



Bubs Australia Limited
ACN 060 094 742
23-29 Nina Link, Dandenong South
VIC 3175 Australia
1800 2827 2878 (1800 BUBS AUST)
info@bubsaustralia.com

ACT NOW

YOUR VOTE COUNTS

Your Board recommends you vote **AGAINST** all resolutions

Dear fellow shareholder,

I am writing to you in relation to the upcoming Extraordinary General Meeting (EGM or Meeting) that has been requisitioned by a group of shareholders to remove and replace directors of our Company, Bubs Australia Limited (Bubs or the Company).

The outcome of the Meeting will impact the future of Bubs and the value of your investment. Your vote at the Meeting scheduled for 10am on Thursday 27 July 2023 is very important to enable your Bubs Board to protect and grow shareholder value.

Important information you need to enable you to make an informed voting decision is included in the enclosed Notice of Meeting. Proxy forms must be received before 10am on Tuesday 25 July 2023 in order to be valid.

Recent changes made by your Board to protect and grow shareholder value

As you may be aware, the Bubs Board has recently made a number of director and leadership changes to help ensure that Bubs is best positioned to deliver on its strategy, meet a high standard of corporate governance, build shareholder value and act in the best interests of all shareholders.

These changes were made to build a 'fit for purpose' Board with the election of Ms Katrina Rathie as independent Chair (previously an independent non-executive director), and the appointment of two new highly credentialled independent non-executive directors, Mr Reg Weine and Mr Paul Jensen. Reg and Paul contribute valuable director skills and experience aligned with Bubs' strategic objectives.

The recent Director and management departures include the previous Executive Chair, Mr Dennis Lin, and the previous CEO Ms Kristy Carr.

The Board made these necessary changes as a result of significant deterioration in Bubs' recent financial performance, undisciplined expenditure and the long-term decline in shareholder value presided over by the ex-Chair and ex-CEO including failing to comply with reasonable Board directions.

Bubs' COO, Mr Richard Paine, will continue as Interim CEO until a permanent CEO is confirmed. Mr Paine has deep knowledge of Bubs' operations and more than 30 years of industry expertise in dairy manufacturing and management. The experience and capability of the Bubs' current management team is one of our greatest strengths and I would like to acknowledge the talented and dedicated team that is working tirelessly to deliver on strategy and build shareholder value.

As previously announced, the Bubs Board commenced a strategic review of the global business, with a particular focus on the Chinese and US markets. The review is on track to be completed by 30 June 2023 and we anticipate that key findings and more information will be shared with shareholders early in July 2023.

The facts about Bubs' shareholder value deterioration

In the three-year period to 10 May 2023 (date of CEO termination), Bubs' share price declined 84.3% from \$1.175 on 11 May 2020 to \$0.185 on 10 May 2023.



Bubs 3-year Share Price Performance



Since the Company's IPO on 3 January 2017 and during the tenure of Mr Dennis Lin and Ms Kristy Carr, the Company has accumulated losses of \$240 million and raised capital seven times, with investors in each of those capital raisings suffering a material decline in the value of their investment, ranging from -59% to -81%.

The requisition – the Board unanimously recommends that you VOTE AGAINST ALL RESOLUTIONS

As announced to the Australian Securities Exchange (ASX) on 2 June 2023, Bubs received a notice from a group of shareholders (requisitioners) to requisition a general meeting of the Company under s249D of the Corporations Act 2001 (Cth) (Corporations Act).

The requisitioners are asking shareholders to remove Bubs' three independent non-executive directors, Katrina Rathie, Paul Jensen and Reg Weine, and our fourth non-executive director, Steve Lin, who represents our largest shareholder C2 Capital.

In their place, the requisitioners are asking shareholders to elect three new directors that they have nominated.

Your Board has considered the requisitioners' proposed resolutions and unanimously recommends that you **VOTE AGAINST ALL RESOLUTIONS** for the following reasons:

- The director candidates proposed by the requisitioners do not have the skills or experience equivalent to the existing directors.
- The requisitioners have put forward Peter Nathan as proposed CEO. Mr Nathan previously worked for a2 Milk, which is currently a defendant in two shareholder class actions which relate to continuous disclosure obligations and making allegedly false and misleading statements in connection with the deterioration in a2's sales

in China, during the period when Mr Nathan was Chief Executive Officer Asia Pacific. The Board believes the ongoing class actions present significant reputational risks for Bubs at a critical time when it is seeking FDA approvals in the US and reviewing its China strategy.

- One of the requisitioners is Willis Trading, which owes Bubs a debt of \$2.6 million. In addition, Alice Trading, which is owned by the same company as Willis Trading, owes Bubs a debt of \$2.9m. These entities have failed to repay the debts despite repeated demands from Bubs. Alice Trading and Willis Trading are affiliated with AZ Global Corporation Pty Ltd.
- Some of the requisitioners have a vested interest in the failed China strategy of Bubs and propose to replace the current independent directors with directors who have pursued similar strategies at other organisations or whose commercial interests may conflict with the interests of Bubs.
- Entities owned and associated with Mr Rupert Soar and his wife have been involved in recently terminated commercial supply relationships with Bubs which raises issues in relation to director independence.
- The candidates who have been proposed by the requisitioners, James Jackson, Peter Nathan, and Rupert Soar have little or no ASX listed company director experience.



Retain highly skilled and experienced Bubs Board

Your Company has four experienced non-executive directors on its Board who have complementary skill sets and significant and relevant skills and experience, including ASX listed company experience. Your current Board also possesses significant experience in the infant formula, food, beverage and dairy industries and broader FMCG sector, and strong commercial and international markets expertise, including Bubs' key markets of Australia, USA and China.

Your Board is united and fully focused on ensuring stability for Bubs, driving and executing the right strategy and delivering sustainable shareholder value over the long term.

- The existing directors (Ms Katrina Rathie, Mr Paul Jensen, Mr Reg Weine and Mr Steve Lin) possess significant industry, governance, international markets and corporate expertise, as well as deep knowledge of Bubs and its global operations, all of which is needed to deliver the strategic change necessary to create sustainable shareholder value.
- The existing directors have the support of Bubs' highly experienced management team.
- C2 Capital, Bubs largest shareholder, supports the strategy and approach to grow shareholder value being pursued by the current directors.

For more information on the credentials of the Bubs Board, please read the attached profiles of your existing directors.

The Board has demonstrated that it is acting in the best interests of all shareholders by being prepared to hold individual directors and management to account for performance as well as compliance with their contractual obligations to the Company and obligation to follow reasonable Board directions.

The Board initiated strategic review will deliver a comprehensive and objective assessment of Bubs best opportunities to grow shareholder value.

The ex-Chair and ex-CEO

The ex-Chair and ex-CEO have stated on the public record that they do not have an interest in serving on Bubs' Board again. However, the Board believes that their actions as requisitioners, their nomination of proposed candidates with whom they have close ties, and their offer to help the candidates through their strategic advisory services indicates an intent to be involved in the strategy of the Company and future Board and management decisions by proxy.

The Board and many shareholders we have spoken to are concerned about:

1. The destabilising effect of the requisition;
2. The qualifications of the proposed director candidates who have little or no ASX listed company director experience; and
3. The proposed replacement of the current highly credentialed directors with a new Board with fewer independent directors.

Further, the requisition negatively impacts on the public perception of Bubs and its ability to implement the necessary changes to improve Bubs performance at a time when stability, knowledge of the Company and ongoing accountability and independence is critical.

Your Board is a set of 'safe-hands' that you can trust to act in the best interests of all shareholders and help Bubs reach its full growth potential. As Chair, I am very confident of the skills and depth of experience of your current Board and our ability to work seamlessly together, with our management teams in Australia, the USA and China.

For these reasons, we ask the requisitioners to act in the best interests of all shareholders by withdrawing their proposed resolutions.

The proposed candidates are not best placed to grow shareholder value and deliver strategic change

The candidates who have been proposed by the requisitioners are James Jackson, Peter Nathan, and Rupert Soar.

Mr Nathan has been proposed as a candidate for director of Bubs in the role of CEO. As CEO, Mr Nathan would not be an independent director.



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Mr Nathan was Chief Executive Officer Asia Pacific of a2 Milk until his resignation in May 2021. a2 Milk is currently defending two shareholder class actions for an alleged failure to meet continuous disclosure obligations and making allegedly false and misleading statements in connection with the deterioration in a2's sales in China, during the period when Mr Nathan was Chief Executive Officer Asia Pacific.

Aside from the negative reputational risks to Bubs from appointing Mr Nathan, in the Board's view, we do not believe he has the right experience to lead Bubs new strategy particularly as it relates to China. We note Mr Nathan supported a daigou China strategy at a2 and worked closely with AZ Global Corporation Pty Ltd, part of the requisitioning group. This is similar to the strategy pursued by the Bubs former Chair and CEO, which is the subject of the Board's strategic review, with necessary changes expected to be implemented to improve shareholder value.

The Bubs Board will appoint a CEO with the right mix of skills and experience to execute the new strategic direction that will be communicated to shareholders after completion of the strategic review and following the EGM. In the meantime, Bubs is in safe and steady hands with a strong management team led by 30-year dairy industry veteran Mr Richard Paine, who has been COO for the past 4 years and is our Interim CEO.

Mr Rupert Soar does not have any ASX listed company directorship experience. We also note that entities owned and associated with Mr Soar and his wife were involved in recently terminated commercial supply relationships with Bubs which raises issues in relation to director independence. The Bubs Nominations & Remuneration Committee considered Mr Soar as a potential director candidate in 2022 when it was undergoing an extensive independent search for non-executive director candidates and determined that Mr Soar did not meet Bubs' criteria to be appointed as a director from a skills, experience or independence perspective.

Mr James Jackson has been proposed as a candidate for director of Bubs in the role of independent non-executive chairman. It appears as though Mr Jackson's last ASX listed company directorship was

more than five years ago. Based on information about Mr Jackson's credentials provided by the requisitioners, the Board considers that Mr Jackson does not offer any skills or experience that is not already found on the Bubs Board.

Your Bubs Board unanimously recommends that you VOTE AGAINST ALL RESOLUTIONS

Your current Board believes that it is best placed to act in the best interests of Bubs and all Bubs shareholders. Your directors will, in respect of our own shareholdings, be voting against all of the resolutions.

Voting information

The Meeting will be held on Thursday 27 July 2023 at 10am AEST in Radisson Blu Plaza Hotel, Lower Ground Floor, 27 O'Connell Street, Sydney NSW. Further information is set out in the Notice of Meeting.

Your vote is important to protect your investment in Bubs and your Board strongly encourages you to vote at the Meeting in person or by proxy. Proxy forms must be received before 10am on Tuesday 25 July 2023 in order to be valid. Please see the Notice of Meeting and proxy form for further information on how to lodge your vote.

If you have any questions in relation to the upcoming Meeting or how to vote, please contact the Bubs Shareholder Information Line on 1300 038 212 (within Australia) or (02) 9066 4052 (outside Australia).

I encourage you to visit the Bubs Investor website at www.investor.bubsaustralia.com which will be regularly updated with further information for shareholders.

Yours sincerely,

Katrina Rathie
Chair, Bubs Australia Limited

Introduction to the Bubs Board from your Chair, Katrina Rathie



As your Chair, I am incredibly passionate about Bubs Australia Limited ("**Bubs**" or the "**Company**") - it can be a successful business and deliver value for our shareholders.

I have been a Bubs independent Non-Executive Director since July 2021, helping support and shape the Company through several successful phases, including Operation Fly Formula, our exciting opportunity to build a business of immense scale in the USA and in doing so, create significant shareholder value. I was delighted when Bubs was named Australian Exporter of the Year 2022.

I bring strong governance, regulatory, cross-border, dairy and infant formula experience having worked as a trusted advisor to Bubs, Nestlé, Wyeth, Blackmores, among others, across a 35-year career at global law firm King & Wood Mallesons.

As a mother of three, an Australian born woman of Chinese cultural heritage, and with a grandfather who was lactose intolerant and drank goat milk his whole life, it is an immense privilege for me to play a role in helping Bubs reach its full potential.

Like you, I am a committed investor in Bubs, first acquiring over 1 million shares in 2018 and reinvesting my directors' fees into Bubs shares, including in the July 2022 capital raise. My interests are completely aligned with those of all independent shareholders, employees, suppliers and customers. Like you, I'd love Bubs to thrive, succeed and flourish at home in Australia and on a global stage.

I am very proud to Chair the Bubs Board that is now

made up of a diverse group of talented and dedicated directors who are deeply skilled and contribute all the relevant experience that our Company needs to deliver on our strategy and build shareholder value for the benefit of all our shareholders.

Our majority independent Board of four directors is made up of three independent non-executive directors and one non-executive director representing our largest shareholder, C2 Capital. Our board meets the high corporate governance standards for ASX listed companies.

Our two recently appointed non-executive directors, Mr Reg Weine and Mr Paul Jensen joined the Board after a very rigorous independent search to identify the most credentialled candidates. Our Board delivers extensive expertise across the infant formula and dairy industry, FMCG sector, commerce, governance, risk management and international markets. Our Board has a strong global record of expertise and performance in Australia, China and the US, our key growth markets. One of our directors is based in the US and our board is ethnically and gender diverse with the skillset and alignment to achieve our strategic objectives and grow shareholder value.

I have provided some information on the expertise and background of your directors as you consider how you will vote at the upcoming EGM. More information on your directors can be found on the Bubs website at <https://investor.bubsaustralia.com/board-of-directors/>.

Katrina Rathie

Independent non-executive Chair

Chair of the Remuneration and Nominations Committee

Ms Katrina Rathie has served on the Bubs Board as an independent Non-Executive Director since July 2021, before becoming Chair in April 2023. Ms Rathie is Chair of the Board and Chair of the Nominations & Remuneration Committee. She is a Fellow of the Australian Institute of Company Directors and a Member of Chief Executive Women.

Ms Rathie is a well-known Chinese-Australian business leader, Non-Executive Director and

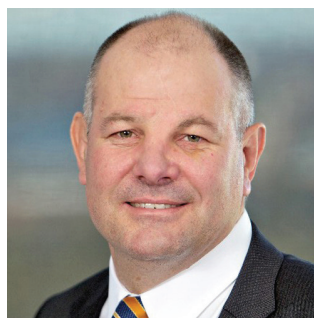
distinguished lawyer, based in Sydney Australia. Ms Rathie has deep experience in law, governance, infant formula, fast moving consumer goods, consumer brands, intellectual property and international trade between Australia, China, Asia and the USA. In March 2022, Ms Rathie was appointed by the Governor-General to serve as a Non-Executive Director of multi-cultural broadcaster SBS. She has served on government, listed, private, for purpose and community boards, including serving as a Non-Executive Director of the Starlight Children's Foundation, NSWRU/Waratah's Rugby and pre-eminent educational institutions.

Ms Rathie had a distinguished 35-year career as a trusted advisor and partner at top tier global law firm King & Wood Mallesons, including seven years as Partner in Charge, Sydney (2014 – 2021).

To Bubs, Ms Rathie brings strong skills in governance, strategy, leadership, networks, international connections and cultural skills. As a trusted advisor to leading Fortune 500 companies, ASX listed companies and start-ups over three decades, she has deep experience in helping consumer brands grow and flourish in Australia, Asia and USA. She has lived in America and advised Australian companies on how to do business in the USA, and international companies on how to do business in Australia.

Ms Rathie was named the overall winner in the prestigious Board & Management category in AFR 100 Women of Influence Awards (2019), recognised for her outstanding contributions to leadership in the law, advancement of gender and cultural diversity across Australia and Asia. She is the NSW Patron of the Asian Australian Lawyers Association. She holds a Commerce/Law (Accounting) degree from UNSW Sydney and is admitted to practice as a solicitor in Australia and as an Attorney & Counsellor of the New York Bar.

Paul Jensen



**Independent
non-executive director**
**Chair Audit, Risk &
Technology Committee**

Paul Jensen joined the Bubs Board as independent Non-Executive Director and Chair of the Audit and Risk Committee in April 2023 and brings perspectives drawn from his extensive professional career. Paul is based in Sydney, Australia.

Paul has more than 20 years' Board experience as a professional director with both ASX listed, public and private corporations across consumer goods, equity capital markets, banking, government, philanthropy, and indigenous affairs.

He brings an international perspective gained from an executive career working in New Zealand, Australia, and the United Kingdom. In both his executive and non-executive career Paul has been focused on shareholder value creation. Paul is a critical thinker and highly proficient in financial disciplines to manage risk, drive growth and create sustainable value. He is deeply committed to ensuring strong governance, risk management and compliance principles are actively exhibited, and that a constructive culture is present.

He currently holds the position of Non-Executive Director and Treasurer for the Australia Made Campaign Limited, which on behalf of the Australian Government administers the highly recognised and trusted Australian Made / Australian Grown trademarks, he is a Director of Carbon Conscious Investments Limited and is Chair of the Watarrka Foundation Limited (supporting remote Aboriginal communities in the NT). Paul is a Fellow of The Australian Institute of Company Directors.

Previously Paul has served as a Non-Executive Director with Hunter Hall Global Value (ASX: HHV) Sandon Capital (ASX: SNC), RHG Limited (ASX: RHG), WAM Capital (ASX: WAM), Foodco Group and Forty Winks. Paul is a shareholder of Bubs Australia.

Reg Weine



**Independent
non-executive director**

**Member Remuneration
and Nominations
Committee**

**Member Audit, Risk &
Technology Committee**

Reg Weine joined the Bubs Board in April 2023 as an independent Non-Executive Director and is a dynamic and trusted member of the board. He is based in Melbourne Victoria, near our Deloraine canning operations.

Reg is an executive with over 25 years' experience in fast moving consumer goods (FMCG) and agri-food and more than 15 years working in international markets and trade. An experienced CEO, Reg was previously Managing Director of SPC Ardmona (Coca-Cola Amatil), CEO of Australia's largest and oldest privately-owned dairy business - Bulla Dairy Foods, and Director of Sales and International at Blackmores Limited.

Currently, Reg is the Chair of Maggie Beer Holdings (ASX:MBH), Chair of Otway Pork and Chair of Apple & Pear Australia Limited (APAL). Reg sits on the Board of the Starlight Children's Foundation and is Chair of its Nomination and Remuneration Committee.

Reg has a Bachelor of Business from Monash University, is a graduate of the Australian Institute of Company Directors and is a Certified Practising Marketer and Fellow of the Australian Marketing Institute. In 2019 Reg completed the AGSM@UNSW Business School Governance for Social Impact certificate and completed the Wharton Executive Education – Venture Capital program.

Steve Lin



Non-executive director

**Member Remuneration
and Nominations
Committee**

**Member Audit, Risk &
Technology Committee**

Steve Lin has been a Director on the Bubs board since 2019 and is based in the USA. Steve represents Bubs' largest shareholder, C2 Capital's holding of 10.15% and is deeply committed to contributing to Bubs' shareholder value creation. C2 Capital's major investors include Alibaba, owner of the Tmall platform in China and Hema Fresh Foods.

Steve currently serves on the Board of three North American consumer products companies, Stella & Chewy's, a leading pet food company in the US, Petcurean a leading pet food company in Canada and China and KDC/ONE, one of the world's largest OEM/ODM manufacturers in beauty, personal care and home care.

A highly experienced board director, Steve has been doing business in China for 30 years including serving on company and university boards. More broadly, Steve also has more than 25 years of investment, operations, and management experience in Asia and the US. For the last 5 years Steve has been Managing Partner for C2 Capital, a private equity firm focussed on investing in leading consumer products to provide growth capital to scale in the China market.

Prior to joining C2 Capital, Steve worked for Morgan Stanley, Goldman Sachs, GMAC Commercial Holding Corp (subsequently, Capmark Financial Group) and Laureate Education in New York, Hong Kong and Tokyo. Steve co-founded a non-profit organisation, Hands On Tokyo, and previously served on the Board of Directors of Xi'an Jiaotong-Liverpool University and Hunan International Economics University.

Steve has a Bachelors degree in Economics from Harvard College.

In Closing

We value your continued support and encourage every shareholder to have a say in the future of our company by exercising your vote in time for the Meeting. We unanimously recommend that you vote against all resolutions to remove and replace your existing directors.

We welcome your questions and feedback that you can provide via our shareholder information helpline 1300 038 212 (within Australia) or (02) 9066 4052 (outside Australia).