



Bubs Australia Limited
1H FY25
Results Presentation

28 February 2025

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

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Section 1: 1H FY25 Financial Results



Key Messages

- Strong 1HY25 Group Results with continued successful implementation of Bubs strategic plan.
- Statutory NPAT of \$3.6m, improved \$11.2m compared to 1HY24.
- EBITDA¹ of \$0.5m improved \$7.5m compared to 1HY24.
- Significant improvement in 1HY25 net cash used in operating activities of \$0.5m, versus \$12.2m in 1HY24, with \$17.2m cash plus \$5.0m undrawn debt.
- Gross profit optimisation and expansion well ahead of plan delivering 50% gross profit margins in 1HY25.
- 1HY25 revenue up 23% on pcp to \$48m with all regions showing strong growth over pcp².

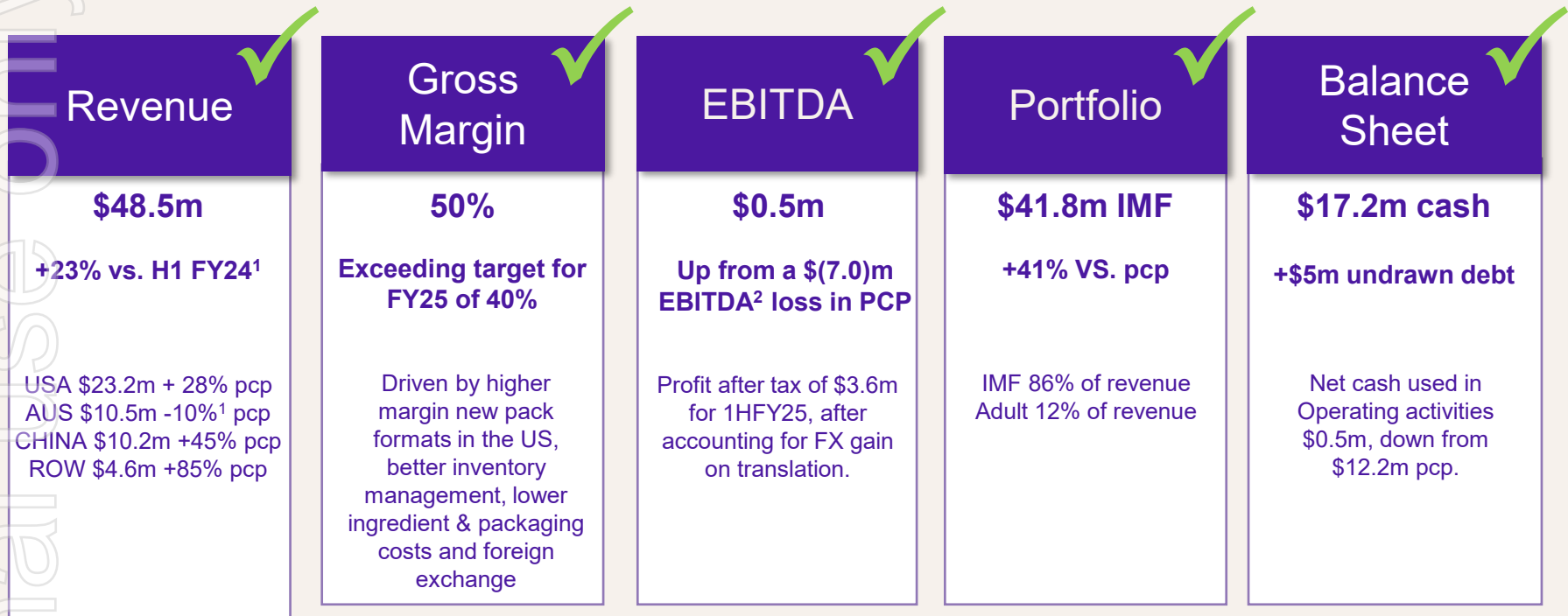


¹ EBITDA is a non-IFRS term, and refers to earnings before interest, tax, depreciation and amortisation. Non-IFRS measures have not been subject to audit or review.

² In Australia, 1HFY24 included sales of excess raw materials of \$2.3m and third-party contract manufacturing canning services of \$0.6m. The underlying growth half on half on the Australian core portfolio is 16%

1H FY25 Performance

Delivering on FY25 strategic priorities



¹ 1HFY24 included sales of excess raw materials of \$2.3m and third-party contract manufacturing canning services of \$0.6m. The underlying growth half on half on the Australian core portfolio is 16%

² EBITDA is a non-IFRS term, and refers to earnings before interest, tax, depreciation and amortisation. Non-IFRS measures have not been subject to audit or review.

Financial Overview

\$'m	1HFY25	1HFY24
Revenue	48.5	39.4
Gross margin	24.4	19.2
<i>Gross margin (%)</i>	<i>50%</i>	<i>49%</i>
Other income / (expense)	1.3	0.1
Operating expenses		
Distribution	(3.8)	(3.3)
Marketing	(7.6)	(5.1)
Employee costs	(7.5)	(7.3)
Administrative and other costs ²	(6.3)	(5.8)
EBITDA² (loss) / profit	0.5	(7.0)
Depreciation & amortisation	(0.4)	(0.5)
Net finance income	3.4	0.1
Income tax expense	-	(0.5)
Net profit / (loss) after tax	3.6	(7.7)

Revenue up 23% from prior corresponding period (“pcp”) driven by strong customer demand and growth in all markets. USA comprised 48% of Bubs’ revenue in H1 FY24 (+28% in pcp).

Gross margin of \$24.4m (50% profit margin) compared to \$19.2m (49% profit margin) in pcp, reflects Bubs’ premium brand and market positioning, improved inventory management, together with geographic and channel optimisation.

Operating expenses to revenue ratio decreased to 52% from 68% in pcp, reflecting Bubs’ cost-out initiatives and reduction in one-off expenses.

Brand marketing investment at 16% of revenue and increased from 13% in pcp reflecting initial investment to launch and educate consumers on Bubs’ new global branding and product portfolio across the USA and China markets.

Positive EBITDA of \$0.5m³ reflecting Bubs’ new higher margin pack formats and rationalisation of poor performing SKUs.

¹ Administration and other costs do not include depreciation and amortisation

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

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

Balance Sheet

\$'m	Dec-24	Jun-24
Cash and cash equivalents	17.2	17.5
Trade and other receivables	10.7	9.3
Inventories	30.3	28.2
Other current assets	4.7	4.5
Current assets	62.9	59.6
Plant and equipment	3.9	4.0
Right of use assets	1.0	1.3
Intangible assets	1.2	1.2
Other non-current assets	0.6	0.5
Non-current assets	6.7	7.1
Trade and other payables	20.6	17.7
Other current liabilities	3.5	4.8
Borrowings	5.0	5.3
Lease liabilities	0.7	0.7
Current liabilities	29.8	28.5
Lease liabilities	0.6	1.0
Other non-current liabilities	0.4	0.4
Non-current liabilities	1.1	1.4
Net assets	38.7	36.9

Net assets increased \$2.1m to \$38.7m at Dec-24.

Cash and cash equivalents balance of \$17.2m at Dec-24, \$0.3m lower than Jun-24 due to Bubs focus on working capital and strong H1 FY25 performance.

Trade and other receivables increased to \$10.7m due to corresponding increase in revenue.

Inventories increased by \$2.4m due to timing of working capital investment and purchase of bulk powder for manufacturing.

Trade and other payables increased by \$1.9m at Dec-24 largely driven by timing of bulk powder purchase which will be paid in Q3 FY25.

Borrowings total \$5.0m as at Dec-24, with \$5.0m of undrawn headroom available.

Cash Flow

\$'m	Dec-24	Dec-23
Cash flows from operating activities		
Receipts from customers	46.7	38.0
Payments to suppliers, employees and government	(47.1)	(50.3)
Interest received	0.2	0.1
Interest paid	(0.3)	(0.1)
Net cash used in operating activities	(0.5)	(12.2)
Cash flows from investing Activities		
Purchases of property, plant and equipment	(0.0)	(0.0)
Purchases of intangible assets	(0.0)	-
Net cash (used in)/from investing activities	(0.0)	(0.0)
Cash flows from financing activities		
Proceeds from / (repayments of) borrowings	-	(1.8)
Proceeds from share issue	-	17.4
Capital raising costs	-	(1.7)
Repayment of lease liabilities	(0.4)	(0.3)
Net cash from / (used in) financing activities	(0.4)	13.5
Net increase in cash and cash equivalents	(0.8)	1.3
Cash and cash equivalents at beginning of financial year	17.5	26.1
Effects of exchange rates on cash held	0.6	0
Total cash and cash equivalents at the end of the period	17.2	27.4

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

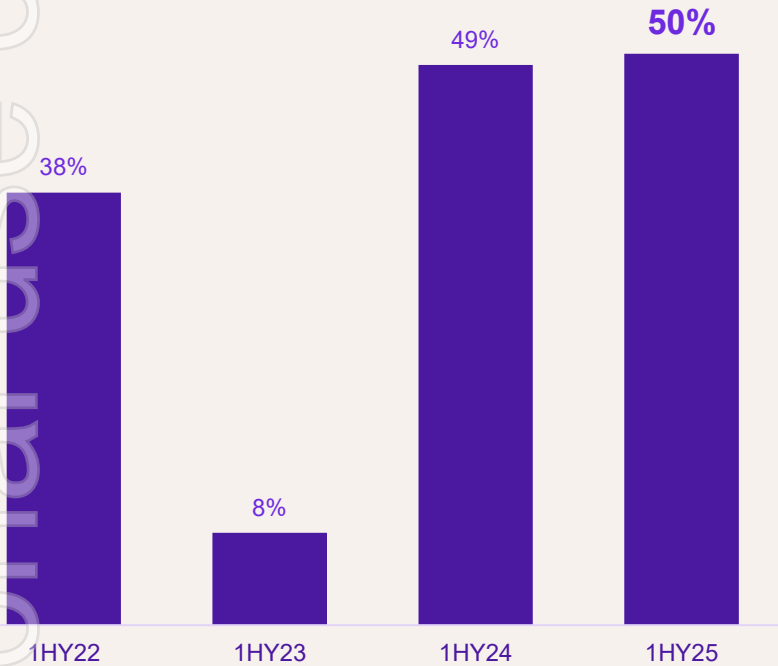
Net cash used in operating activities reduced to \$0.5m, an improvement of \$11.6m over pcp.

Receipts from customers increased \$9.3m driven by higher sales velocity of new smaller pack formats, stronger receivables management, and a strong US dollar.

Overall cash position has decreased by \$0.3m since Jun-24, which is a significant improvement relative to the previous period (excluding the proceeds from the Nov-23 capital raising). This was driven by working capital discipline, cost-out initiatives, portfolio optimisation and a reduction in one-off expenses.

1HY25 Gross Margin

Gross Margin



Gross margin of 50%

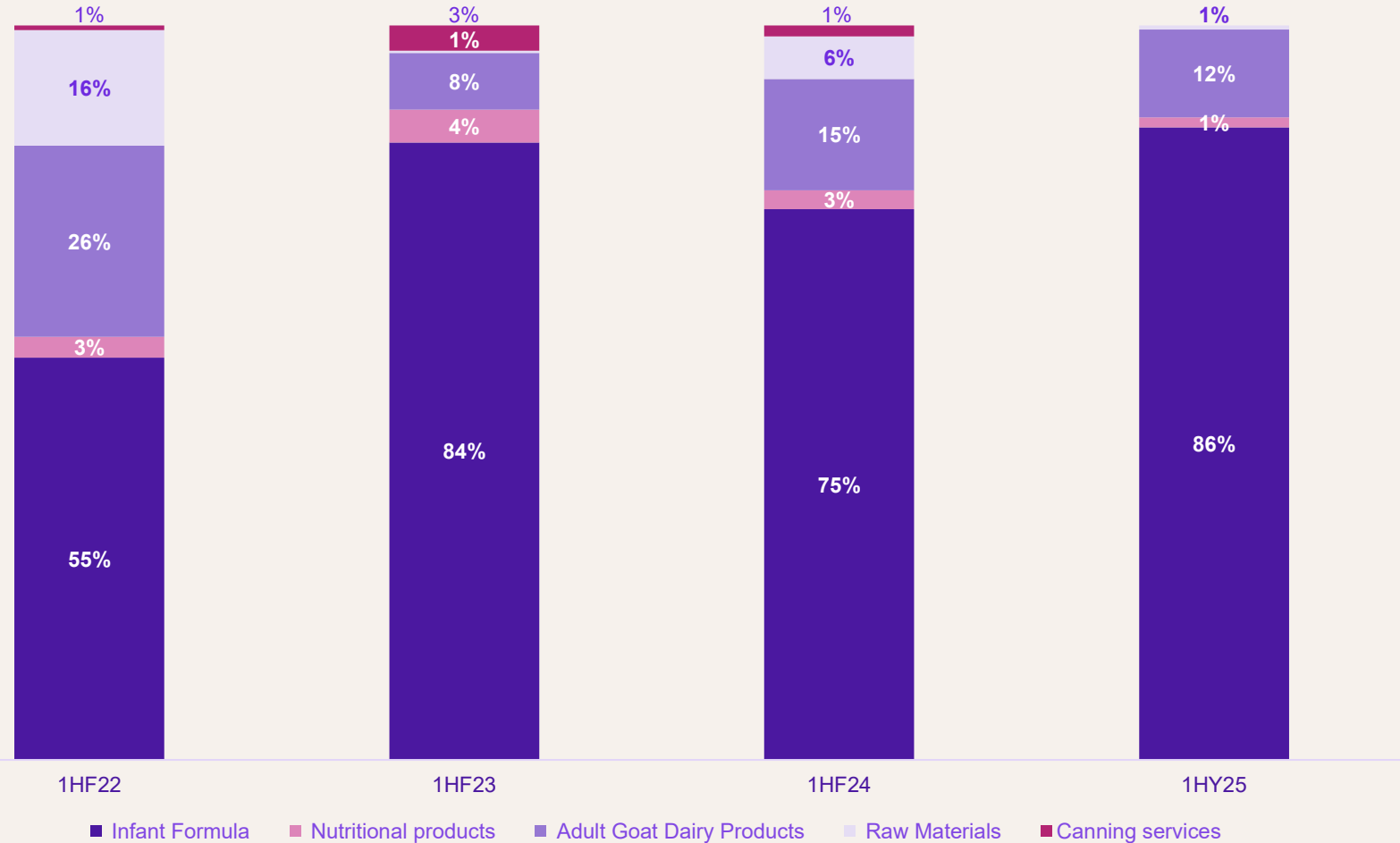
Gross margin at 50% for the half reflects Bubs' premium brand and market positioning, improved inventory management, higher margin new pack formats in the US, lower ingredient & packaging costs and favourable currency movements.

Bubs expects gross margin for the full year to be approximately 45%, an upgrade from 40% at the start of the financial year.

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

Revenue Streams

86% of Bubs' revenue is derived from the sale of high margin infant formula products, with Goat IMF representing 67% of total IMF revenue



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Section 2: Strategy Update



Bubs Strategy

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

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1
USA
Growth
Engine




2
China
Reset




3
Portfolio
Optimisation



4
Sweat the
Assets









5
Working
Capital



Grow & Maximise Shareholder Value

1HY25 Progress To Date

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

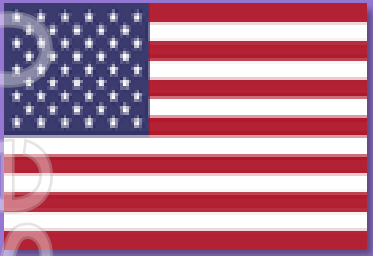
Strategic Priority	Progress
1 Revenue of \$102m (up c.28% YOY)	On track to meet guidance 
2 Gross margin of >40%	On track, achieved gross margin of 50% in 1HY25 and forecast approx. 45% for full year FY25 
3 Clinical study (GMS) patient enrollment completed by end of December 2024. FDA approval anticipated in October 2025.	GMS clinical enrollment completed in December 2024 and on track for FDA approval by October 2025 
4 New market launch in Canada in 2HY25	Deferred to FY26 
5 Cash Flow Positive in Q4 FY25	Achieved positive operating cash flow of \$3.9m in Q2 FY25 and on track to achieve positive cash flow in Q4 FY25 
6 EBITDA ¹ positive ² before share based payments	On track, achieved \$0.5m positive EBITDA ¹ in 1HY25 

¹ EBITDA is a non-IFRS measure and refers to Earnings before interest, tax, depreciation, and amortisation. Non-IFRS measures have not been subject to audit or review. Accounting treatment for foreign exchange was modified at 31 December 2024, \$3.5m was reclassified to finance income to reflect more appropriately the financing nature of these transactions (see note 5 in the Interim Report)

² Before share based payments

Forward looking statements have not been subject to audit or review

USA Growth Engine



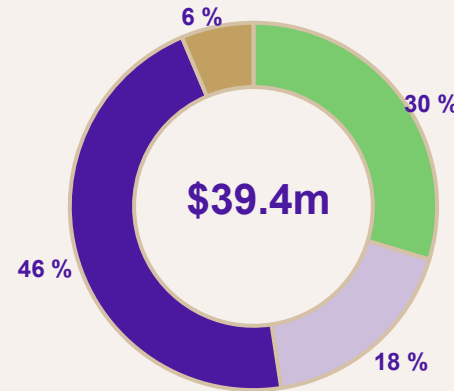
USA Contributed 48% of Revenue in 1HY25

- In Q4 FY24 Bubs rolled out new look labels and new pack formats in USA.
- USA contributed 48% of total revenue in 1HY25, up from 46% in 1HY24. Total USA revenue in 1HY25 was \$23.2m, a 28% increase on pcp.
- Bubs continues to work with the FDA to obtain permanent access to the USA infant formula market, which is worth A\$8b¹.

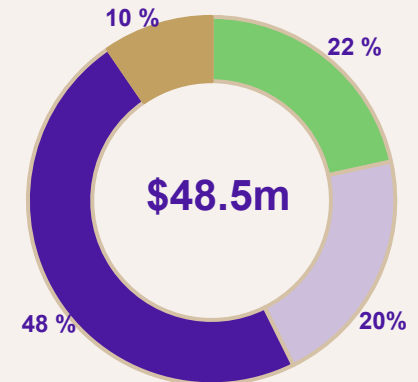
USA Revenue



1H FY24



1H FY25



Australia China USA ROW

¹ Circana MAT To 02/02/2025 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates

USA IMF Market Performance

Total USA IMF market size is \$5.5b¹

- Total powder (non liquid/RTF) market size is \$5.04b, and is growing at 6% MAT
- Premium / natural IMF market size is **\$420m** and growing at 47% MAT
 - Bubs holds 10% share of premium / natural market segment
- Total Goat IMF market in USA is \$82m and growing at **281%** MAT
 - Bubs holds **33%** share of USA Goat IMF market segment
- Bubs' share of total USA IMF market 0.9%. When compared to Bubs' 5.6% share of Australia's total IMF market, there is significant runway for future growth.

Premium / Natural - Competitors

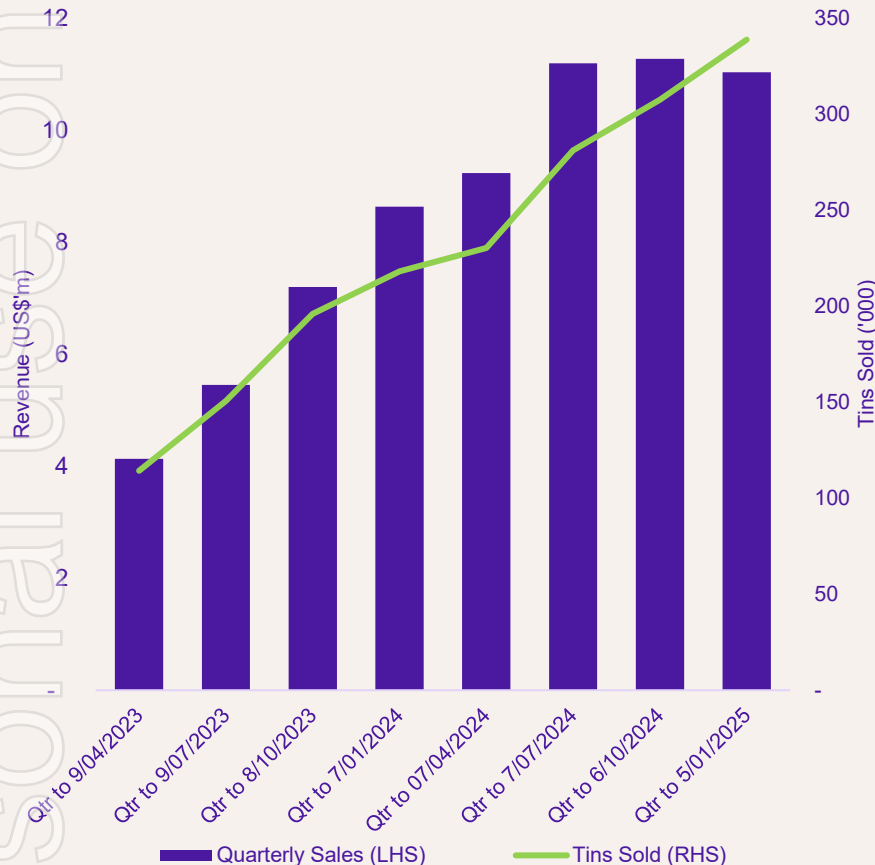


¹ Excluding WIC

Source: Circana Mulo+ CY ending 29/12/2024 moving annual total (MAT). Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined to MAT 12/01/2025
All figures on this slide are in USD

USA Growth Engine

USA Quarterly Scan Sales¹



- ✓ Total USA revenue of \$23.1m in 1H FY25, a 28% increase from H1 FY24.
- ✓ Over 640,000 tins sold in H1 FY25¹.
- ✓ Roll out of new pack formats impacted H1 sales, however old formats have now been fully sold out in marketplace allowing management to focus sales and marketing efforts on new high margin packs.
- ✓ Amazon temporarily suppressed some Bubs products in Q2 FY25 due to new pack format documentation compliance issues in their system. This issue has now been fully resolved, and Amazon sales are expected to improve in Q3.
- ✓ Bubs is following FDA's guidelines and making significant progress on its USA clinical trial and USA FDA permanent pathway. Patient enrollment in the Growth Monitoring Study was completed in December 2024, with FDA approval expected in October 2025.
- ✓ Bubs is achieving higher sales velocity of new pack formats, which are high margin products, contributing to the Group's strong gross margin in 1HY25 of 50%.
- ✓ Bubs is aiming to replicate its Australian success in the goat IMF market, in the USA.

¹Circana Weekly To 05/01/2025 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates

Regulatory Pathway

Bubs remains 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

FDA Transition Guidance & Regulatory Pathway



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



Dec 2024: GMS (Growth Monitoring Study) complete clinical trial enrollment



April 2025: 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



FDA Process Update & Growth Monitoring Study

- ✓ At the end of Q2 FY25, Bubs finalised its infant enrolment for the growth monitoring study & clinical trial, a triple headed trial and one of the largest IMF trials ever undertaken.
- ✓ A total of 478 infants have been enrolled in the clinical trial and with the enrolment phase now complete, the study remains active whilst the remaining infants complete the 16 - week period of participation and evaluation, with the last infant completing the trial on 19 April 2025
- ✓ The completion of the enrolment phase is a significant step towards market access in the US and will see submission of the completed clinical trial and supporting documentation to the USFDA by 30 June 2025.

October 2025



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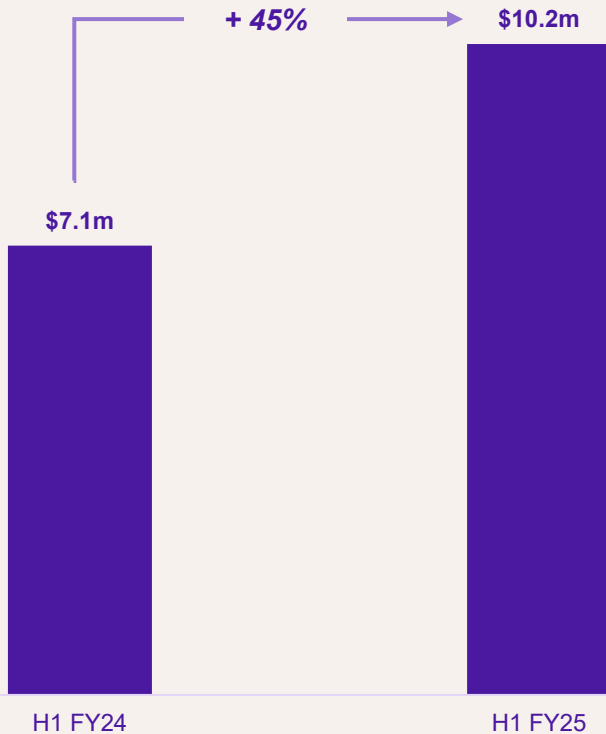
China Reset



China Revenue

Bubs expects to achieve full year revenue growth in FY25 of >40% compared with FY24

China Revenue



Brand awareness and confidence is continuing to build in the CBEC channel, and Bub's is continuing to successfully penetrate the O2O sales channel where we now have distribution in 20 provinces and 61 cities across China.

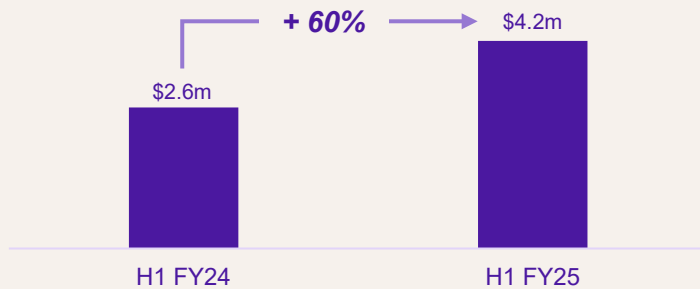
480 new O2O stores added in Q2 FY25, bringing total number of O2O stores selling Bubs' products to over 985.

Bub's China go-to-market channel strategy focused on CBEC and O2O continues to deliver strong profitable growth with scope to grow distribution footprint and branded sales in coming years.

China CBEC Channel

Strong sales momentum and consumer confidence has been restored in the CBEC channel

Bubs GMV in China major CBEC channel



GMV of Bubs Tmall Flagship Store surpassed major competitors for the first time, ranking **#1** in the imported Goat IMF category on Tmall during the 2024 Singles' Day promotion.

Within China's major CBEC channel, the total IMF category grew by **+10%** GMV in 1HY25 compared to 1HY24.

However, within the IMF category, the goat segment GMV declined **9%** during the same period caused by large declines from the major goat IMF players.

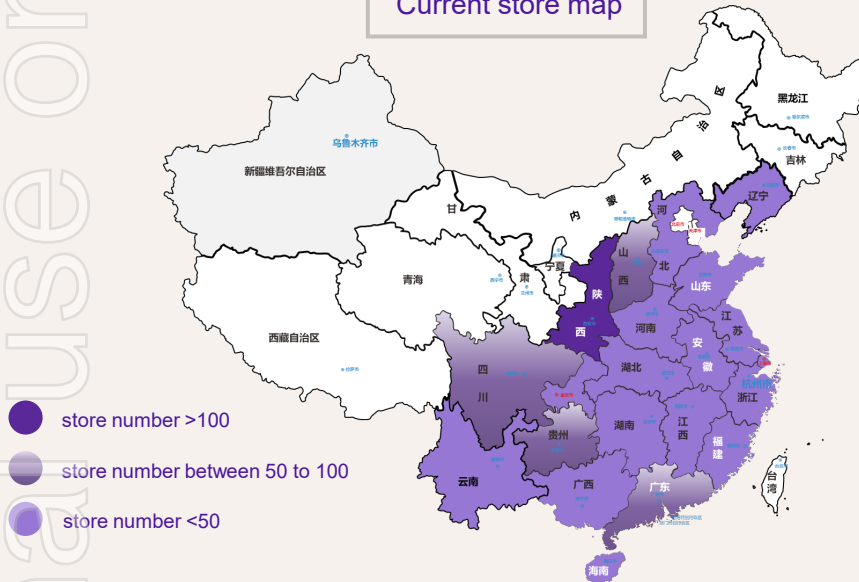
Despite the segment decline, Bub's Goat IMF and new formulation launched in H1 FY25, successfully achieved **> 60%** GMV growth in the CBEC channel, demonstrating Bubs brand strength and returning and new customer acquisition.

China Channel Strategy

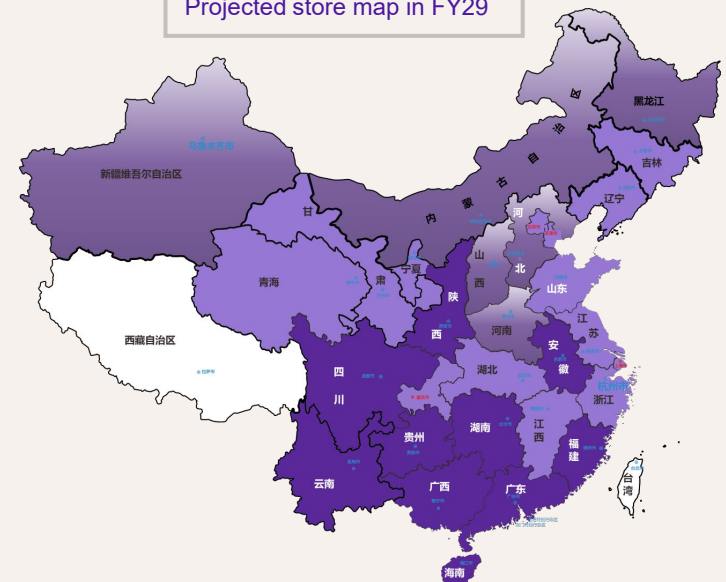
New channel expansion – China O2O business overview

In July 2024, Bubs refocused its efforts on China's O2O channel. Store numbers have grown by over 700 from Jun-24 to **1,050** by the end of January 2025. Among those strong regions, sales velocity of Bubs Goat IMF averaged 40 cans per month by the end of 2024.

Current store map



Projected store map in FY29



In the coming years, we expect that O2O store numbers will expand to **~5,000**, increasing our coverage from 61 cities in 20 provinces to **99** cities in **33** provinces. The number of provinces with more than 100 stores expected to grow from 1 to **11** by FY29

China Update

Bubs continues to grow strongly and profitably in China within its premium niche

- A strong brand portfolio to build on: Goat, Supreme & Caprilac
- Premium price architecture restored >20% increase in average RRP
- A healthy portfolio gross profit margin >37%
- Focused trade marketing activity and trade spend
- Established robust and specialist distribution network for CBEC and O2O channels
- Channel expansion in O2O progressing well with >1,050 stockists
- Upgrade of China specific IMF formulations complete and new labels successfully launched in market
- Bubs won “**Annual Goat Milk Potential Product**” and **Annual New Consumer Choice**” awards at the Maternity and Baby Category Awards in January 2025



Offline advertising



LED advertising



Instore advertising campaign

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 and formulations for US and China in FY24 | ✓ |
| 2 | 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 FY24 | ✓ |
| 4 | Tighter range of food products and improved margins | 20% reduction in SKU count (cereals, rusks, bars) | ✓ |
| 5 | NPD and Innovation | Essential for Australia, JBY and Goat Growing Up Nutrition for China | ✓ |
| 6 | Invest in our core brands | 1HY25 marketing investment at c.16% of revenue vs. target of 15%, FY25 estimate ~12% | ✓ |



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

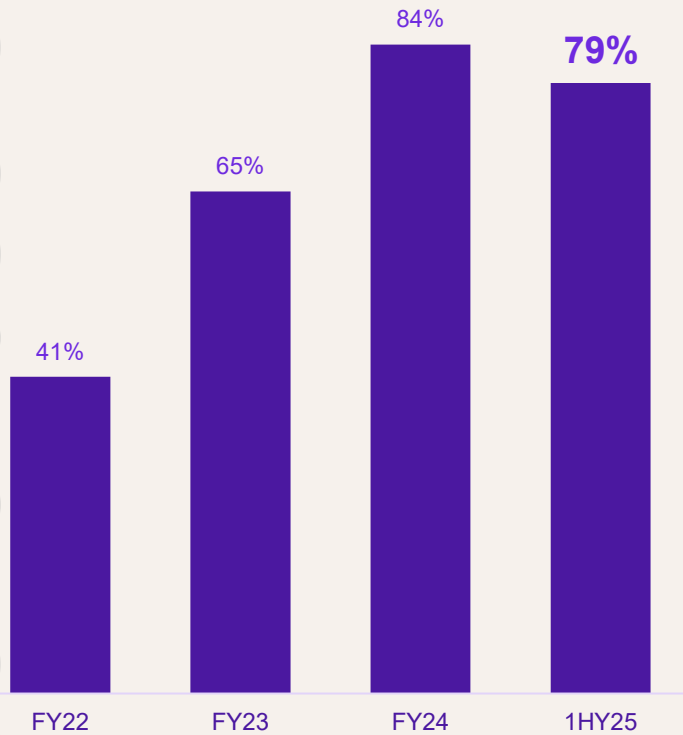
Sweat The Assets



Sweat The Assets

Average Deloraine utilisation at 79% in 1HY25 based on a double shift operating 5 days per week, with significant headroom to support increased demand

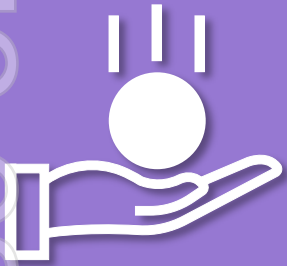
Deloraine Utilisation¹



- ✓ Daily production capacity doubled in FY24 from 12,500 to 25,000 tins.
- ✓ Average YTD utilisation at Deloraine decreased to 79%, due to a scheduled 3-week production shutdown in December
- ✓ Expect utilisation to increase in 2HY25



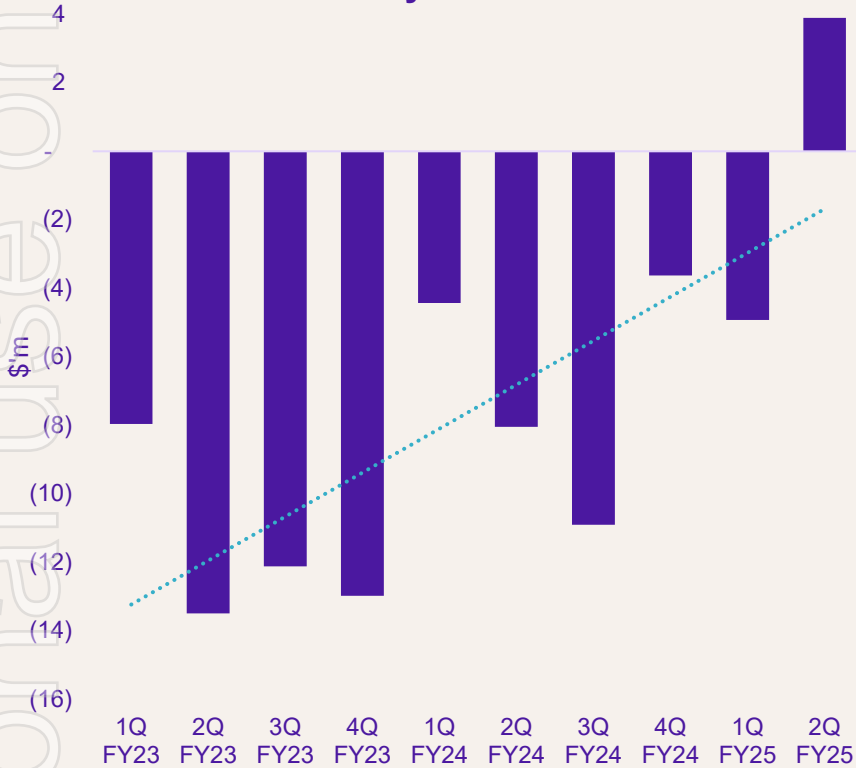
Working Capital



Working Capital

Bubs achieved positive operating cash flow of \$3.9m in Q2 FY25

Quarterly Cash Burn



Working capital

Bubs demonstrated improved working capital management in 1H FY25, with total net decrease in cash of \$0.3m from Jun-24 to Dec-24.

The improvement in 1H FY25 was driven by a focus on growth in multiple markets, led by the US, working capital discipline, cost-out initiatives, portfolio optimisation and a reduction in one-off expenses.

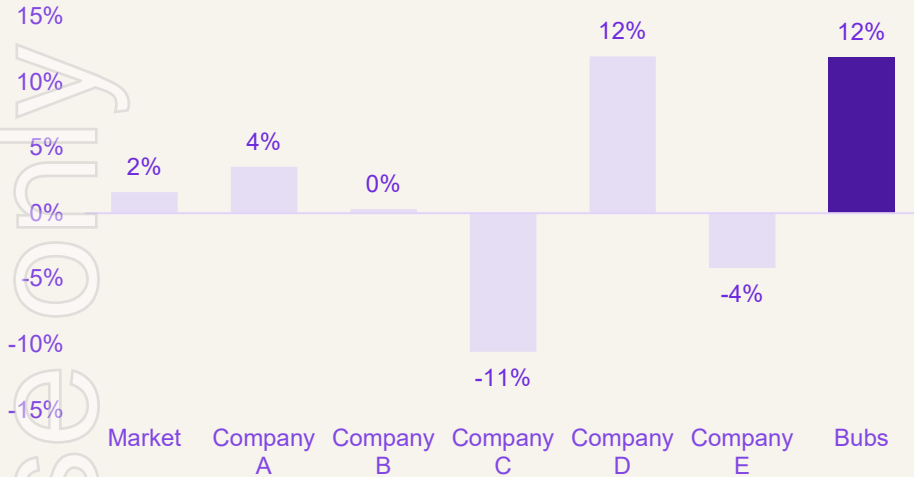
Working capital will likely fluctuate in Q3 FY25 as Bubs invests in working capital for 2HY25 however, Bubs expects to be cash flow positive in Q4 FY25.

Australia Update

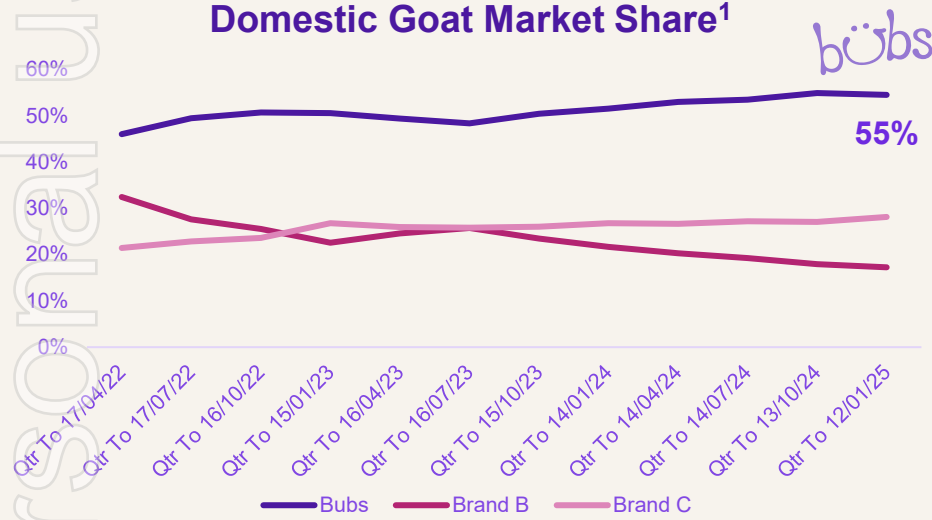
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Australia

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 55% market share¹.

Bubs is one of the fastest growing suppliers in Australian major retailers, growing at 12% or 6x faster than the market growth of 2%¹.

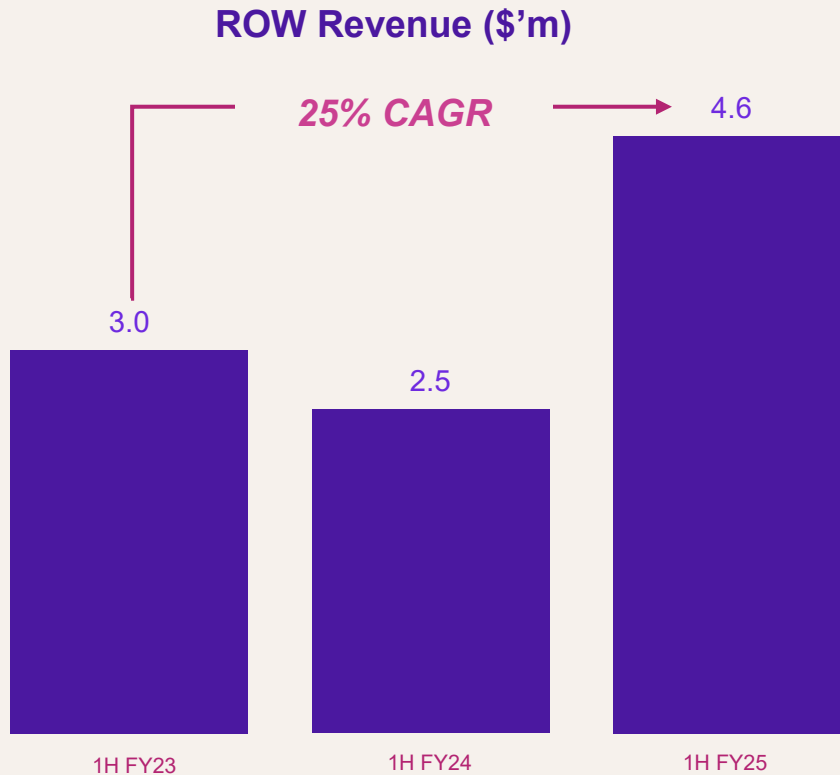
Demand for Bubs' goat milk remains strong, growing at 24% on a moving annual total (MAT) basis¹

¹ Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined to MAT 12/01/2025

Rest of World Update

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3 Year ROW Revenue Performance



- ✓ 85% revenue growth in ROW from 1HY24 to 1HY25, driven by strong performances from the Japan and Vietnam markets.
- ✓ We are currently developing our optimal market entry strategy for Canada and while we previously envisaged a soft market entry launch in 2HY25, we now expect to commence selling Bubs' products in Canada in 1HY26.

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Section 3: Outlook & Pathway to Profitability



FY25 Outlook

What to expect in FY25

- ✓ Revenue of \$102m (up ~28% YOY)
- ✓ Continued gross margin expansion to approx. 45%, upgrade from 40% at start of financial year
- ✓ Clinical study (GMS) FDA submission end of June 2025, FDA approval anticipated in October 2025
- ✓ Cash Flow Positive in Q4 FY25
- ✓ EBITDA¹ positive before share based payments expense
- ✓ NPAT positive

¹ EBITDA is a non-IFRS measure and refers to Earnings before Interest, Tax, Depreciation and Amortisation. Non-IFRS measures have not been subject to audit or review. Forward looking statements have not been subject to audit or review

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Section 4: Investment Highlights



The Bubs Investment Proposition

Bubs is a global market leader with a differentiated premium goat-based product offering, operating in both the IMF and Adult Nutrition categories.



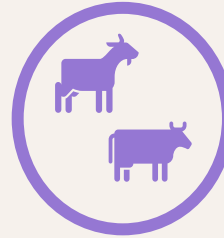
US \$100B+ global addressable market with a 5-10% CAGR



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



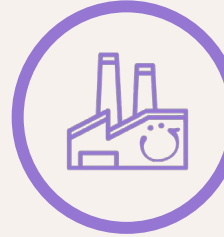
Australian provenance, reputation and access to high quality dairy ingredients



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



Thank you

investors@bubsaustralia.com

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