour to provide that information by 28 July 2023”. Notably, this is the day after the extraordinary general meeting scheduled for 27 July 2023.



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Dennis Lin (the former Executive Chairman) and Kristy Carr (the former Chief Executive Officer) were previously collectively responsible for the Bubs China strategy and execution and managed the relationship with the Alpha Group.

Willis is one of the shareholders who requisitioned the extraordinary general meeting. It appears that Willis's 9,541,620 Bubs shares were transferred to Alpha Group on 29 June 2023.

Chair of Bubs, Katrina Rathie said, "The Board is determined to fully investigate these allegations and will take whatever action is necessary to protect the Company and our shareholders' interests".

END

MEDIA INQUIRIES

James Tait

Res Publica

T 0400 304 147

SHAREHOLDER ENQUIRIES

1300 038 212 (within Australia)

Or (61 2) 9066 4052 (outside Australia)

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