



Bubs Australia Limited
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AMENDMENT TO THE SHARE SUBSCRIPTION AGREEMENT ENTERED INTO WITH WILLIS TRADING LIMITED

- Share subscription agreement whereby Bubs has conditionally agreed to allot and issue up to 9,541,620 shares to Willis Trading Limited, representing 1.56% of Bubs' current issued capital.
- Willis Trading Limited worked with Bubs to allow for supplies of infant formula to be redirected to USA without disrupting its consumers in May and June 2022 by reducing safety stock.
- Issue of shares conditional on the Alpha Group meeting an updated product purchase milestone of at least A\$44 million in FY22.

Melbourne, 5 July 2022: Bubs Australia Limited (ASX: **BUB**) announces it has entered into an amendment deed (**Amendment Deed**) to amend the share subscription agreement (**Subscription Agreement**) with Willis Trading Limited (Hong Kong company number 2557852) (**Willis Trading**), which was entered into on 3 March 2022. Willis Trading has been Bubs' single largest customer throughout FY21 and the first half of FY22, and is the lead distributor for both Bubs® and CapriLac® brands in the Corporate Daigou Channel.

Willis Trading is a private company incorporated in Hong Kong and is a wholly owned subsidiary of Alpha Professional Holdings Limited, a company listed on the Hong Kong Stock Exchange (0948.HK) (**Alpha**, together with its subsidiaries, **Alpha Group**). One of the principal businesses of the Alpha Group is the trading of milk powder and infant nutrition to China, including Bubs® and CapriLac® products.

Under the Subscription Agreement, Bubs conditionally agreed to issue 9,541,620 ordinary shares to Willis Trading if the Alpha Group purchases products evidenced by invoices issued by Bubs or its subsidiaries equivalent to no less than A\$50 million during the period from 1 July 2021 to 30 June 2022 which are paid by the Alpha Group prior to 15 August 2022 (**FY22 Sales Target**).

In light of the unexpected opportunity for Bubs' to provide urgent supply of infant formula to the US market, Willis Trading worked closely with Bubs to reduce safety stock (weeks of cover) and orders so that inventory may be redirected to the USA for American families in need. This will not disrupt or impact the supply of infant formula to Alpha's consumers.

In recognition of the reduction in safety stock and co-operate approach taken with Bubs, Bubs has entered into the Amendment Deed with effect that the FY22 Sales Target will be met if the Alpha Group purchases products evidenced by invoices issued by Bubs or its subsidiaries equivalent to no less than A\$44 million during the period from 1 July 2021 to 30 June 2022 which are paid by the Alpha Group prior to 15 August 2022 (**New FY22 Sales Target**).

Entering into the Amendment Deed containing the New FY22 Sales Target maintains the strong business relationship with Willis Trading and incentivises Willis Trading to achieve a materially higher sales volume of Bubs® and CapriLac® products in FY23 of no less than A\$80 million for equity incentives to apply in FY23.

This announcement was approved by the Board of Directors.



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About Bubs Australia

Founded in 2006 in Sydney, Bubs Australia's vision is to create new generations of happy, healthy bubs and families through its range of premium Australian infant nutrition and goat dairy products, including specialty and nutritional milk powder products for the whole family. Bubs® Goat Milk Infant Formula and Bubs Organic® Grass-fed Cow's Milk Infant Formula, along with organic baby food, cereals, toddler snacks, and Vita Bubs® infant and children's vitamin and mineral supplements, cater for all feeding occasions and stages of development from newborn through to childhood.

Bubs Australia is the leading producer of goat dairy products in Australia with exclusive milk supply back to the farm gate. Bubs® is proudly the only infant formula in the world to be based on Australian goat milk. Bubs® products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to China, Southeast Asia, the Middle East and USA.

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