



Bubs Australia Limited
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MAJOR GOAT MILK SUPPLY AGREEMENT INCREASES ORIGINATION CAPACITY BY 48% BY 2020

- Access to 5,200 additional milking goats
- 5+5 year agreement with fixed annual average milk price
- Minimum supply volume: 2.2m litres Jan-May 2019; 6.2m litres Y2 destined for CapriLac®
- Enables Bubs® to become world-first 100% Australian-sourced goat milk infant formula

Sydney 21 December 2018: Bubs Australia Limited (ASX: BUB) announces it has secured additional goat milk supply with Central Dairy Goats Ltd, representing an established group of goat dairy farmers on the North Island of New Zealand.

The agreement guarantees a minimum supply volume of 2.2 million litres through to May 2019, and 6.2 million litres for the following year, with both parties keen to grow beyond these volumes in succeeding years. The agreement runs for 5 years, with a further term of an additional 5 years.

Mrs Kristy Carr, Bubs Australia Founder and Chief Executive said: “This new partnership provides Bubs Australia guaranteed access to an additional milk pool in excess of 6 million litres of premium New Zealand goat milk per annum for our CapriLac range of adult milk powders, which will enable Bubs infant formula to be made entirely with Australian goat milk; a world first.

“The agreement, together with our existing exclusive sources, means we have now secured access to the milk supply from 30,000 goats across Australia and New Zealand, producing circa 20 million litres of fresh goat’s milk, allowing us to fulfill our increasing growth trajectory and further reinforcing our farm gate to finished product provenance story,” Mrs Carr said.

Tony Parlato, spokesperson for the farmers’ trading entity, Central Dairy Goats Ltd said: “This is a fantastic opportunity for our partner farmers to benefit from the growing appetite for goat dairy products across Australasia and in Asia, China in particular.

“New Zealand, like Australia, has a trusted reputation for product purity and quality control standards. Likewise, Bubs has an enviable reputation and we are proud to be part of the Bubs family of suppliers,” Mr Parlato said.

The contract includes various risk mitigation measures; provisions to vary offtake and resell additional supply; pricing regime; compliance with the risk management provisions of the New Zealand Animal Products Act 1999; 12 month notice of termination by either party; and maintenance of comprehensive quality control and provenance, as well as traceability records for all product supplied to Bubs Australia.

The milk will be processed to powder at a New Zealand facility ready for further processing in Australia to produce CapriLac® products. This allows for the existing Australian milk supply to be leveraged in the production of Bubs® goat milk infant formula, making it the first infant formula in the world to be based on Australian goat milk.



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ABOUT BUBS AUSTRALIA LIMITED

Founded in 2006 in Sydney, Bubs Australia is engaged in the business of inspiring new generations of happy, healthy bubs through its range of Australian made premium infant nutrition products. Bubs® speciality infant formula and organic baby food caters for a child's first 1,000 days of life.

Bubs Australia is the leading producer of goat dairy products in Australia with exclusive milk supply from the largest milking goat herd in the country, and Australia's only vertically integrated producer of goat milk infant formula.

Other dairy brands in the Company's portfolio include CapriLac® fresh goat milk, yoghurt, and milk powder, and Coach House Dairy® flavoured Jersey milks. Products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to China, South East Asia, and the Middle East.

Consumer Website: bubsaustralia.com
Investor Centre: investor.bubsaustralia.com