



Bubs Australia Limited
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6 June 2018

ASX ANNOUNCEMENT

Bubs Australia Limited (ASX:BUB) is pleased to provide the attached announcement dealing with the following two activities:

1. Bubs Australia Nominated as 1 of 3 CFDA Brand Slots with CNCA Facility;
and
2. Bubs Australia Signs Agreement with Alibaba Group and Opens Bubs
Flagship Store on Tmall Global

Jay Stephenson
Company Secretary



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BUBS AUSTRALIA NOMINATED AS 1 OF 3 CFDA BRAND SLOTS WITH CNCA FACILITY

- *Bubs Australia has entered an Agreement with a CNCA licenced production facility.*
- *Bubs to immediately commence application process for CFDA registration.*
- *Provides a defined pathway to maximising Bubs' access to 80,000 Mother and Baby stores through its partnership with QianJiaWanPu, China's largest nationwide distributor of infant formula.*
- *Manufacturing facility has 10 million tin production capacity – Bubs commitment for minimum 500K tins within 12 months following registration.*
- *Increases Bubs' overall operating flexibility, agility and product expansion opportunities for both domestic and Chinese labeled products.*

Sydney 8 June 2018: Bubs Australia Limited (ASX: BUB) has entered into a binding Manufacturing Agreement with Australia Deloraine Dairy Pty Ltd as a critical step towards achieving China Food and Drug Administration (CFDA) registration. Australia Deloraine Dairy is one of only 15 licenced facilities in Australia authorised by Certification and Accreditation Administration of the People's Republic of China (CNCA) to produce infant formula products eligible for importation into China, under the regulatory requirements administered by CFDA.

Bubs Australia Chairman, Dennis Lin said: "This strategic partnership is a crucial step in achieving CFDA registration, enabling us to advance our China expansion strategy for physical export of Bubs Chinese labeled infant formula products into Mother and Baby stores in China. The Manufacturing Agreement will also enhance visibility over our supply chain and product provenance for both our domestic and Chinese labeled products.

"There is an increasing demand for goat milk based infant formula in China, especially in Mother and Baby stores. The Manufacturing Agreement will facilitate our CFDA registration and provide a defined pathway to maximising Bubs' access to 80,000 stores aligned with our partner QianJiaWanPu, China's largest nationwide distributor of infant formula," Mr. Lin said.

Under the terms of the Agreement, Bubs will purchase a minimum volume of 500K tins in the first year post registration, with annual increments throughout the term, reaching 1.5M tins in the 5th year. Bubs will pay the manufacturing facility a \$1M security deposit in instalments on satisfaction of certain milestones, which will be refunded at the end of the term.

Mr. Lin added that under the Agreement, Bubs® infant formula would be produced in a state of the art facility with in-house expertise that meets Bubs rigorous compliance measures for product integrity and quality control, and adheres to the highest standards set out by Dairy Food Safety Victoria (DFSV), Department of Agriculture (DA), CNCA, HACCP, ISO and other stringent quality assurance protocols.



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BUBS AUSTRALIA SIGNS AGREEMENT WITH ALIBABA GROUP AND OPENS BUBS FLAGSHIP STORE ON TMALL GLOBAL

- *Bubs Australia enters an Agreement with Alibaba to open their own Flagship Store on Tmall Global.*
- *Bubs® entire range of formula, organic baby food, cereals and snacks will be sold on the platform.*
- *Target Global Merchandise Value (GMV) expected to be above RMB 5M (~A\$1M) in first 12 months.*
- *Bubs® Flagship store is now active.*

Sydney, 8 June 2018: Bubs Australia Limited (ASX: BUB) today announced the Company has entered a Merchant Service Agreement with Alibaba Group and has now launched a Bubs® Flagship Store on Tmall Global. Alibaba is the largest e-commerce platform in China, recording USD547 billion GMV in 2017, with 580 million mobile monthly active users across the Alibaba applications.

Mrs Kristy Carr, Founder Managing Director of Bubs Australia said: "Alibaba is one of the largest retailers in the world. This is therefore an important milestone in the evolution of our cross-border e-commerce strategy, that will significantly broaden our reach to Chinese parents.

"We are confident that with Bubs longstanding Australian brand heritage and unique premium offering, coupled with Alibaba's lifestyle ambassador, Jessica Rudd's endorsement, our Flagship Store will be a great success," Mrs. Carr said.

Mother and Baby products are the 2nd largest category on Alibaba, spearheaded by infant formula. Infant nutrition cross-border sales increased 8.8% last year on the platform, with the strongest growth drivers coming from organics, specialised formula and goat milk products.

"As the only Australian vertically integrated producer of goat milk infant formula, we will be in a unique position to offer Chinese parents comfort that we have complete control over the quality and scalability of our supply chain back to the farm gate. With this solid foundation in place, and with the support of the Alibaba team, we believe we are well positioned to establish a popular Flagship Store on Tmall Global," Mrs. Carr said.

The Bubs® store has now launched and the Company forecasts the Global Merchandise Value (GMV) to be in excess of RMB 5M (~A\$1M) in the first 12 months of trading.

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About Bubs Australia Limited (ASX: BUB)

Bubs Australia is engaged in the business of inspiring new generations of happy, healthy consumers through its range of Australian made premium infant nutritional and goat dairy products.

Founded in 2006 in Sydney, Bubs Australia develops and markets innovative infant nutrition products for the first 1,000 days of life, that give parents and their bubs reason to 'smile from the inside®'.

In 2017, Bubs Australia acquired NuLac Foods giving the company a 'pathway to provenance' to become Australia's only vertically integrated producer of goat milk infant formula, and the largest producer of goat dairy products in the country.