



FY24 Results Presentation

28 August 2024

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The Company's results are reported under International Financial Reporting Standards (IFRS). However, this presentation contains non-IFRS financial measures to provide a more comprehensive understanding of the Company's performance. Non-IFRS measures are unaudited.

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

Bubs leadership team joining me on today's call



Robin Johnston – Chief Financial Officer



Richard Paine – Chief Operating Officer



Chris Lotsaris – General Manager USA



Jackie Lin – General Manager China

Agenda

The Bubs investment proposition

FY24 highlights & strategy update

FY24 financial overview

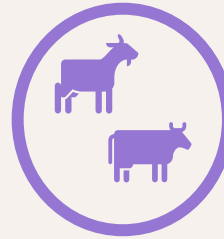
FY25 outlook & pathway to profitability

Appendix

The Bubs Investment Proposition



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



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



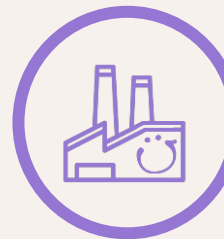
Bubs has a capital light asset base with significant operating leverage and scope to sweat the assets



Bubs is growing rapidly in the US market where Goat infant milk formula (IMF) penetration is low, providing a long runway for sustained growth



Australian provenance, reputation and access to high quality dairy ingredients



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

**FY24
highlights &
strategy
update**

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FY24 Highlights

Successfully executing on our strategy

 Achieved net revenue of \$80m in line with guidance


 Exceeded gross margin > 40% in line with guidance

 US growth engine delivering, which provides a sustainable runway for growth

 Meaningful progress on US FDA clinical trial and on track for permanent FDA approval in October 2025 (>95% of target patient enrollments)¹

 China reset well underway with YOY revenue growth of 27%

 Normalised cash burn of \$1.2m per month²

 New higher margin tins, new variants and new contemporary packaging successfully launched in the US and China market

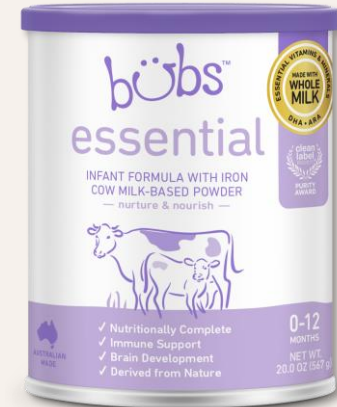
 Deloraine asset utilisation at ~85% on a 5-day, double shift basis

¹ As at 23 August 2024

² Normalised cash burn is a non-IFRS measure and excludes one-off non-recurring costs. Non-IFRS measures have not been subject to audit or review

Portfolio Optimisation

New variants, new tin sizes and updated and refreshed packaging



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USA Update

Good House Keeping Award

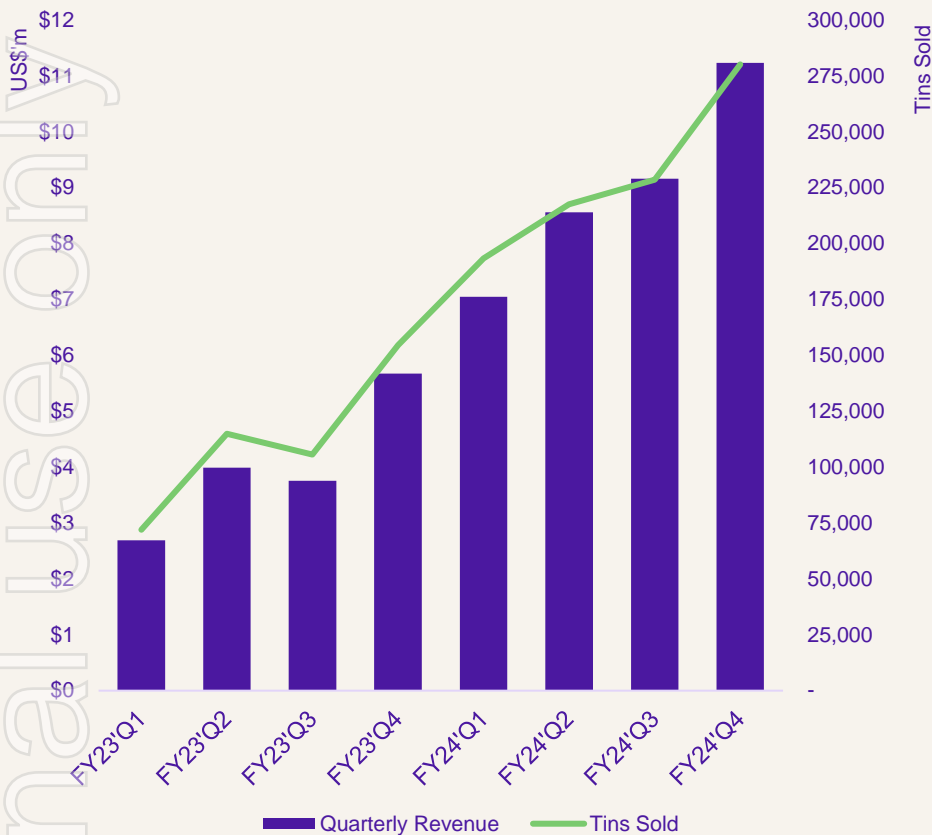
Earlier this year, Bubs US introduced Bubs Essential infant formula; the most affordable **Clean Label Project Purity Award** winning infant formula available on the US market, recognised for its high-quality whole-milk base, enriched with prebiotics and probiotics for digestive and immune support and tested for over 400 toxins and contaminants.

Good House Keeping's Nutrition Lab Director said; *"It has everything I'd look for in a quality formula. Our team of registered dietitians highlighted how it contains vital vitamins and minerals and is made without corn syrup, maltodextrin and growth hormones"*



USA

US Quarterly Revenue & Tins Sold¹



Continued strong momentum

USA revenue grew 46% to \$35.0m.

Record Q4 scan revenue of US\$11.2m with over 280,000 tins sold¹.

Record weekly scan revenue in Jun-24 over >US\$1m in weekly scan sales¹.

Record weekly tins sales > 27,000 tins in Jun-24¹.

Increased sales growth driven by strong consumer demand, health care professional recommendation, social media advocacy and strong trial and repeat purchases.

Investment in working capital in H2 will minimise future stock shortages and enable Bubs to meet the increasing consumer demand for Bubs products in the US.

#1 selling IMF product (Goat stage 1) on Amazon²

Bubs continues to follow the FDA's guidelines to obtain permanent access to the USA IMF market, with >95% patient enrolment in the Growth Monitoring Study as at 23 August 2024.

¹ Circana Weekly To W/E 18/08/2024 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates, AMAZON Unit Sales Scan Data To W/E 18/08/2024 - Currency USD \$'s

² Amazon USA – May 2024

US Penetration

Bubs products are ranged in approximately 5,500 physical stores¹ across 42 states, in addition to e-commerce channels



¹ Circana Weekly To W/E 18/08/2024 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates, AMAZON Unit Sales Scan Data To W/E 18/08/2024 - Currency USD \$'s

USA Market Attractiveness



Total Addressable Market (TAM)

\$8.1B market with forecast CAGR growth of 3.9% (2023 – 2033)¹. Significant regulatory barriers to new entrants. Adjacent markets – Canada/Mexico present attractive opportunities



First Mover Advantage

Bubs was the first Goat IMF to enter the USA market and has 48% of the US goat IMF market². Penetration of Goat is low at 1.4%² but growing rapidly providing a long runway for sustained growth



Omni-channel

Having successfully penetrated e-commerce, Bubs is now building out its physical store presence and distribution in existing retailers (Walmart/Target), new retailers (Giant Food, Stock & Shop, Weis Markets) and new channels



Attractive Profit Pool

FY25 forecast gross margin >40% and a growing trend towards speciality formulas

¹ Circana OmniMarket Total Store View, Total US MULO, CY2019-23

² Circana Weekly To W/E 18/08/2024 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates, AMAZON Unit Sales Scan Data To W/E 18/08/2024 - Currency USD \$'s

Regulatory Update

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Regulatory Pathway

Bubs is on track for permanent FDA approval by Oct-25, providing access to the worlds 2nd largest IMF market and is poised to deliver a long runway of sustainable growth



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) complete clinical trial enrollment¹



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

¹ Bubs has achieved 95% of its target enrolments as at 23 August 2024

Canada

US\$340m

Canada IMF
market size¹

On 16 August 2024, Bubs was granted authorisation to sell both Bubs Goat and Bubs Essential infant formula under Health Canada's Interim Policy and Transition Strategy via discretionary enforcement.

The Interim Policy remains in effect until 31 December 2025 - during which time Bubs will continue to meet Health Canada policy guidelines around the full submission / application process for permanent market access.

The full application will utilise, and leverage Bubs clinical trial and GMS currently being undertaken in the USA.



Achieved:

Bubs obtains temporary market access under Interim Policy.

Achieved:

Bubs has now finalised a label review process with Health Canada.

Current:

Continuing to work through a range of commercial and importation aspects in parallel with ongoing permanent application.

Current:

Anticipate a soft market entry early in H2, where it is intended that learnings from the USA market success will be applied.

2025:

Bubs expects to obtain permanent market access.

¹ Euromonitor

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China Update

China

Strategic reset gathers pace demonstrated by significant improvement in key financial metrics

\$'m	FY24	FY23	% change
Revenue	17	14	27%
Gross profit	7	5	47%
Gross margin (%)	39%	34%	5%
Marketing expense	2	6	57%
Marketing expense as a % of revenue	14%	41%	27%

- Premium price architecture restored with focus on core Goat range
- FY25 forecast revenue to grow >50% YOY



China update

Bubs is forecast to grow strongly and profitably in China within its premium niche product offering

- A strong brand portfolio to build on: Goat, Supreme & Caprilac
- Premium price architecture restored >15% increase in average RRP
- A healthy portfolio gross profit margin >39%
- Established robust and specialist distribution network for CBEC and O2O channels
- Upgrade of China specific IMF formulations complete
 - Focused trade marketing activity and trade spend
- Channel expansion in O2O progressing well with >300 stockists

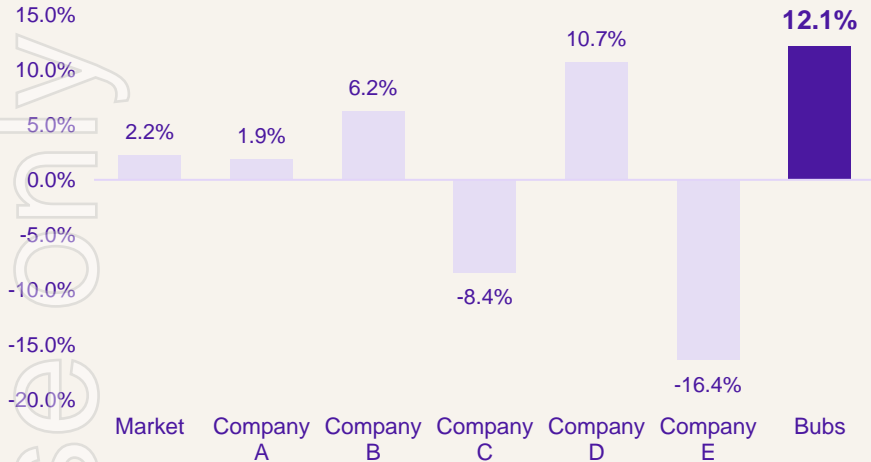


Australia Update

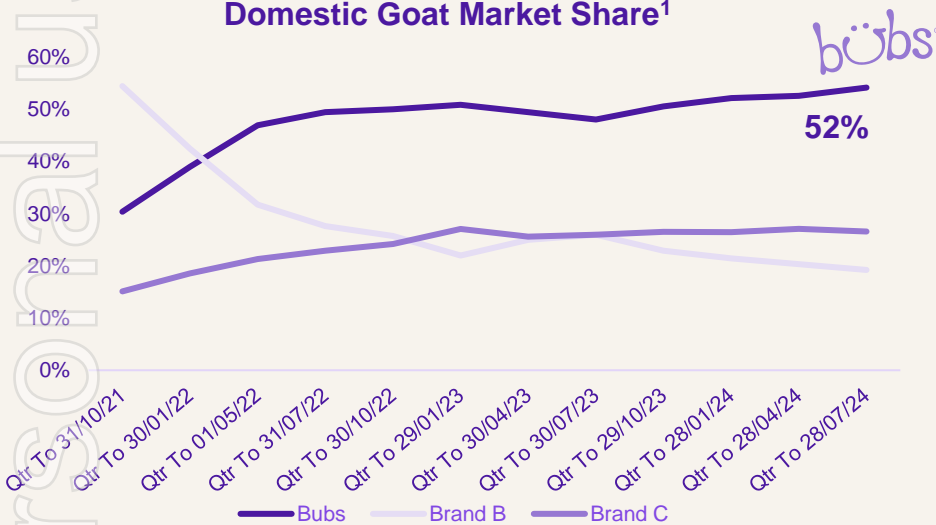
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Australia

Growth MAT¹



Domestic Goat Market Share¹



#1 goat formula in Australia

Bubs remains the clear market leader in the domestic goat formula IMF, holding a record 52% market share¹.

Bubs is the fastest growing supplier in Australian major retailers, growing at 12.1% or 6x faster than the market growth of 2.2%¹.

Demand for Bubs' goat milk remains strong growing at 17% on a moving annual total (MAT) basis¹

¹ Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined to MAT 28/07/24

Rest of World Update

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Bubs' goal to be the market leader in Goat IMF in 7 of the world's 10 largest IMF markets by 2030



Top 10 Global IMF Markets⁴

1. China
2. USA
3. Mexico
4. Indonesia
5. Vietnam
6. Thailand
7. Philippines
8. Saudi Arabia
9. France
10. Brazil

➤ Bubs intends to enter one or two strategic new markets each year in addition to current markets: USA, China, Australia, Japan, Vietnam, Malaysia, Singapore & New Zealand

¹ Circana MAT To 27/08/2023 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates

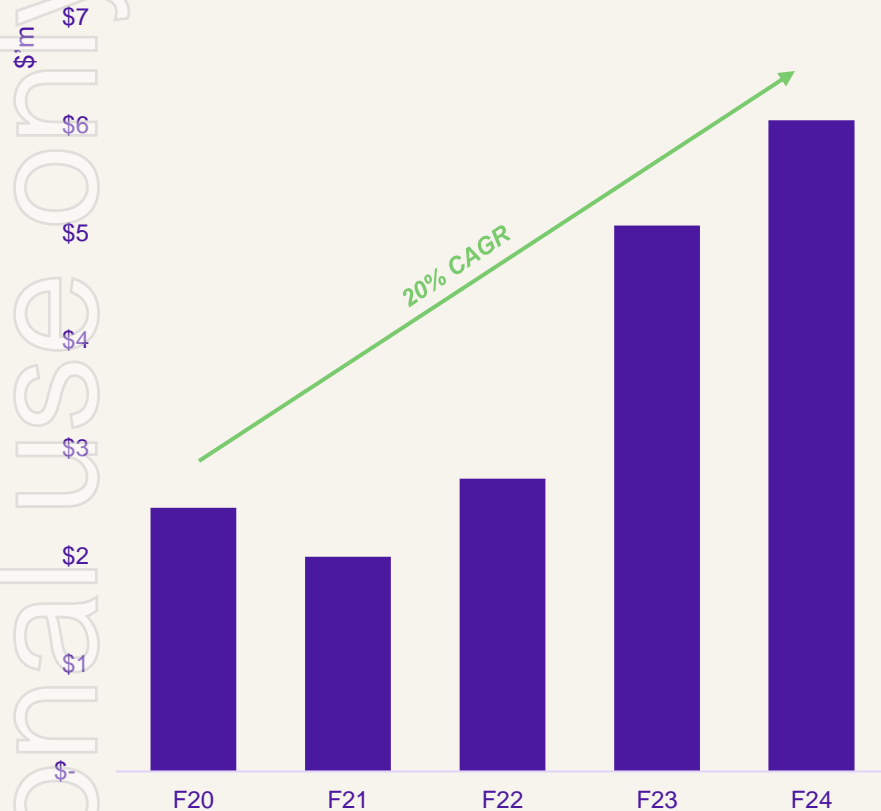
² Euromonitor

³ Circana MAT To 30/07/2023 Value Sales \$'s Woolworths, Coles & Chemist Warehouse Combined

⁴ Euromonitor, Passport, Austrade data sets

Rest of World (ROW)

ROW Revenue



ROW continues to grow strongly YOY

Revenue has grown by 20% CAGR from FY20 (\$2.5m) to FY24 (\$5.9m).

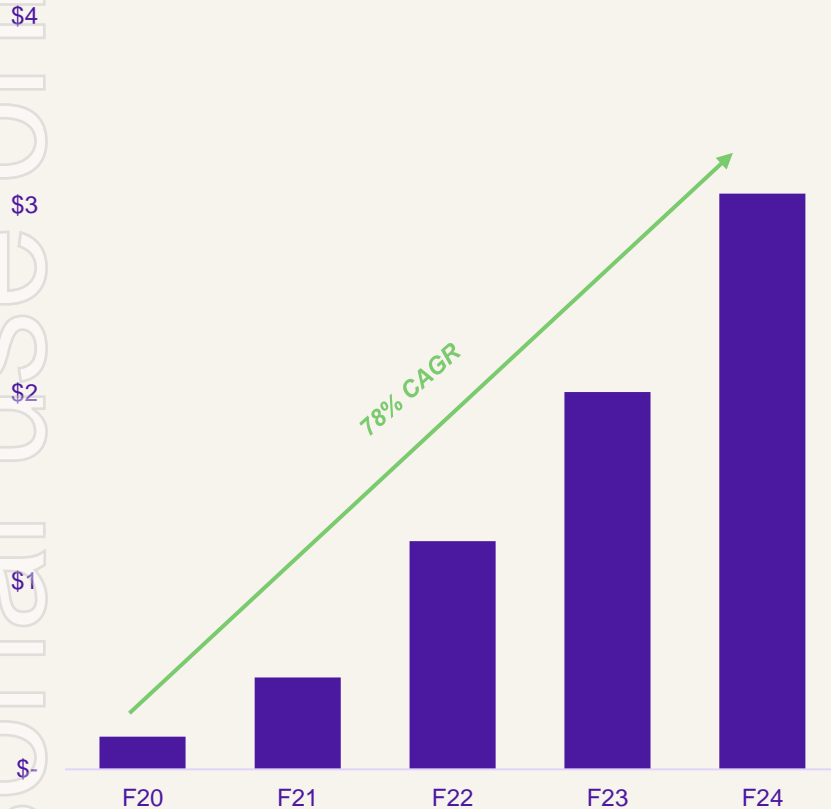
Growth in Bubs' ROW operating segment has been driven by Japan and Vietnam.

Bubs is exploring strategic opportunities in North America and plans to enter Canada in H2.



Bubs new market entry model and success as demonstrated by Japan, can be replicated in other markets

Japan Revenue



78% Revenue CAGR in Japan

Japan revenue has grown at a CAGR of 78% from FY20 (\$0.2m) to FY24 (\$3.1m).

Japan contributed 51% of ROW revenue in FY24, with Vietnam contributing 25% (\$1.5m).

Strong Japan gross margin >40%

追仔組み換えでない DNA・アプキドン酸配合
 グラスフェッド
 発育を促す粉ミルク
 ステップ2 (6~12カ月)
 消化・吸収に優れているので、赤ちゃんの便の悩みを解消!
 7ヶ月前までは 98% 消化
 産後12ヶ月まで 消化
 日本産品 販売

更にスゴイ!!
 赤ちゃんのことを念頭に考え、有害な物を一切排除しています。

- 無添加 (人工甘味料・食品添加料・防腐剤)
- 無塩化 (砂糖・塩・食塩相当量一切排除)
- 無香料 (香料・香料抽出物一切排除)
- 無着色料 (着色料)
- 無添加糖 (添加糖)
- 無添加乳糖 (乳糖)
- 無添加乳糖 (乳糖)

他社の粉ミルクと何が違うの?
 母乳に近い糖・脂・蛋白
 母乳に近い糖・脂・蛋白と、赤ちゃんの消化力に合わせた成分配合です。母乳に近い糖・脂・蛋白と、赤ちゃんの消化力に合わせた成分配合です。

赤ちゃんの便
 母乳に近い糖・脂・蛋白と、赤ちゃんの消化力に合わせた成分配合です。母乳に近い糖・脂・蛋白と、赤ちゃんの消化力に合わせた成分配合です。

オーガニック
 自然の恵みと最新のオーガニック認定制度であるNASAAに有機栽培・無農薬と認定されています。この認定をとり、お客様に安心・安全の食品を提供させていただきます。この認定は厳格な基準に基づいています。

当社のミルクは各認定機関から認定を受けています。

Australian Certified Organic
 オーストラリア産品認証機関

NASAA
 オーストラリア産品認証機関

IFOAM
 オーストラリア産品認証機関

IFOAM
 オーストラリア産品認証機関

FY24 financial overview

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Income statement

\$'m	FY24	FY23	% change
Revenue	80	60	34%
Gross margin	39	(9)	414%
Underlying gross margin ¹ (%)	41%	30%	11%
Other income / (expense)	-	-	(33)%
Operating expenses			
Distribution	(7.)	(6)	(31)%
Marketing	(14)	(16)	13%
Employee costs	(15)	(14)	2%
Administrative and other costs ²	(23)	(17)	(37)%
Statutory EBITDA ³ / (loss)	(20)	(105)	81%
D&A	(1)	(2)	61%
Net Interest income	-	-	-
Income tax expense	(1)	(1)	44%
Net loss after tax	(21)	(108)	81%

Income statement

34% increase in revenue driven by strong USA performance and growth across all regions.

Underlying gross margin of 41%¹ excludes net inventory provision / reversal and sale of bulk product and ingredients (reported gross margin was 49%).

Reduced operating expenses through stringent expense management and cost optimisation.

Distribution costs marginally higher due to use of air freight which is not expected to be required going forward, offset by reduced marketing spend.

One-off and non-recurring costs in FY24 include litigation costs (\$4m), ERP costs (\$1m), costs associated with obtaining permanent access to USA IMF market (\$6m).

¹ Underlying gross margin is a non-IFRS term, excludes net inventory provision / reversal and bulk and ingredients revenue (see gross margin slide for further details). Non-IFRS measures have not been subject to audit or review.

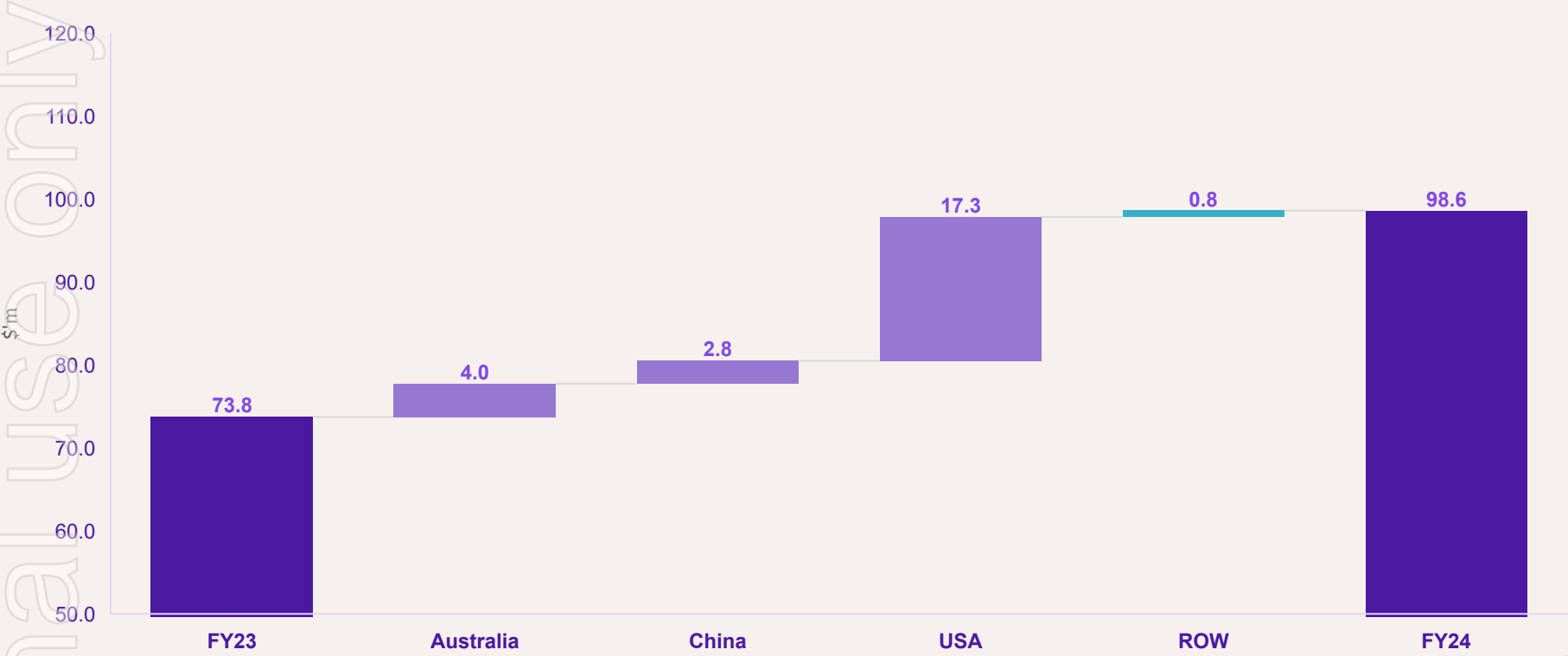
² Administration and other costs do not include depreciation and amortisation

³ Earnings before Interest, Tax, Depreciation and Amortisation is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

Figures in above table may differ to financial statements due to rounding

FY24 gross revenue¹ bridge

Growth across all regions

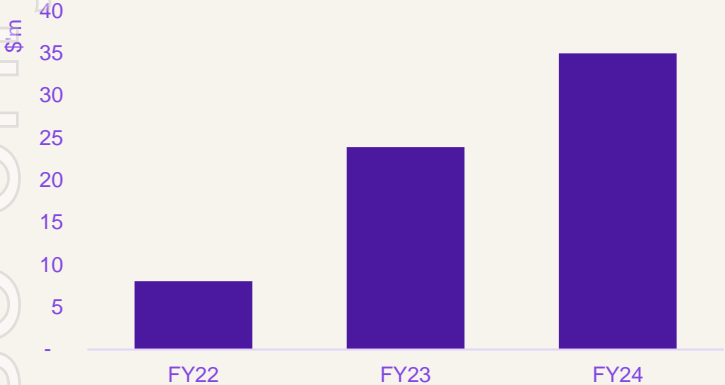


¹ Gross revenue is a non-IFRS measure and refers to revenue before trade spend. Non-IFRS measures have not been subject to audit or review.

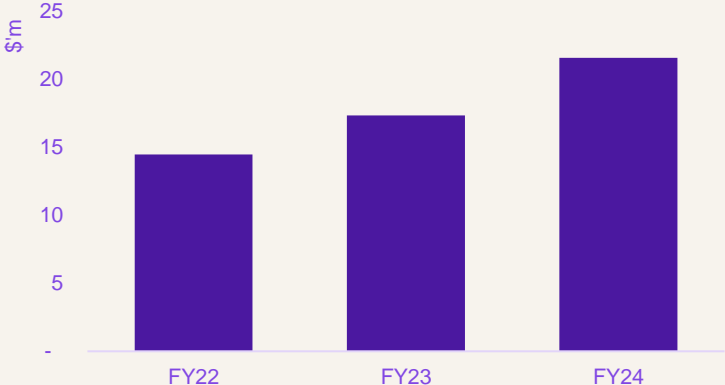
FY24 revenue by region

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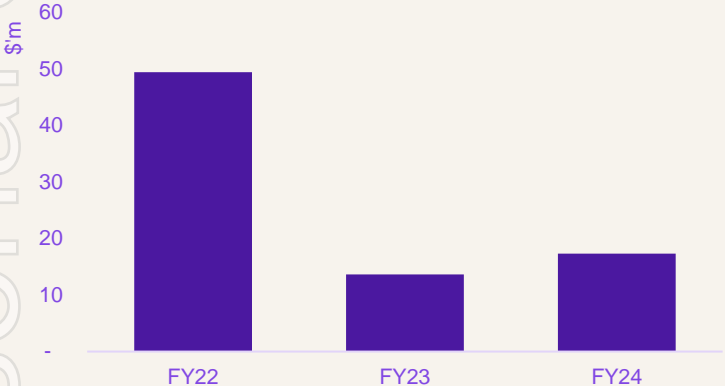
USA



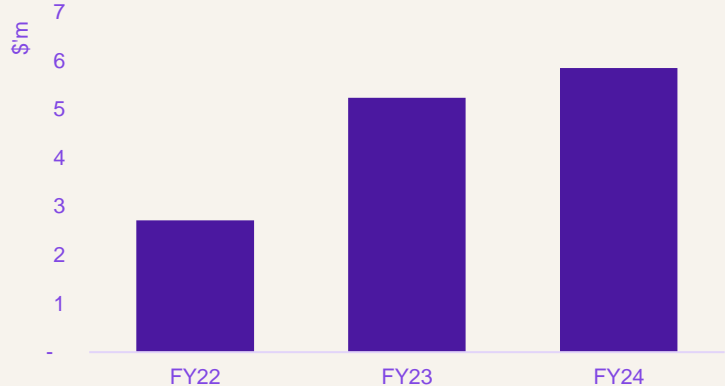
Australia



China

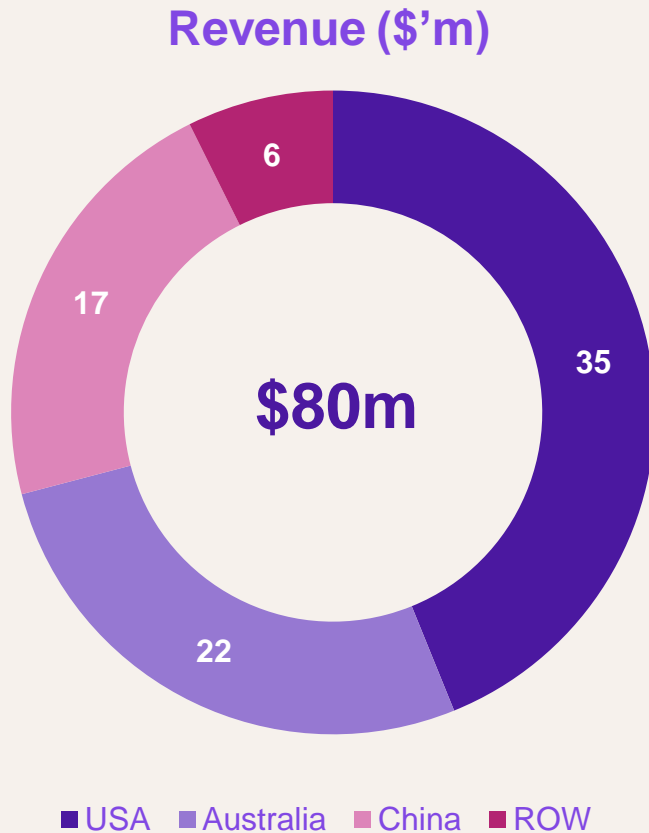


ROW



Revenue growth driven by USA

USA contributed 44% of Bubs' revenue



33% increase YOY in revenue.

USA contributed 44% of total FY24 revenue (up from 40% in FY23).

China reset strategy underway with H2 revenue up 38% over H1 and YOY growth of 27%. Foundations have been set for sustained growth in China.

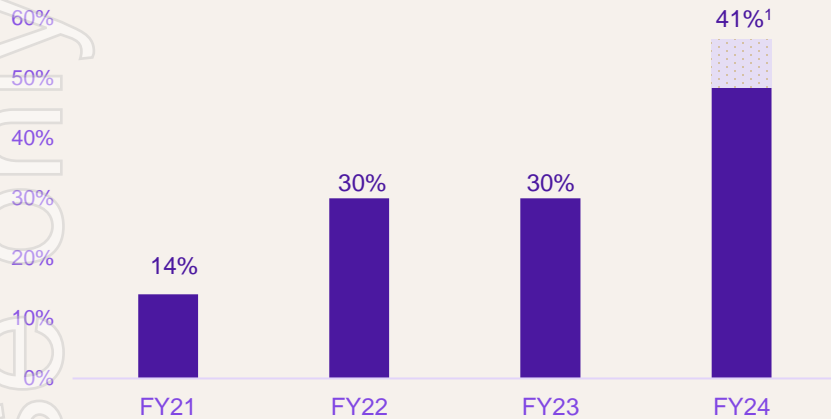
Bubs' domestic portfolio achieved a record market share of 5.4%¹ growing 6x faster than the category and Bubs remains the fastest growing premium IMF brand¹.

ROW sales increase driven by Japan, where Bubs' sales increased 50% YOY.

¹ Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined to MAT 28/07/24

Underlying gross margin¹

Underlying gross margin %¹



FY24 underlying gross margin was 41%¹

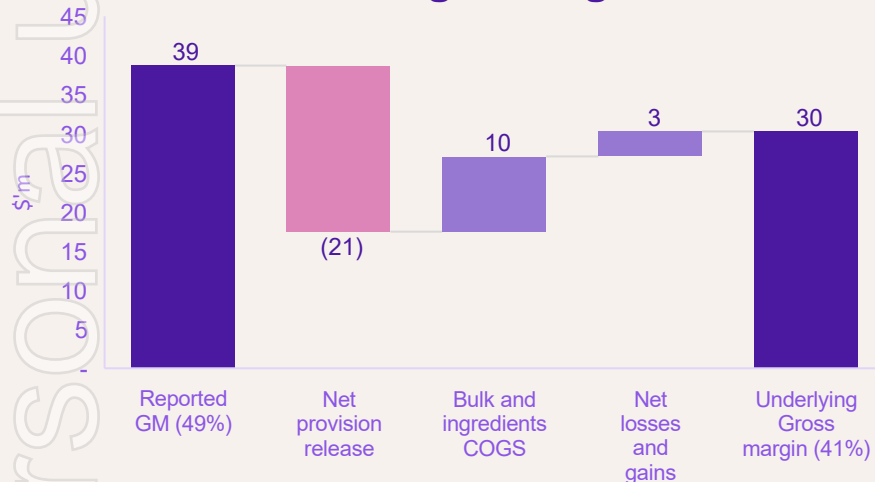
Exceeded gross margin > 40% in line with guidance.

Reported gross margin for FY24 is 49%, excluding inventory provisions for sale of SLOB inventory and bulk product and ingredients, normalised gross margin was 41%¹.

Gross margin has improved in FY24 due to SKU rationalisations as part of Bubs' portfolio optimisation initiative and cost-out initiatives to improve profitability.

Products sold in USA and China are higher margin with new look tins and packaging being rolled out having stronger profit margins than previous tins.

Gross margin bridge %



¹ Underlying gross margin is a non-IFRS measure and excludes net inventory provision / reversal and sale of bulk product / ingredients. Non-IFRS measures have not been subject to audit or review.

Balance sheet

\$'m	Jun-24	Jun-23
Cash and cash equivalents	18	26
Trade and other receivables	9	8
Inventories	28	21
Other current assets	5	3
Current assets	60	57
Plant and equipment	4	4
Right of use assets	1	2
Intangible assets	1	1
Other non-current assets	1	1
Non-current assets	7	8
Trade and other payables	18	17
Other current liabilities	6	3
Borrowings	5	2
Lease liabilities	1	1
Current liabilities	30	22
Lease liabilities	1	2
Other non-current liabilities	-	-
Non-current liabilities	1	2
Net assets	36	42

Figures in above table may differ to financial statements due to rounding

Balance sheet

Slight increase in trade receivables given higher sales volume and consisted primarily of tier 1 major retailers such as Kroger, Coles and Amazon, providing Bubs with a strong debtors' book.

Inventory build in H2 due to investment in working capital and change in tin size and packaging in Q3 FY24. The increased inventory will ensure Bubs is fully stocked in the USA and reduce reliance on air freight going forward.

Cash flow

\$'m	2024	2023
Cash flows from operating activities		
Receipts from customers	78	77
Payments to suppliers and employees	(104)	(124)
Net interest	-	-
Net cash used in operating activities	(26)	(47)
Cash flows from investing activities		
Purchases of PP&E	-	-
Other payments ¹	-	(4)
Net cash used in investing activities	0	(4)
Cash flows from financing activities		
Proceeds from borrowings	3	-
Proceeds from share issue	17	63
Capital raising costs	(2)	(2)
Repayment of lease liabilities	(1)	(1)
Net cash from financing activities	18	61
Net increase in cash	(9)	10
Cash at beginning of financial year	26	16
Total cash at end of period	18	26

¹ Net payments to Deloraine vendors relating to Deloraine acquisition

² Normalised cash burn is a non-IFRS measure and excludes non-recurring cash costs. Non-IFRS measures have not been subject to audit or review

Figures in above table may differ to financial statements due to rounding

Cash flow

Bubs raised \$17.4m in Dec-23 via a Placement and share purchase plan to fund future strategic growth. The proceeds raised have been used to invest in working capital including commencing a second production shift at Deloraine, expanding capacity, inventory build to mitigate stock shortages, and funding for regulatory costs in the USA to obtain FDA approval.

Average monthly cash burn for FY24 was \$2.3m, which includes \$12.4m of one-off non-recurring costs such as FDA regulatory costs and consulting fees (\$5.6m), litigation (\$2.7m), capital raising costs (\$1.7m), and ERP implementation costs (\$1.0m).

Excluding these one-off non-recurring costs, normalised cash burn was \$1.2m² per month.

FY25 outlook & pathway to profitability

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FY25 Outlook

What to expect in FY25

- ✓ Revenue of \$102m / gross revenue¹ of \$130m (up ~28% YOY)
- ✓ USA and China expected to grow by at least 50% YOY
- ✓ Gross margin of >40%
- ✓ Clinical study (GMS) patient enrollment completed by end of September 2024, FDA approval anticipated in October 2025
- ✓ New market launch in Canada in Q3 FY25
- ✓ EBITDA² positive³

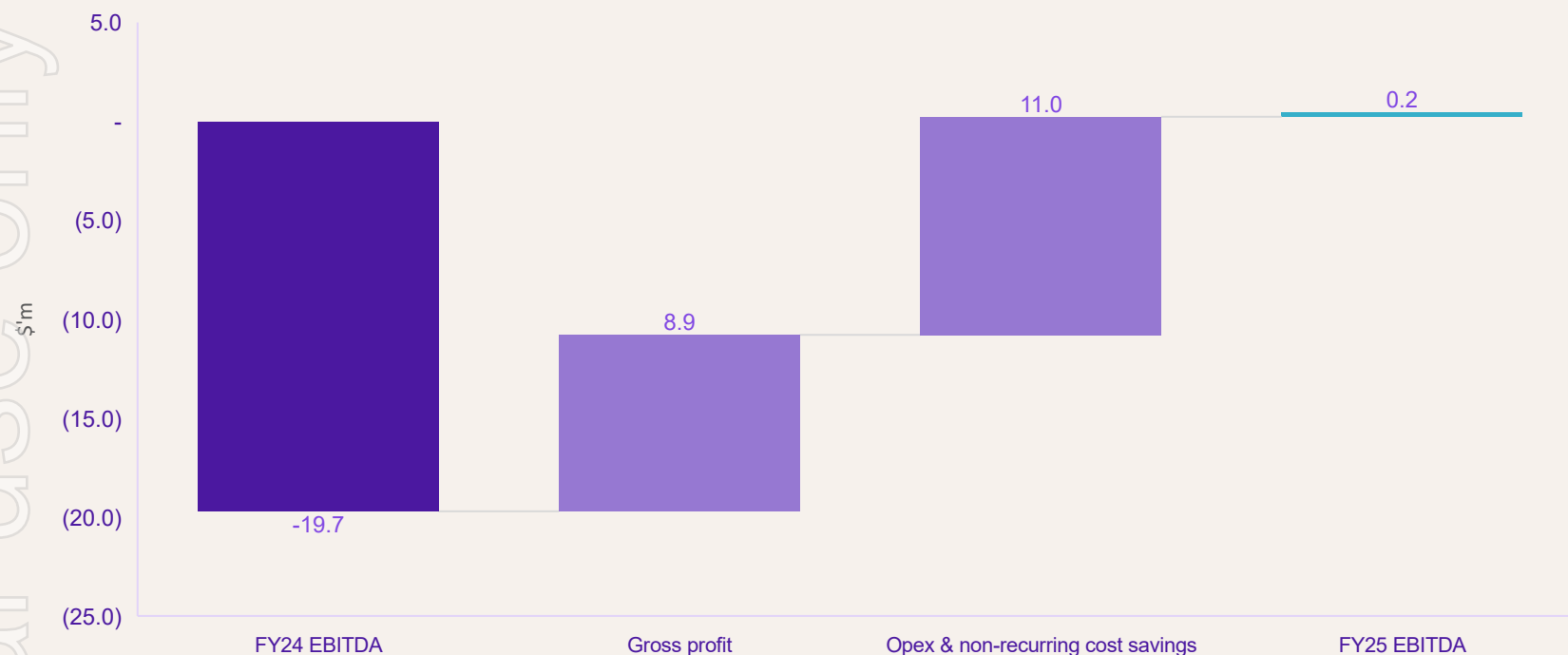
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² Earnings before Interest, Tax, Depreciation and Amortisation is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

³ Before share based payments

Forward looking statements have not been subject to audit or review

Bridge to FY25 EBITDA¹ positive



- Additional \$22m of revenue forecast in FY25 to provide \$9m of gross profit at 40% gross margin
- \$7m of FDA regulatory costs incurred in FY24 to obtain permanent access to USA IMF market are non-recurring, along with \$5m of FY24 litigation costs
- Further product margin improvements and cost-out initiatives, in combination with the above one-off non-recurring costs, provides a pathway to EBITDA¹ positive in FY25

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Pathway to profitability

Short term

- \$102m revenue / \$130m gross revenue¹ in FY25
- Gross margin >40%
- Successful roll out and customer acceptance of new product tins and packaging
- Complete GMS study
- Canada new market entry in FY25
- Cost out initiatives
- EBITDA² positive³

Medium term

- Increase in debt – trade finance facility to support growth
- Submit GMS data and obtain FDA permanent access to US IMF market
- Cash flow positive
- Expand product offering
- Marketing Investment @ 15% of net sales

Long term

- Established in 7 of the world's top 10 IMF markets
- Consider domestic / overseas canning expansion opportunities as Deloraine reaches capacity
- Supply chain integration
- Self funding
- Balanced portfolio – Infant + Adult nutrition
- SAMR registration

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³ Before share based payments

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Thank you

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Q&A

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