



28 August 2024

Bubs FY24 results

28 August 2024, Melbourne: Bubs Australia Limited (ASX:BUB) (“**Bubs**” or “**the Company**”) today announced its audited financial results for the year ended 30 June 2024 (**FY24**).

Key Highlights

- **Group revenue of \$79.7m, up 33% on prior corresponding period (pcp) (FY23: \$60.1m)**
 - **Group revenue for infant milk formula (IMF): \$62.4m, up 28% on pcp (FY23: \$48.6m)**
 - **Group revenue for adult goat dairy products: \$11.3m, up 70% on pcp (FY23: \$6.7m)**
- **Group gross revenue of \$98.6m¹, up 31% on pcp (FY23: \$60.7m)**
- **FY24 reported gross margin of 49%**
- **Underlying gross margin of 41%², an increase from 30%² in FY23**
- **Bubs achieved double digit revenue growth in all regions**
- **USA revenue \$35m, up 46% on pcp (FY23: \$24m)**
- **Strategic pivot to USA which now comprises 44% of Bubs’ revenue**
- **China revenue \$17.3m, up 27% on pcp (FY23: \$14m)**
- **China reset strategy gathering pace with 38% revenue growth in H2 over H1**
- **#1 Australian goat formula brand³ and growing 6x faster than the category³**
- **EBITDA⁴ loss of \$(19.7)m, 71% improvement on pcp (FY23: underlying EBITDA of \$(69.1)m⁵)**
- **Statutory after-tax loss of \$(20.9)m, a 81% improvement on pcp (FY23: \$(108.4)m)**
- **Successful capital raising allowing Bubs to invest in working capital and strategic growth initiatives**
- **\$17.5m of cash and cash equivalents plus \$5.0m in undrawn debt facilities available as at 30 June 2024**

FY25 Outlook

- **FY25 revenue guidance of \$102m , 28% growth YOY**
- **FY25 gross margin > 40%**
- **FY25 EBITDA⁴ breakeven⁵**

FY24 was a marked improvement on FY23, with Bubs reporting a statutory net loss of \$(20.9)m, compared to a statutory net loss of \$(108.4)m in FY23. Total revenue in FY24 was \$79.7m, an increase of 33% on FY23 (\$60.1m).



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

Bubs CEO, Reg Weine said, “This first year in our turnaround strategy was a pivotal one and an important step in the right direction as we continue to build momentum in the USA and reset our China business. We achieved very strong growth in our two key strategic export markets, with USA revenue up 46% and China revenue up 27% on FY23. We also grew very strongly in our home market and our rest of world markets including Japan and Vietnam.

“Pleasingly, we achieved revenue of \$80m during the year in line with our revenue guidance,” Reg Weine said.

Financial Performance

The Group recorded revenue for FY24 of \$79.7m, a 33% increase on the pcp. Statutory after-tax loss of \$(20.9)m, an 81% improvement on pcp (FY23: \$108.4m). Full year EBITDA was a loss of \$(19.7)m, compared to an underlying EBITDA loss of \$(69.1)m⁵ in FY23.

Bubs achieved revenue growth in all regions, with USA revenue 46% higher than pcp (FY23: \$23.9m). USA now contributes 44% of total revenue, up from 40% in FY23. The improvement in EBITDA is due to the growth in revenue, tighter control of operating expenses, improved gross margins and product mix, and rationalisation of poor performing SKUs.

Performance by Region

- USA: revenue of \$35.0m, up 46% on pcp, representing 44% of revenue (FY23: \$23.9m)
- Australia: revenue of \$21.6m, up 24% on pcp, representing 29% of revenue (FY23: \$17.3m)
- China revenue of \$17.3m, up 27% on pcp, representing 22% of revenue (FY23: \$13.6m)
- ROW revenue of \$5.9m, up 12% on pcp, representing 9% of revenue (FY23: \$5.2m)

USA

The USA has delivered record growth in FY24, where Bubs continues to sell under the FDA’s enforcement discretion. Bubs continues to follow the FDA’s guidelines demonstrating meaningful progress on its USA clinical trial, with 382 patients now enrolled in the Growth Monitoring Study as at 23 August 2024. Bubs has achieved 95% of its target enrolments for the study, with FDA approval expected in October 2025.

Bubs recently launched new product variants, including new look labels and new pack formats with key US retailers at the end of FY24 which are expected to perform strongly in FY25. One of Bubs new variants – Essential has already won one of the most prestigious American consumer awards – the *Good Housekeeping Parenting Award*, and Essential is expected to contribute strongly to Bubs’ continued USA revenue growth in FY25.

Australia

Bubs achieved \$21.6m of revenue domestically, 24% growth on pcp (FY23: \$17.3m). Bubs is the largest player in the Australian goat IMF market, with 52%³ market share. Bubs is the fastest growing MAT supplier in Australian major retailers, growing at 12.1%³, or 6x faster than the market growth of 2.2%³ and demand for Bubs’ branded goat IMF remains very strong.

China

The China reset strategy is well underway, with Bubs achieving 27% revenue growth over FY23 (\$13.6m). There is strong demand for Bubs’ adult goat formula in China, with sales of adult goat products up 79% over FY23 (\$5.1m).



Bubs' O2O sales strategy is progressing well, with Bubs products stocked in 138 new O2O stores across China in June, bringing the total O2O stores stocking Bubs products to over 300.

Similar to USA, the new look labels and pack formats have also been recently launched in China and with the stock overhang from Bubs Supreme having now been cleared in the marketplace, Bubs anticipates 50% revenue growth in China in FY25.

ROW

Bubs achieved \$5.9m and 12% revenue growth in other international markets compared to FY23 (\$5.2m). Growth in Bubs' ROW operating segment has been driven by Japan and Vietnam. Revenue for ROW has grown at a CAGR of 20% from FY20 (\$2.5m) to FY24 (\$5.9m), highlighting the strong momentum in these markets. 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, which will enable Bubs to launch into the ~US\$340m⁷ Canadian market in H2 FY25.

Working Capital

Net operating cash flow for FY24 was \$(26.3)m, an improvement from \$(46.5)m in FY23.

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, noting this 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 \$1.2m per month.

Cash Position - Bubs held \$17.7m in cash reserves as at 30 June 2024, with a further \$5.0m of headroom on its bank facilities, totalling \$22.7m of available cash liquidity.

Outlook

Bubs is forecasting revenue growth of ~28% in FY25, targeting revenue of \$102m, including revenue growth of 50% in both USA and China. Bubs is targeting a gross margin >40% in FY25 with positive EBITDA^{4,6}.

"While the impact of the non-recurring costs impacted our statutory loss for FY24, their absence in FY25 when coupled with the continued strong momentum in all markets and cost out initiatives, provides a clear pathway to positive trading EBITDA⁴ (before shared based payments) in FY25," Reg Weine said.

Gross Revenue Reconciliation¹

	FY24	FY23
Gross revenue ¹	98,591,174	73,752,875
Trade spend ⁷	(18,887,415)	(13,642,248)
Revenue	79,703,759	60,110,627



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

Full Year Results Webinar Details

Date and Time: Wednesday 28th August 2024 from 12:00pm Australian Eastern Standard Time
To Register: Sign up using the link below:

<https://loghic.eventsair.com/149856/447318/Site/Register>

This release is approved by the Board of Directors

Footnotes

¹ Gross revenue is a non-IFRS term and represents the revenue recognised without rebates and marketing contribution. Non-IFRS measures have not been subject to audit or review

² Underlying gross margin excluding inventory provisions / reversal for sale of SLOB inventory, bulk product and ingredients, is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review (see FY24 results presentation for reconciliation)

³ Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group Combined to MAT 28/07/24

⁴ Earnings before interest, tax, depreciation and amortisation is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review

⁵ Underlying earnings before interest, tax, depreciation and amortisation excluding impairment of \$36.2m in FY23, is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review

⁶ Before share based payments

⁷ Euromonitor

⁷ Trade spend is a non-IFRS measure and reflects customer trading terms including marketing contribution and promotional costs

END

MEDIA INQUIRIES

John Fergusson

John.fergusson@daymark.com.au

T 0407 826 952

SHAREHOLDER ENQUIRIES

(61 3) 9799 9988

Monday to Friday between 9am and 5pm (AEST)

investors@bubsaustralia.com

www.investor.bubsaustralia.com

ABOUT BUBS AUSTRALIA LIMITED (ASX: BUB)

Founded in 2006 in Australia, Bubs' purpose is to grow happy, healthy families through clean nutrition. Bubs[®] A2 Beta-Casein Protein, Bubs Organic[®] Grass-fed, and Easy-Digest Goat Milk Infant Formula, along with Bubs Organic[®] baby food range, cater for all feeding occasions and stages of a child's development during their first 1,000 days of life.

Bubs[®] products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to ten markets across China, Southeast Asia, the Middle East, and USA.

Consumer Website: **bubsaustralia.com**

Investor Centre: **investor.bubsaustralia.com**