



Bubs Australia Limited
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COMPLETION OF ACQUISITION OF AUSTRALIA DELORAINE DAIRY AND PLACEMENT TO C2 CAPITAL PARTNERS

Sydney, 18 April 2019: Bubs Australia Limited (**ASX: BUB**) is pleased to announce that all conditions precedent have been met for the acquisition of Australia Deloraine Dairy Pty Limited (**Deloraine**) and the placement to C2 Capital Partners (**C2**) as announced on 1 April 2019, and the transactions have been completed. See Appendix 1 for details.

In addition, pursuant to the placement to C2 Capital Partners, Mr Steve Lin, Managing Partner of C2 has been appointed Non-Executive Director on the Bubs Australia Board. Alibaba Group is an anchor investor in C2 Capital Partners.

Announcing the completion of the transactions, Bubs Australia's Chairman, Dennis Lin said: "Following completion of the 100% acquisition of our manufacturing facility, Australia Deloraine Dairy, and the strategic partnership with C2 Capital Partners, Bubs Australia is well placed to advance its vision to be a leading player in the infant milk formula and infant nutritionals markets, here and overseas, especially China.

"The acquisition of Deloraine is a vital element of our vertical integration strategy with a particular goal to enable Bubs to export its infant formula products to China to be sold in physical Mother and Baby stores. C2 is a profoundly valued partner providing Bubs with unique China market insights and know-how. We look forward to any potential collaboration with C2 to tap the China market.

"We welcome C2's Managing Partner Steve Lin to our Board and look forward to working with C2 to achieve our strategic ambitions," Dennis Lin said.

The off-market share transfers by the NuLac Foods Vendors to C2, as announced on 1 April 2019, are expected to complete on 23 April 2019.

As previously announced, following the placement to C2 and the expected completion of the off-market share acquisitions from existing shareholders, the NuLac Foods Vendors, C2 will have an aggregate 15% holding in Bubs Australia.

For further information regarding the Deloraine and C2 transactions, please refer to the Company's ASX announcement dated 1 April 2019.

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Deloraine is one of only 15 licenced canning facilities in Australia authorised by the Certification and Accreditation Administration of China (CNCA) for physical importation into China under regulatory requirements administered by State Administration for Market Regulation (SAMR). Ownership of Deloraine supplants Bubs' manufacturing agreement with Deloraine. Deloraine has three technical applications in progress with SAMR for goat milk infant formula, organic cow milk infant formula and conventional cow milk infant formula with sn-2 palmitate (OPO). Under the acquisition agreement, the existing Deloraine leadership team has been retained.

C2 is a Hong Kong based private equity fund that invests in partnering with companies capitalising on the consumption growth and consumption upgrade of the growing Chinese middle class and provides value-added growth to capital to investee companies. Alibaba Group is an anchor investor in C2 Capital Partners.

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® speciality infant formula 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**



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Appendix (1)

Completion of Acquisition of Australia Deloraine Dairy and placement to C2 Capital Partners:

(a) Completion of Australia Deloraine Dairy acquisition

- a. All conditions precedent to the acquisition of 100% of Australia Deloraine Dairy Group Limited, as announced to ASX on 1 April 2019, have been satisfied.
- b. Bubs has issued 15,384,615 shares to the Sellers by way of consideration for the transaction, which have been put into voluntary escrow for a period of 12 months.
- c. The Sellers will not dispose of the Consideration Shares except (i) in customary circumstances (including to accept an offer under a takeover bid); or (ii) to transfer the Consideration Shares to a relative, provided the relative enters into an escrow arrangement on the same terms.

(b) C2 placement

- a. All conditions precedent to the share placement to private equity firm C2 Capital Partners, as announced to ASX on 1 April 2019, have been satisfied. The placement is for 48,366,888 shares at \$0.65 per share.
- b. Steve Lin has been appointed as a Non-Executive Director of Bubs Australia.

(c) Off market transfers

- a. The off-market share acquisitions between existing shareholders (the Vendors of NuLac Foods) and C2, as announced to ASX on 1 April 2019, are expected to complete on 23 April 2019.
- b. John Gommans will retire from the Bubs Australia Board on completion of the off-market transfers.
- c. Following completion of the placement and the expected completion of the off-market share transfers on 23 April 2019 C2, will have an aggregate 15% shareholding in Bubs.