



Bubs Australia Limited
ACN 060 094 742
2-4/6 Tilley Lane, Frenchs Forest
NSW 2086 Australia

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info@bubsaustralia.com

FY20 FIRST QUARTER ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT

- *Quarterly positive growth momentum continues.*
- *Q1 revenue at \$14.21m, a 58% uplift pcp, and highest in Company's history.*
- *China direct export sales up 113% pcp and up 46% compared to previous quarter, driven by Beingmate and Alibaba partnerships.*
- *Good progress in other international markets, accounting for 8% of Q1 total revenue.*

Sydney 31 October 2019: Bubs Australia (ASX: **BUB**), producer of Australian made premium infant formula, organic baby food, and goat dairy products, submits the following Activities Report and Appendix 4C Cashflow Statement for the first quarter, period ended 30 September 2019.

Releasing the Quarterly Activities Report, Bubs Founder and Chief Executive Officer, Kristy Carr said: "We are pleased to deliver continuing sales momentum with our first quarter sales delivering the highest on record.

"The quarter finished at \$14.21 million in gross revenues, which is up 58 percent on the prior comparable period. This demonstrates the validity of our continuing focus on our four-pillar growth strategy, combined with continuing investments in supply chain and manufacturing capabilities.

"During the quarter, as the business takes shape in China, we commenced data analytics to cater for more relevant investments and granularity in achieving sustainable long-term growth. Having worked with our key strategic partners on the initiative, the infrastructure will provide visibility of inventory, end consumers, and the key regions we wish to target. Importantly, it will optimise supply chain planning, which is a critical element for our vertically integrated business.

"For the future, the strategic channel partnerships and rich data provide the underpinning for the increasing role that in-market marketing will play in developing the China market. This is complemented by our corporate *Daigou* partners, who are well placed to adapt to the evolving regulatory environment, as well as continuing to build trust and credibility in Australia for Chinese consumers, especially new mothers.

"We have been investing in the development of goat dairy product innovation and brand extensions beyond infant milk formula to target new consumer segments and functional dietary needs," Mrs. Carr said.



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PERFORMANCE BY CATEGORY

- Bubs Infant Nutrition products - up 66% pcp, representing 38% of gross sales for the quarter.
- Adult milk powder - up 100% pcp, representing 53% of gross sales for the quarter.
- Fresh milk products - down 45% pcp, representing 7% of gross sales for the quarter, following the disposal of non-core Coach House Dairy assets.
- Deloraine Manufacturing - represents 1% of gross sales for the quarter.

PERFORMANCE BY REGION

- Australia – up 34% pcp, representing 70% of gross sales for the quarter.
- China – up 113% pcp, representing 22% of gross sales for the quarter.
- International markets - up 973% pcp, representing 8% of gross sales for the quarter.

CORPORATE DEVELOPMENTS

- Added to the ASX300 index as part of the S&P's quarterly rebalance on 23 Sept 2019.
- Post balance date appointment of Dennis Lin to Executive Chair.

Commenting on operating performance, Mrs. Carr said: "Our China route-to-market platform capability has advanced significantly through our new strategic and venture partners Beingmate, Alibaba and Kidswant, with the first quarter essentially given over to onboarding new partners while ensuring our other routes to market remained relevant and closely managed. Sales through these direct channels were initiated late in the previous quarter and are expected to underpin future growth in B2B export sales to China.

"In our home market, we increased our presence in the Pharmacy Channel and completed the national roll-out of all 28 products in Chemist Warehouse outlets, including the launch of our Organic Grass-fed cow's milk infant milk formula. In addition, Bubs products featured on an aisle end display during the grand opening of the inaugural Chemist Warehouse store opening in Zhengzhou China," said Mrs. Carr.

Cash Position

Bubs Australia continues to maintain a robust balance sheet with \$18.0 million in cash reserves as at 30 September 2019.

The Bubs Australia Appendix 4C Quarterly Cashflow Statement for the period ended 30 September 2019 is attached. The Report was lodged with the ASX on 31 October 2019.



Media and Investor Enquiries:

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About Bubs Australia Limited (ASX: BUB)

Founded in 2006 in Sydney, Bubs Australia is engaged in the business of inspiring new generations of happy, healthy bubs through its range of premium infant nutrition products. Bubs® goat milk and organic grass-fed infant formula ranges, and organic baby food, cereals and toddler snacks cater for all feeding occasions and stages of development from newborn to preschool.

Bubs Australia is the leading producer of goat dairy products in Australia with exclusive milk supply from the largest milking goat herds in the country. Bubs® is proudly the only infant formula in the world to be based on 100% Australian goat milk.

Products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to New Zealand, China, South East Asia, and the Middle East.

Consumer Website: bubsaustralia.com

Investor Centre: investor.bubsaustralia.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

BUBS AUSTRALIA LIMITED (ASX:BUB)

ABN

63 060 094 742

Quarter ended (Current quarter)

30 September 2019

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,690	12,690
1.2 Payments for:		
(a) research and development	-	-
(b) product manufacturing and operating costs	(11,851)	(11,851)
(c) advertising and marketing	(1,426)	(1,426)
(d) leased assets	(4)	(4)
(e) staff costs	(1,474)	(1,474)
(f) administration and corporate costs	(2,165)	(2,165)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	113	113
1.5 Interest and other costs of finance paid	(30)	(30)
1.6 Income taxes (paid) / refunded	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material):	-	-
1.9 Net cash from / (used in) operating activities	(4,147)	(4,147)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(60)	(60)
(b) businesses (see item 10) – net cash acquired	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets: payments made in respect to 2.1(a)	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Capital contribution to joint venture)	(1,034)	(1,034)
2.6 Net cash from / (used in) investing activities	(1,094)	(1,094)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 Months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	123	123
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Proceeds from loan repayments	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Deferred consideration payment to Nulac vendors)	(195)	(195)
3.10 Net cash from / (used in) financing activities	(72)	(72)
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	23,291	23,291
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,147)	(4,147)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,094)	(1,094)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(72)	(72)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	17,978	17,978
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	9,978	16,291
5.2 Call deposits	8,000	7,000
5.3 Bank overdrafts	-	-
5.4 Other - Solicitor's trust	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,978	23,291
6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2		124
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	Payments made in respect to director fees and salaries.	
7. Payments to related entities of the entity and their associates		Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2		70
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	Disbursements relating to Director International Business travel for Bubs Australia Ltd & Prepayment of service fees to related entity.	

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
2,000	2,000
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

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

NAB Bank Trade Finance 6.33% per annum unsecured
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9. Estimated cash outflows for next quarter

9.1 Research and development

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

9.6 Administration and corporate costs

9.7 Other (provide details if material)

9.8 **Total estimated cash outflows**

\$A'000

-

16,769

3,117

4

1,744

2,200

-

23,834

10. Acquisitions and disposals of business entities
(items 2.1(b) and 2.2(b) above)

10.1 Name of entity

10.2 Place of incorporation or registration

10.3 Consideration for acquisition or disposal

10.4 Total net assets / (deficiency)

10.5 Nature of business

Acquisitions	Disposals
-	-
-	-
-	-
-	-
-	-

Compliance statement

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



Signed:

Dated: 31 October 2019

Company Secretary

Print name: Jay Stephenson

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly 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 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.
- 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.