

ASX: BUB
Bubs Australia

bübs®

ersonal use only



ASX Presentation 27 March 2024



DISCLAIMER

This presentation is in summary form and is not necessarily complete. It should be read together with the Company's other announcements lodged with the Australian Securities Exchange.

This presentation contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. The Company cautions against reliance on any forward-looking statements, particularly in light of the current economic climate, the need for approvals from relevant regulators, changes in consumer shopping behavior and demand in the China market, as well as the costs and implications of any potential litigation.

While the Company has prepared this information based on its current knowledge and understanding and in good faith, there are risks, uncertainties and factors beyond the Company's control which could cause results to differ from projections. The Company will not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes and reserves the right to change its projections from time to time. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation, subject to disclosure obligations under applicable law and ASX listing rules.

This presentation is for information purposes only and is not a product disclosure statement or prospectus, financial product or investment advice or a recommendation to acquire securities.

The Company's results are reported under International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures including "underlying", "adjusted" and "pro-forma" and other measures that are used internally by management to assess the operational performance and management of the businesses and the Group. Non-IFRS measures have not been subject to audit or review. All numbers listed as "statutory" comply with IFRS and have been audited or reviewed.

All currency referred to in this document is in Australian dollars, unless otherwise stated.

A number of figures, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.



Today's Presentation

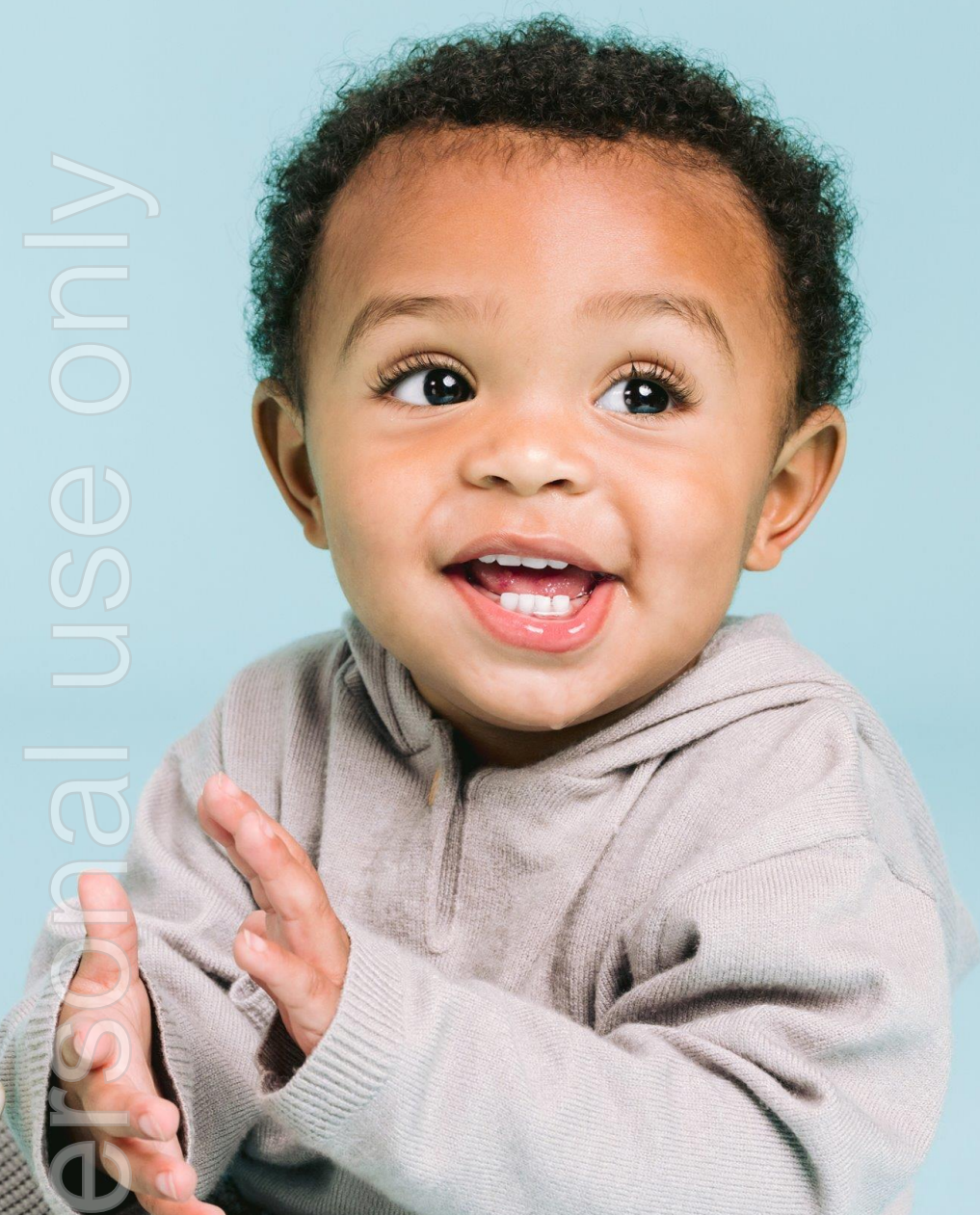
- About Bubs
- Investment Proposition, Thesis, Moat
- Bubs Strategy & Strategic Pillars
- Progress To Date & Outlook



ersonal use only

bübs®

ersonal use only



About Bubs

- Founded in 2006
- Listed on the ASX in 2017
- Market Cap: ~\$125M¹
- Gross Revenue: ~\$100M²
- Employees: 75
- Key Markets: USA, China, Australia
- Product Categories: Infant Nutrition & Adult Nutrition
- Brands: Bubs, Caprilac, JBY



1. Market Cap as at 25/3/2024

2. Bubs internal forecast for FY24. H1FY24 Gross Sales \$49.2m (six months)

Key Infant Formula Markets

\$8.1b¹

Total U.S. infant formula market

\$40.4b²

Total China infant formula market

\$0.3b³

Total AU infant formula market

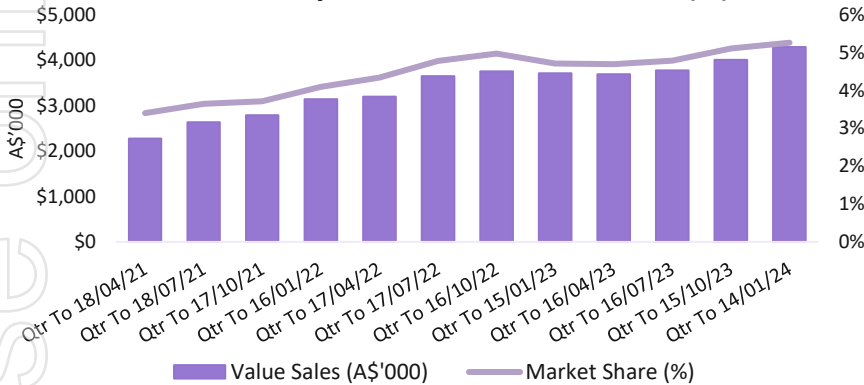
¹ Circana Weekly To 29/10/2023 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates

² Euromonitor

³ Circana MAT To 22/10/2023 Value Sales \$'s Woolworths, Coles & Chemist Warehouse Combined

Market Leader in Goat IMF in Australia

Bubs Quarterly Revenue & Market Share (%)¹

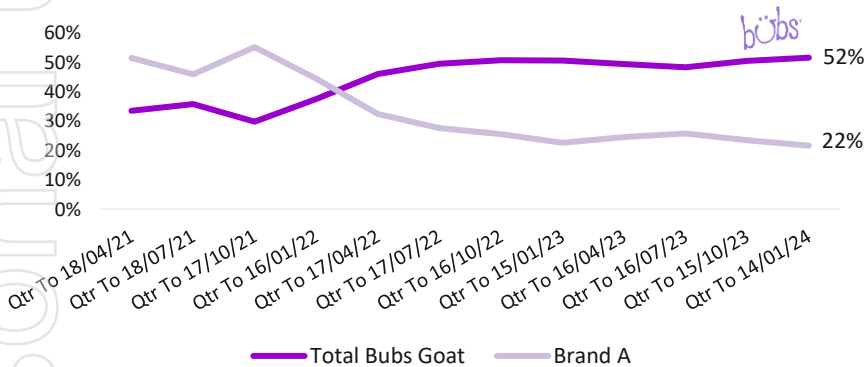


5.3%
market share of AU IMF¹

52%
market share of goat IMF¹

1
GOAT FORMULA
Market leader across Coles, Woolworths & Chemist Warehouse¹

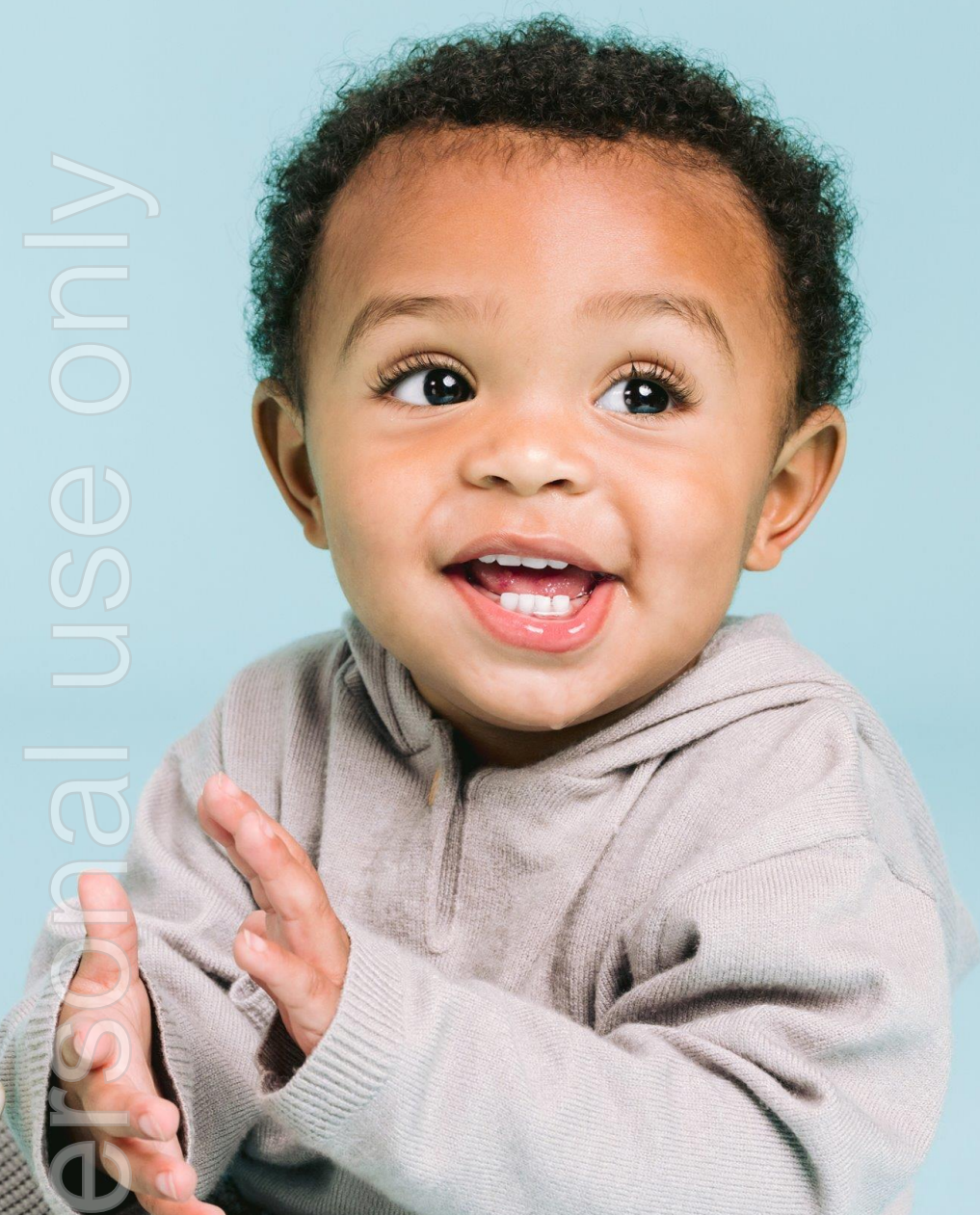
Market Share % Of Total Goat Infant Milk Formula¹



¹ Circana MAT To 14/01/2024 Value Sales \$'s Woolworths, Coles & Chemist Warehouse Combined

bübs®

ersonal use only



Investment
Proposition,
Thesis, Moat

The Bubs Investment Proposition



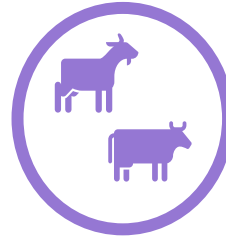
US \$100B+ global addressable market with a 5-10% CAGR



Bubs has a capital light asset base with significant operating leverage and scope to sweat the assets



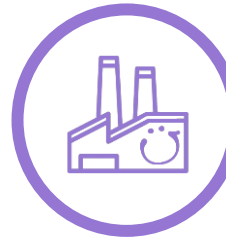
Australian provenance, reputation and access to high quality dairy ingredients



Differentiated premium goat-based product offering supported by growing bovine range in both IMF and Adult Nutrition



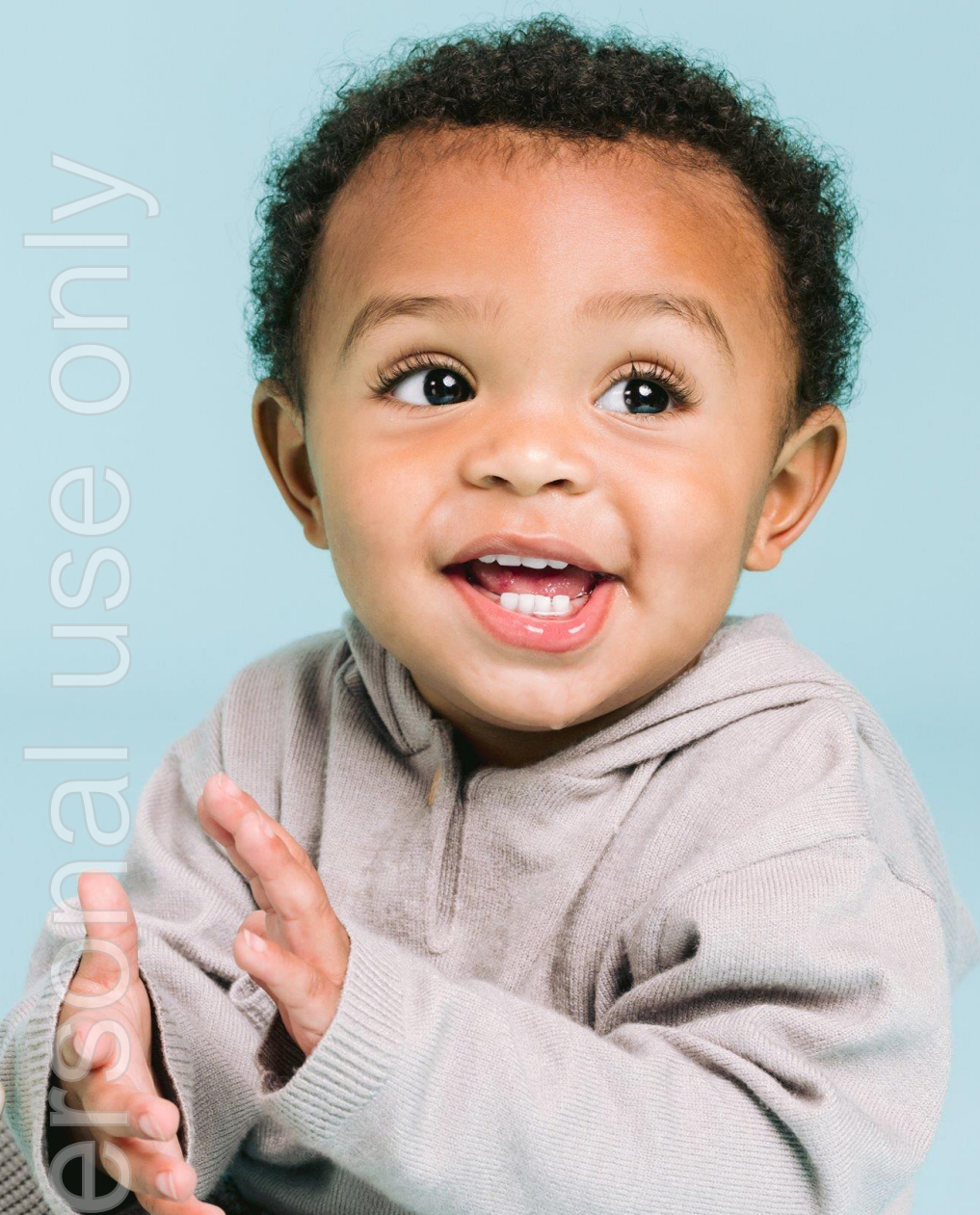
Bubs is growing rapidly in the US market where penetration is low, providing a long runway for sustained growth



The only US FDA approved infant formula manufacturing facility in Australia, with permanent regulatory approval expected in 2025

bübs®

ersonal use only



Bubs Strategy

Bubs Strategy

Bubs' 5-point plan to responsibly manage capital and maximise shareholder value

1

USA
GROWTH
ENGINE



2

CHINA
RESET



3

PORTFOLIO
OPTIMISATION



4

SWEAT THE
ASSETS



5

WORKING
CAPITAL



GROW & MAXIMISE SHAREHOLDER VALUE

H1 FY24 Performance

Delivering on FY24 strategic priorities

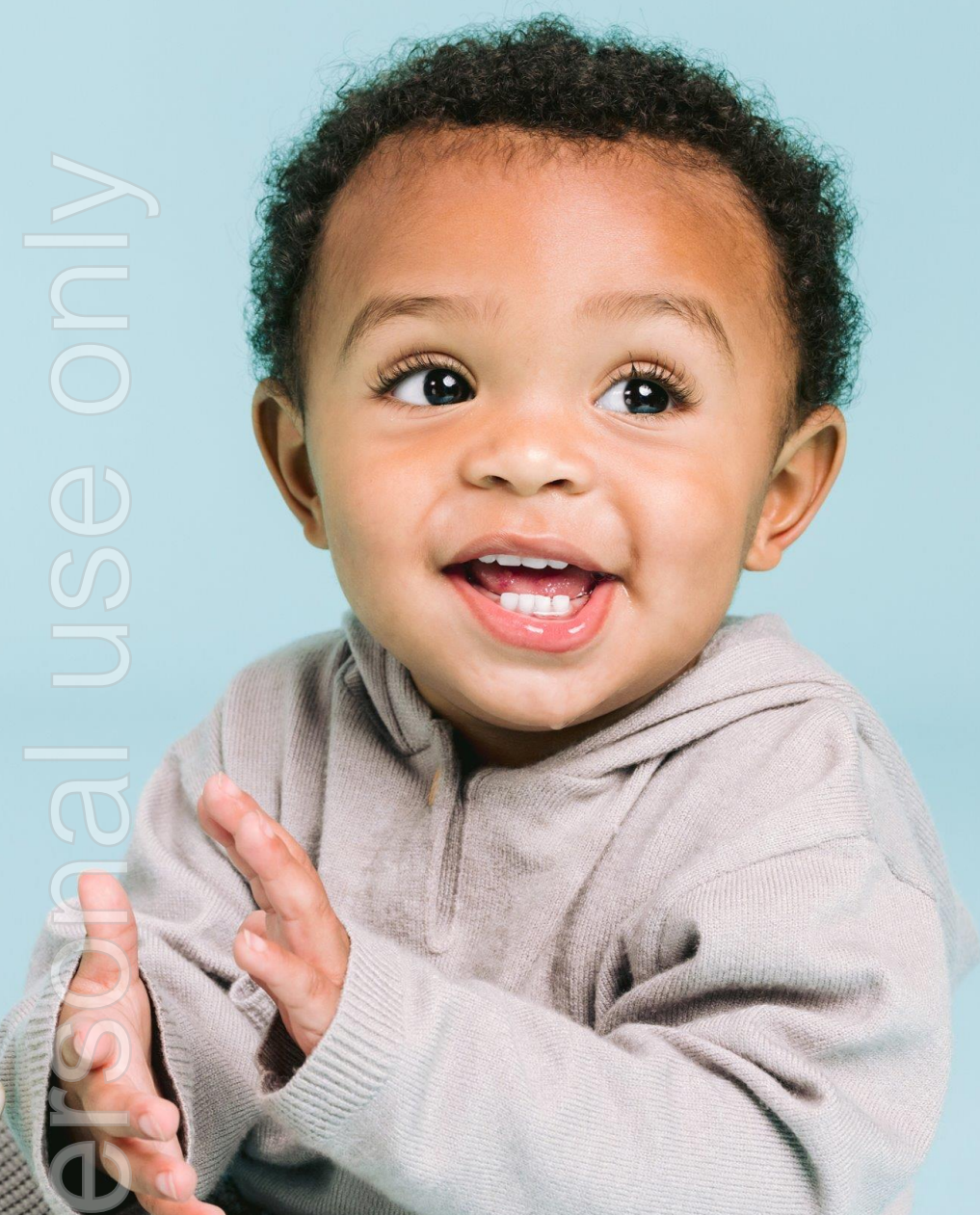
sonality

GROSS REVENUE	GROSS MARGIN	OPEX ratio	PORTFOLIO	BALANCE SHEET
<p>\$49.2m</p> <p>+30% vs. H1 FY23¹</p> <p>USA \$24.5m + 102% pcp AUS \$11.2m +15% pcp CHINA \$8.0m -30% pcp ROW \$2.6m -7% pcp</p>	<p>38%</p> <p>+3% vs. H1 FY23²</p> <p>Improvement driven by stronger inventory management, together with geographic and channel optimisation</p>	<p>53%</p> <p>53% vs. 78% in H1 FY23³</p> <p>Effective cost controls in place providing a pathway to profitability in FY25</p>	<p>\$29.5m IMF</p> <p>+12% VS. pcp⁴</p> <p>IMF 75% of revenue Goat 47% of revenue</p>	<p>\$27.4m cash</p> <p>+\$9.8m undrawn debt</p> <p>Net cash used in Operating activities \$12.2m (including non-recurring items), 42% lower than pcp</p>

¹ Gross revenue is a non-IFRS term, non-IFRS measures have not been subject to audit or review. Gross revenue represents the revenue recognised without trade spend.
² Underlying gross margin is a non-IFRS measure, non-IFRS measures have not been subject to audit or review. Underlying gross margin is excluding net inventories provision for raw materials / bulk
³ Operating expenses to revenue ratio decreased to 53% from 78% in H1FY23, this excludes depreciation and amortisation, and non-recurring costs including FDA, litigation costs and ERP implementation costs
⁴ Excluding Supreme sales

bübs®

ersonal use only



USA Growth Engine

ersonal use only



ARAPAHOE DOUGLAS ELBERT JEFFERSON SUMMIT BOULDER ADAMS WELD LARIMER DENVER ARAPAHOE DOMINGUEZ



US Penetration

Bubs products are ranged in over 5,800 physical stores across 42 states, in addition to e-commerce channels

ersonal use only



bübs®

US Retailers

Walmart 

Kroger

 NATURAL
GROCERS®

 Albertsons
SAFEWAY 


target



THRIVE
- MARKET -

meijer

Wegmans

Raley's

 RITE
AID

amazon 

 SpartanNash.

Central Market®
H-E-B

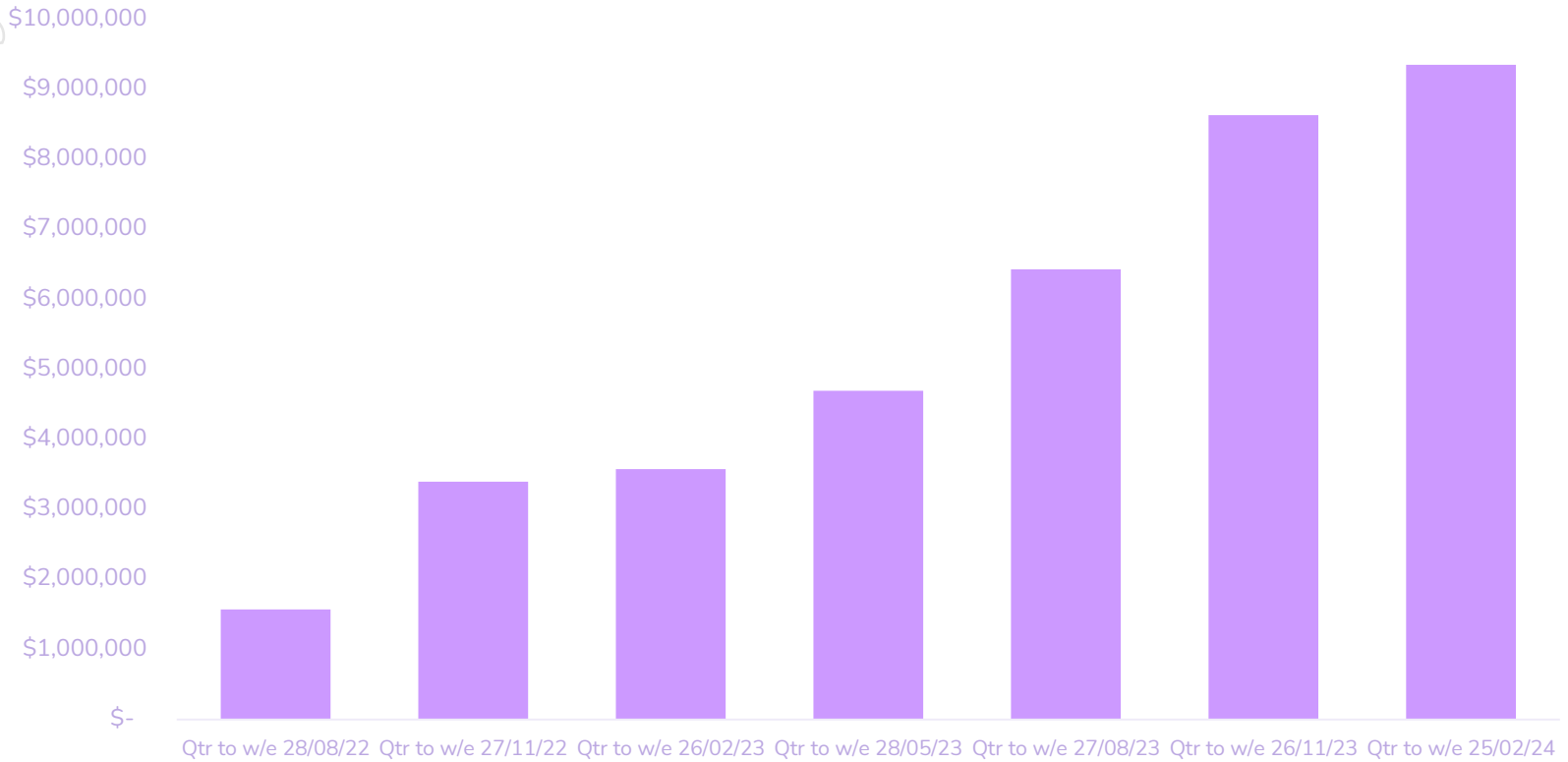


bübs®



Bubs US sales by quarter since launch in 2022

Total Scan USD\$'s AMAZON & Bricks & Mortar Combined¹




Personal use only



Circana Weekly To 25/02/2024 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates, AMAZON Unit Sales Scan Data To W/E 25/02/2024 - Currency USD \$'s.

Amazon Product Rankings¹

Best Sellers in Powder Baby Formula

#1	#2	#3	#4	#5
 <p>Similac Advance Infant Formula with Iron, Baby Formula Powder, 30.8-oz Can ★★★★★ 1,445 \$35.98</p>	 <p>Similac 360 Total Care Infant Formula, with 5 HMO Prebiotics, Our Closest Formula to Breast Milk, Non-GMO, Baby Formula, Ready-to-Feed... ★★★★★ 3,701 \$58.48</p>	 <p>Aussie Bübs Goat Milk Follow On Formula Stage 2, 800g Non-GMO ★★★★★ 1,135 \$41.57</p>	 <p>Enfamil NeuroPro Gentlease Baby Formula, Brain Building DHA, HuMO6 Immune Blend, Designed to Reduce Fussiness, Crying, Gas &... ★★★★★ 5,841 \$54.99</p>	 <p>Aussie Bübs Grass Fed Nutritional Milk-Based Toddler Formula, For Kids 12-36 months, Made with Non-GMO Organic Milk, 28.2 oz (pack o... ★★★★★ 944 \$32.45</p>

1. Amazon US Website screen shot 18 March 2024

Regulatory Pathway

ersonal is only



May 2022: FDA exercised Enforcement Discretion for all 6 Bubs Formulas



July 2022: FDA announces Bubs can stay in the US under Enforcement Discretion until 18 Oct 2025



Dec 2022: FDA issues Bubs a Letter of Acknowledgement for Bubs to proceed with permanent regulatory pathway



Jun 2023: FDA audit of Bubs Deloraine manufacturing facility



July 2023: PER (Protein Efficiency Ratio) Study data complete



Sep 2024: GMS (Growth Monitoring Study) clinical trial



Oct 2024: Guideline to submit clinical data and infant formula submission to FDA



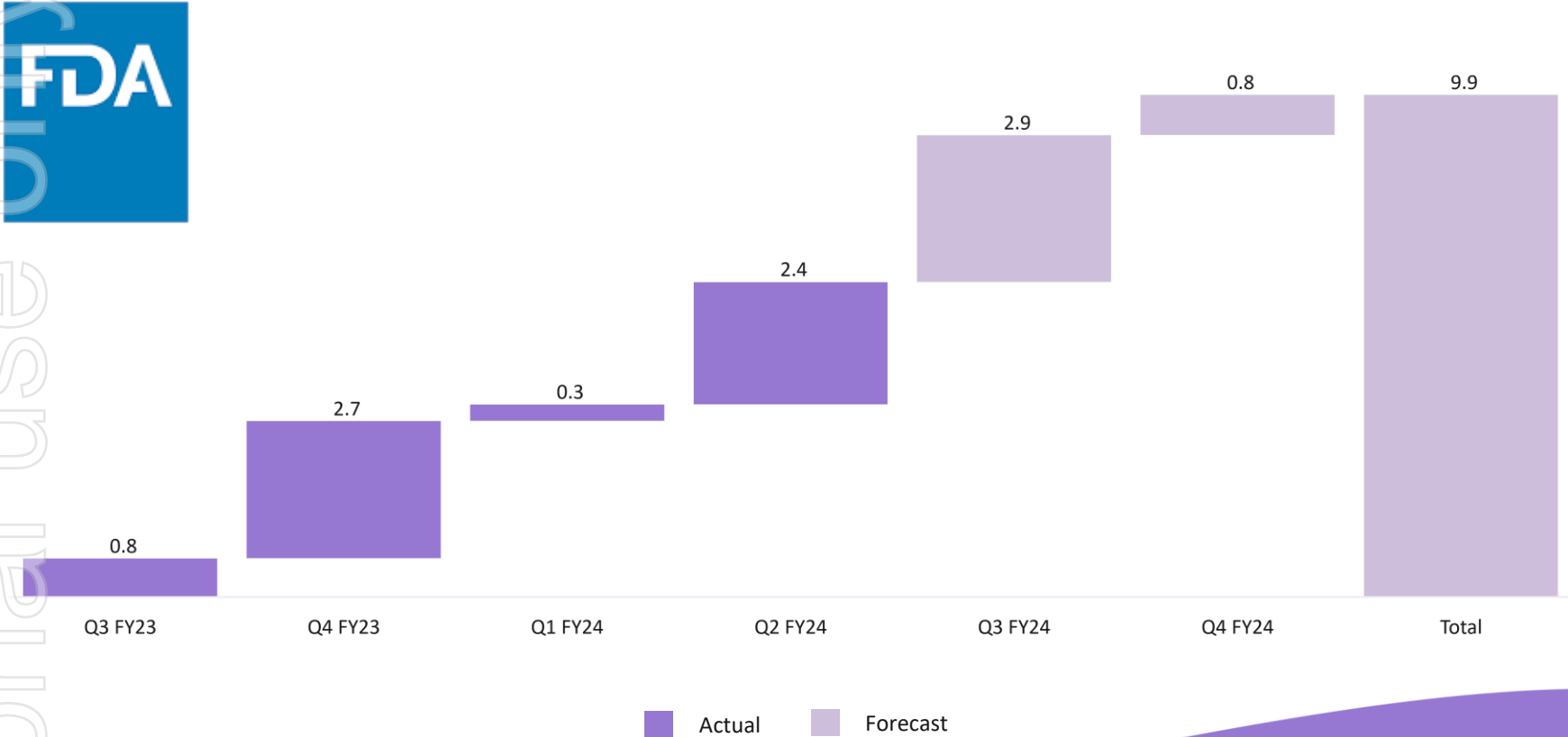
Oct 2025: Guideline for FDA approval. No Objection and Transition Guidance ends



Permanent access granted

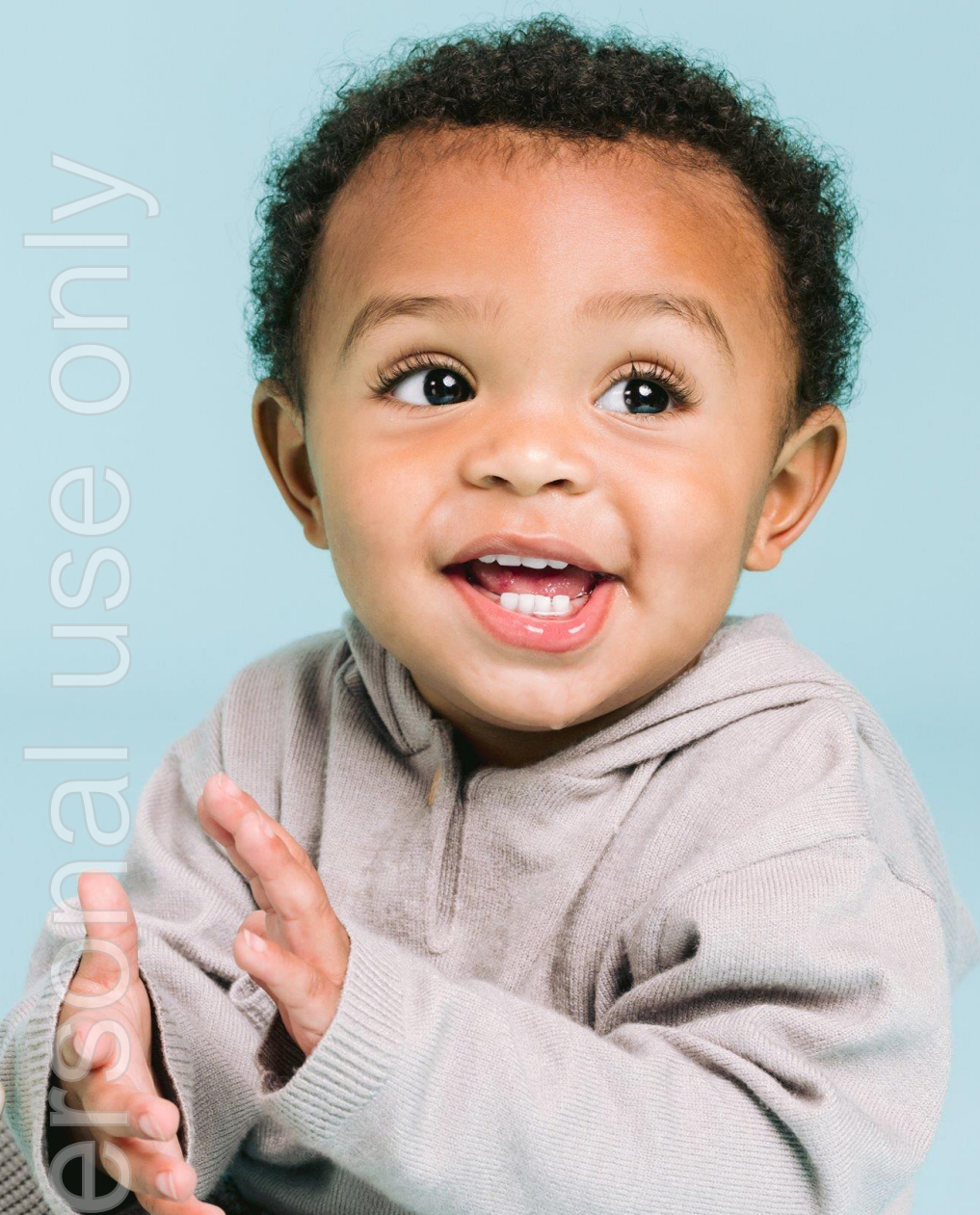
Regulatory Costs

End to end costs associated with obtaining FDA regulatory approval estimated at c. \$9.9M



bübs®

ersonal use only



China Reset

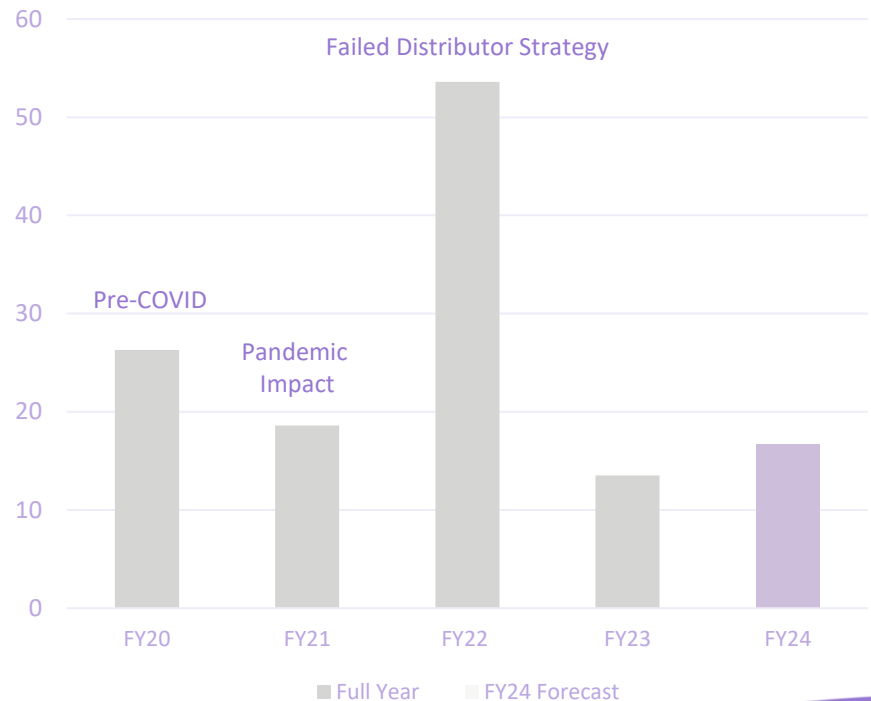
China Reset



Despite a slow start to the year, we expect China to grow strongly in H2

- New Leadership - Jackie Lin GM China
- Terminated Willis and Alice distribution agreements
- Terminated China JV (SAMR)
- Appoint new Distributors and Trade Partners for CBEC & O2O
- Trade spend and pricing discipline – pricing architecture
- Tighter Inventory Management
- NPD and new formulations Q4 FY24

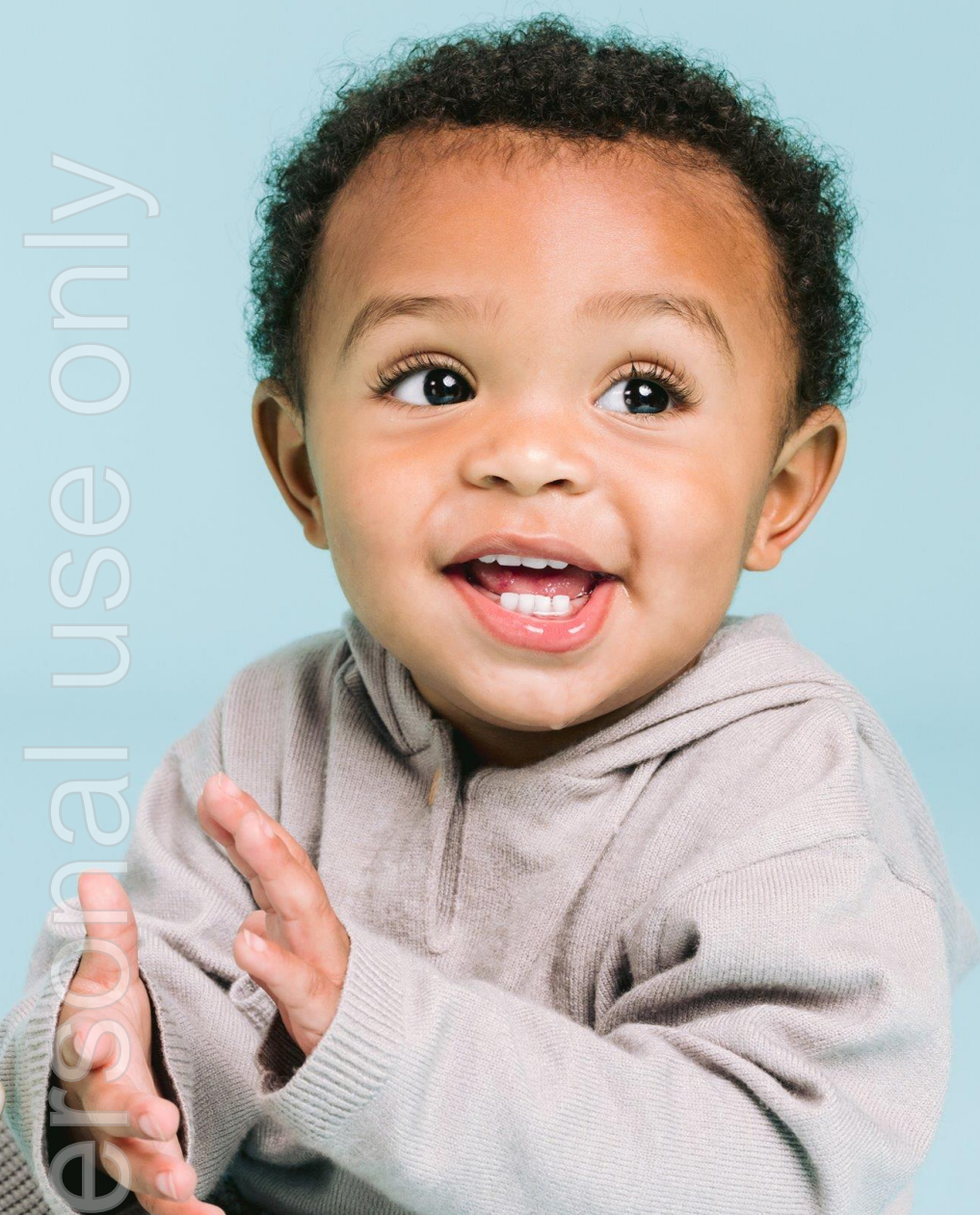
CHINA NET SALES (\$million)



ersonal use only

bübs®

ersonal use only



Portfolio Optimisation

Portfolio Optimisation

Bubs is a global leader in infant & adult goat nutrition, with an estimated market size of A\$4.5bn¹

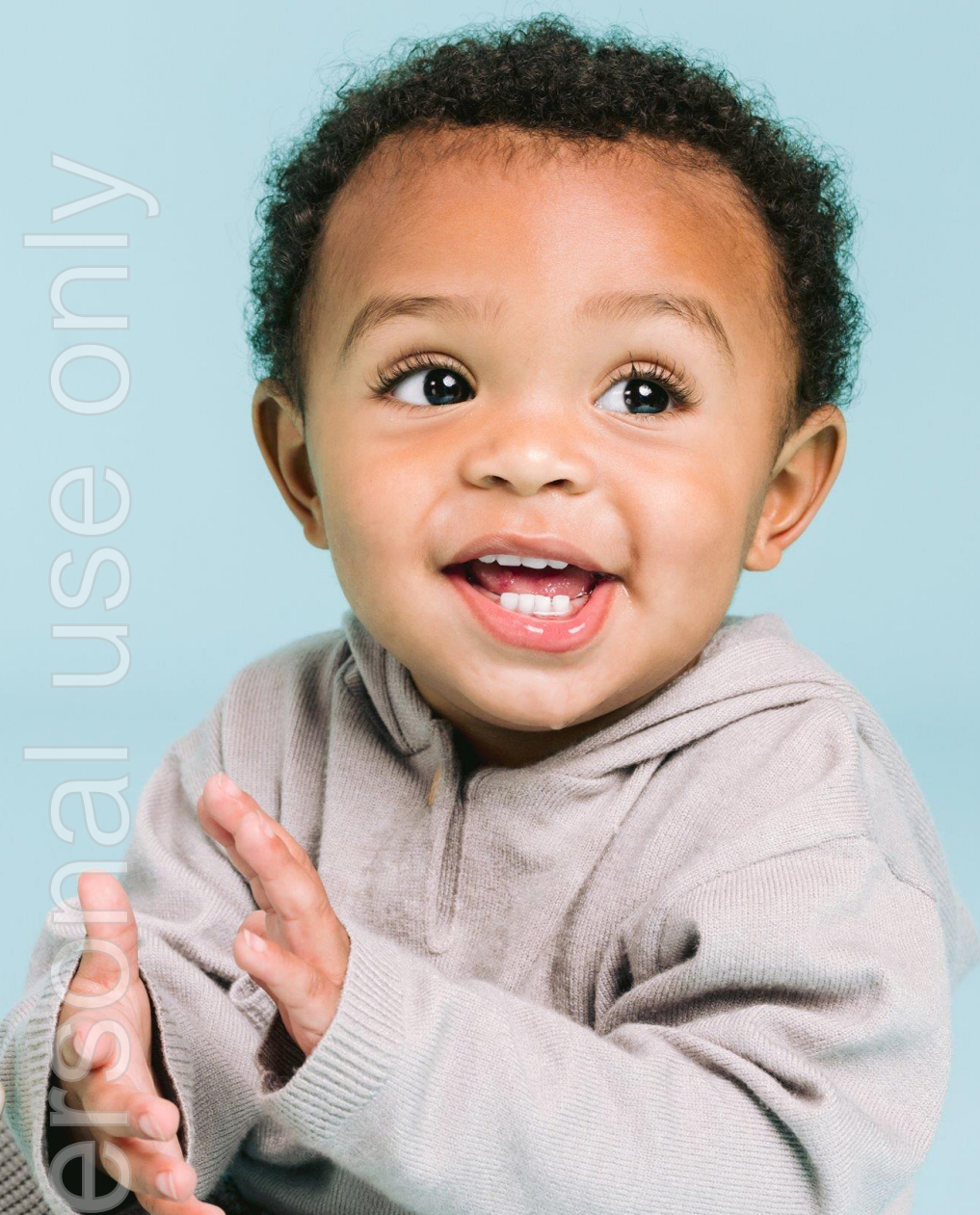
Strategic Priority	Update	✓
1 Hero Brands – Bubs and Caprilac	New look packaging for US and China in Q4	✓
2 Premiumisation & Repositioning of Organic and Bubs A2 Supreme	Essential to replace A2 Supreme in US market, and Organic transitioning to Grass Fed	✓
3 SKU Rationalisation & Pack Size Changes	New smaller 567gm tin size for US market Q4	✓
4 Tighter range of food products and improved margins	20% reduction in SKU count (cereals, rusks, bars)	✓
5 NPD and Innovation	New products ready for launch in Q4 and global innovation specialist appointed in January 2024	✓
6 Invest in our core brands	Marketing investment at c. 13% of revenue vs. target of 15%	✓



¹ Goat Milk Powder – Global Outlook & Forecast 2022 –2027 – Arizton Advisory & Intelligence

bübs®

ersonal use only



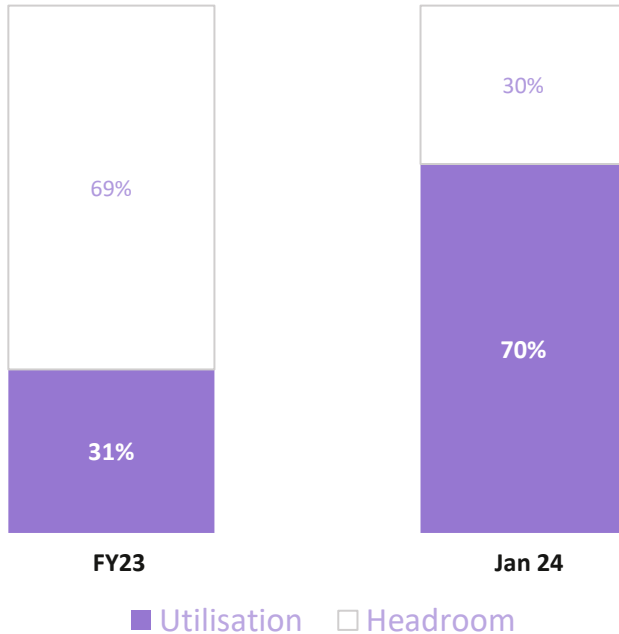
Sweat the
Assets

Sweat The Assets

2nd shift commenced to meet US demand.



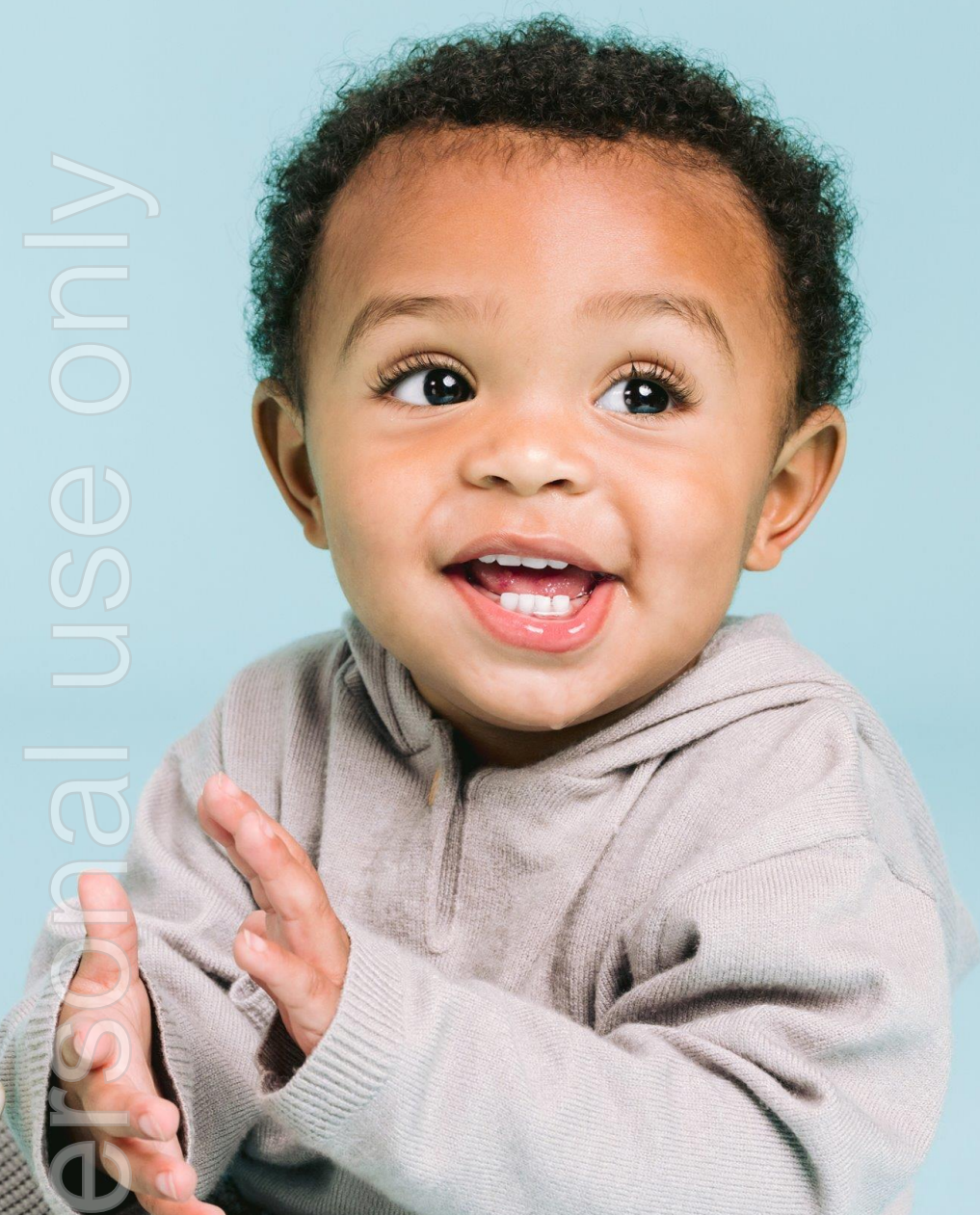
Deloraine Utilisation



ersonal use only

bübs®

ersonal use only



Working
Capital

Working Capital & Cash Flow

Bubs expects it will be cash flow positive with positive trading EBIT in FY25

Cash Burn in H1 FY24

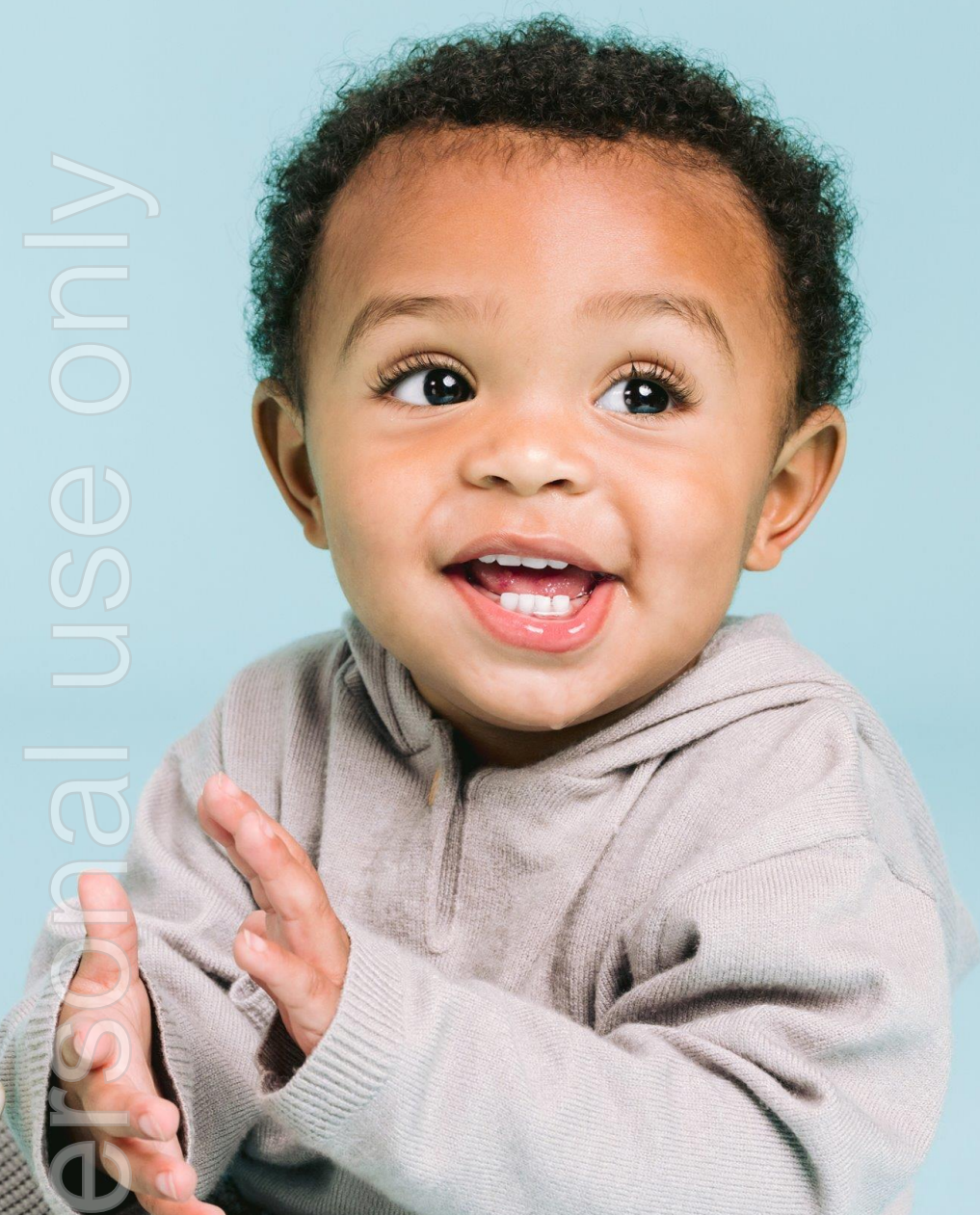
- Management target cash burn is \$2.0m per month from Q2 FY24¹ for FY24.
- Actual average monthly cash burn was \$2.1m for Jul-23 to Dec-23, noting this includes non-recurring costs such as FDA regulatory costs (\$2.7m), litigation costs (\$1.9m), ERP implementation costs (\$0.6m) and airfreight (\$1.3m).
- Excluding the above non-recurring costs, normalised cash burn was \$1.0m per month.
- Broadly in line with target despite significant one-off costs, expected to fluctuate for remainder of FY24 given the working capital investment involved in commencing a second production shift at Deloraine.
- Inventory build in the USA will also impact timing of future cash flows.



¹ Per ASX strategic review announcement 6 July 2023

bübs®

ersonal use only



Progress To Date & Outlook

FY24 Progress To Date & Outlook

FY24 will see Bubs continue to work towards its strategic priorities outlined in the 5-point strategic plan, and target cash flow breakeven in FY25

Strategic Priority	Update	✓
1 Forecast net revenue of \$80m	Tracking above forecast	✓
2 Gross margin at 40%	Broadly in line on an underlying basis ¹	✓
3 Continued FDA progress	On track with final stage clinical trial underway	✓
4 Target cash burn of \$2.0m per month from Q2 FY24	On track (c. \$2.1m per month actual YTD) ²	✓
5 Maximise opportunities for whole of product portfolio	New products and packaging launching during Q4 FY24	✓
6 Targeting EBITDA and cash flow positive in FY25	On track to be EBITDA and cash flow positive in FY25	✓

¹ Underlying excludes one-off, non-recurring items

² Expected to fluctuate for remainder of FY24 given the working capital investment in commencing 2nd production shift at Deloraine, plus inventory build in USA



Thank you

investors@bubsaustralia.com