

A close-up photograph of a baby with light skin and blue eyes, wearing a white long-sleeved shirt. The baby is holding a small, blue and green globe with both hands. The background is a bright, out-of-focus window with white curtains.

# bübs®

**ASX: BUB**  
Bubs Australia

## INVESTOR BRIEFING

- Transformative Acquisition of vertically integrated supply chain assets
- Exclusive Australian milk supply agreement

1st November 2017

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# EXECUTIVE SUMMARY

## Acquisition of NuLac Foods, Australia's leading producer of goat milk products:

- 🕒 100% ownership of NuLac Foods' brands, including Caprilac
- 🕒 Gaining ownership in the CNCA certified processing plant (excludes infant formula)
- 🕒 Exclusive long-term milk supply agreement with Australia's leading goat milk supplier
- 🕒 Secures critical supply of raw materials at a fixed direct price for Bubs infant formula
- 🕒 Enhances provenance appeal with Australian and Chinese customers with traceability of quality key ingredients back to farm gate

## Considerations to vendor shareholders:

- 🕒 \$25m cash component
- 🕒 Share placement to vendor shareholders equal to 19.99% of Bubs' issued capital after the transaction
- 🕒 Up to \$13.4m of cash earn-out payments, including up to \$6.7m payable one year from completion, and up to \$6.7m payable two years from completion, contingent upon the achievement of certain KPIs

## Capital raise of \$20m including:

- 🕒 A Placement component of \$15m at [\$0.60/share]
- 🕒 A Share Purchase Plan (SPP) component with a record date of 2<sup>nd</sup> November and at the same price as the placement.
- 🕒 Both Placement and Share Purchase Plan are Subject to Shareholder Approval at AGM on or around 14<sup>th</sup> December 2017.

The acquisition of NuLac Foods, Australia's leading producer of goat milk products is compelling

Exclusive supply chain integration

Protection against future regulatory change

Quality assets and brands to balance milk supply

Operational control and synergies



# EXCLUSIVE SUPPLY CHAIN INTEGRATION

## The transaction guarantees sustainable supply of locally sourced quality fresh goat milk for Bubs® and NuLac products

- 🕒 The transaction secures exclusive goats milk supply from Australia's largest herd of milking goats 6,500 and an additional 2,000 milking goat in New Zealand
- 🕒 Combined production capability of ~6,200,000 litres per year
- 🕒 Secures home grown provenance positioning, using the best quality Australasian sourced pure ingredients
- 🕒 High fertility rate of herd - 2-3 kids per pregnancy
- 🕒 Provides a pathway for Bubs to secure its source of goats' milk as part of a vertically integrated enterprise
- 🕒 Strategic integration allows traceability of ingredients back to farm gate and increased capacity to meet growing future demand
- 🕒 Guarantees sustainable control over key base ingredient for Bubs Advanced Plus+ Goat Infant Formula range



### Farm Gate

Exclusive milk supply from Australia's largest milking goat farms



### Manufacturing

Ownership stake in Australian dairy processing facility



### Marketing and Sales

Leading producer of Australian goat milk products with 100% brand ownership



### Australian and Chinese Consumers

Providing infant nutrition for first 1,000 days of life

## QUALITY ASSETS & BRANDS

### Bubs Australia acquires 100% of Nulac Foods brands and intellectual property, and 49.9% in their dairy facility

- CapriLac is the market leading brand of goats milk products, including a range of goats milk yoghurts, milk and milk powder all made using milk from their farms in Victoria, Australia and Hamilton, New Zealand
- The company produces an award winning quality range of dairy products under various brands including 'Coach House Dairy'
- NuLac Foods brands currently sold in Woolworths, Coles, 7 Eleven, Metcash and is one of the best-selling goat milk powders on Tmall Global
- The facility is currently CNCA dairy certified to process dairy milk powder (excluding infant formula) for export to China
- Located in Keysborough, Victoria has the capability to pasteurise milk, spray dry liquid milk into powder, and process yoghurt.
- Additional warehousing and distribution expansion available



## OPERATIONAL SYNERGIES

The businesses are uniquely complementary and there are numerous accretive opportunities to grow both revenue and branded product extensions

- Immediate lift in revenue earnings on completion
- NuLac's extensive experience in goat dairy farming and milk processing.
- Specialty milks including the goat segment is experiencing significant growth and premium average pricing
- Sales and marketing communication synergies to reinforce leadership position as Australia's Goat Milk specialist
- Nulac has selected distribution in retail outlets including Woolworths, Coles, 7 Eleven, Metcash and Tmall Global
- Incremental distribution opportunities across the branded portfolio within the combined active customer base.
- Caprilac brand has high appeal with Chinese consumers – Leverage existing Bubs relationships and agreements e.g. VIP.com
- Combined competency and resources to enhance supply chain capacity and capability whilst remaining agility to respond to changing circumstances



## REGULATORY CHANGE RISK MITIGATION

Secures a critical influence over key ingredient supply and ability to meet changing market needs and projected regulatory measures

- Protects against future regulatory change, e.g. ownership of key ingredient supply via call option to acquire Australian farm
- Secures a critical ingredient increasing influence over key ingredient and registration process
- Increased market confidence including retail and distribution partners
- Positions brand for expected rationalisation of brands in China offline channel and CFDA registration
- Improved in house capability to manage and facilitate regulatory landscape
- Quality personnel including quality assurance and Chinese regulatory expert



# POST ACQUISITION STRUCTURE



# MILESTONES (ASX:BUB)

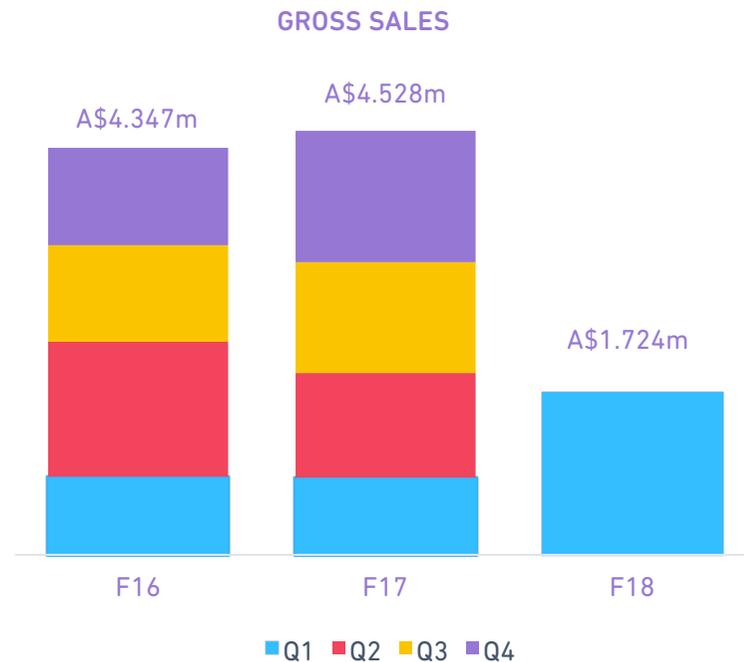


“We are seeing early signs of revenue growth, as a direct result of the strategic foundations that have been laid to date ”

Nicholas Simms,  
Chief Executive Officer

# BUBS FINANCIAL OVERVIEW

Bubs® quarterly revenue growth CAGR continues to grow at +20% since Q1 F17 reflecting continued growing demand and revenue momentum



## KEY DRIVERS

- Gross sales for 1Q was \$1.724 million, up 109% on same period last year and +22% on the previous quarter.
- 1Q revenue was \$1.475 million, +101% on same period last year and up 25% on the previous quarter
- Optimization of product and channel mix delivered gross margin +119% versus the same period last year and +29% on the previous quarter



## Bubs continues to deliver strong progress in the implementation of its four pillars for growth strategy

- 🕒 F18 1Q gross sales \$1.724m +109% vs prior year & +22% on the previous quarter.
- 🕒 F18 1Q revenue \$1.475m +101% vs prior year & +25% on the previous quarter
- 🕒 Optimization of product and channel mix delivered gross margin +119% versus the same period last year and +29% on the previous quarter
- 🕒 1Q gross sales in Australia +106% versus prior year & China +274% versus prior year & 31% versus Prior Period
- 🕒 Sales of Bubs Advanced+ Goat Infant formula +270% versus the same period last year and up 46% on the previous quarter
- 🕒 Bubs® Infant Formula +46% and the fastest growing infant formula in value sales growth in Coles over 1Q versus the prior period

Source : Nielsen Bubs Scan Sales Growth Performance 10h October 2017

- 🕒 Bubs® Baby Food pouches performance improving post 'project smile' brand refresh implementation experiencing +7% in value sales growth in Coles over 1Q versus the prior period

Source : Nielsen Bubs Scan Sales Growth Performance 10h October 2017



# CAPITAL RAISE & PLACEMENT OFFER

## OFFER TERMS

### Capital Raise Overview

- ☹ Total of \$20.0m to be raised through a Capital Raising comprising a fixed price Placement and Share Purchase Plan

### Placement

- ☹ \$15.0m to be raised from a Placement to new and existing institutional, professional & sophisticated investors
- ☹ Share Purchase Plan to existing Shareholders to raise up to \$5.0m
- ☹ Placement & SPP subject to shareholder approval

### Offer Price

- ☹ The Institutional Placement is priced at \$0.60 per share, representing:
  - ☹ 24.5% discount to last closing price of \$0.80
  - ☹ 21.0% discount to the 10 day VWAP of \$0.76

### Lead Managers

- ☹ Bell Potter Securities Limited and PAC Partners Pty Ltd

## USE OF FUNDS

- |   |              |
|---|--------------|
| ☹ Acquisition of Nulac Foods            | \$10m        |
| ☹ Marketing and brand development costs | \$2m         |
| ☹ Expanding Distribution Channels       | \$3m         |
| ☹ Working capital and cost of offer     | \$5m         |
| ☹ <b>Total</b>                          | <b>\$20m</b> |

# CAPITAL RAISE TIMETABLE

## TIMETABLE

Trading Halt	☹ Pre Open Wednesday 1 <sup>st</sup> November 2017
Books Close & Bids Due	☹ 3:00pm Wednesday 1 <sup>st</sup> November 2017
Allocations to be advised by Joint Lead Managers	☹ Allocations to be advised 4:00pm Wednesday 1st November 2017
Signed Commitment Letters Due	☹ 5:30pm Wednesday 1 <sup>st</sup> November 2017
Trading Resumes	☹ Friday 3 <sup>rd</sup> November 2017
AGM	☹ On or around 14 <sup>th</sup> December 2017
Settlement	☹ 3 Days after AGM & subject to shareholder approval and Notice of Meeting issued seeking shareholder approval at AGM
Allocation of Securities	☹ 1 Day after Settlement

NuLac Foods and Bubs Australia  
Founders, John Gommans & Kristy Carr



A close-up photograph of a baby with light skin and blue eyes, wearing a white long-sleeved shirt. The baby is holding a small, colorful globe of the Earth with both hands. The background is a bright, out-of-focus window with white curtains, showing a glimpse of a green landscape outside.

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APPENDIX 1

Nulac & Uphamgo

## Long term supply chain agreements

### Milk Supply Agreement:

- ☹ Supply agreement between Bubs and farms in Australia and New Zealand
- ☹ Initial term of 5 years, with automatic renewal for further 5 year terms unless either party notifies otherwise.
- ☹ Bubs consent required for farms to sell female goats – ability to grow herds

### Tolling Agreement

- ☹ Toll manufacturing agreement between Bubs (and subsidiaries) and UphamGo
- ☹ Initial term of 5 years, with automatic renewal for further 5 year terms unless either party notifies otherwise.
- ☹ Responsive manufacturing capabilities to meet changing market conditions
- ☹ Open book costing to ensure cost efficiency

### Call Option Deed

- ☹ Call option deed between Bubs and the owners of the Australian farm and farming business
- ☹ Term of 5 years unless the Milk Supply Agreement with the grantors is terminated earlier.
- ☹ Exercisable in the event of regulatory changes requiring sellers of dairy products to own all or part of farm and/or dairy operator.
- ☹ Bubs' first right of refusal if owners wish to sell farm and/or farming business in absence of regulatory change

## KEY NULAC PERSONNEL

### John Gommans:

John comes from a dairy farming family. On graduating from Massey University in 1980, and having decided to be a farmer, his father bought a large under-developed farm which John and his partner Penny Gander managed, eventually turning it into a highly productive and profitable property. John worked for four years in Northland Dairy Coop (NZ) in a senior role and was awarded a NZ Dairy Board scholarship to study Business Management at Monash University. In 2005, he acquired the Keysborough factory and farm in Trafalgar and airfreighted 500 milking goats from their New Zealand farm to stock the property. This was the genesis of NuLac Foods. John and Penny have been responsible for the management and direction of the company in Australia since.

### Penny Gandar

Penny has been farming partner with husband John Gommans since graduating from Massey University with a Bachelor Agricultural Science in 1980. She began farming dairy goats from 1982 and has continued her passion for the goat dairy industry since then. Penny's specialty is in farm management and has used those skills to ensure that the farms and businesses they have created remain stable and profitable. Penny manages the portfolio of farms, businesses and properties in Australia, as well as the Gippy Goat Café at their Yarragon goat farm.

### Catherine Taylor

Catherine is third generation of the original family which established their New Zealand property. She moved from cropping on the farm to invest in goat milk production with her husband in 2005. Catherine has a background in marketing and retail and is active in the business, overseeing distribution of NuLac Foods products to retailers across New Zealand.

### Rupert Soar

Rupert became interested in goat milk in 2003 when he first met John and Penny. Shortly after they formed a business partnership that began with Colostrum products and culminated in joint investments across New Zealand and Australia. Rupert has a dairy engineering, sales and operations background which has contributed to establishing cost effective processing for goat milk in Australia and New Zealand. He lives and works in New Zealand, coordinating the local activities, whilst supporting the Australian business at director level.

## Keysborough, Victoria based facility, CNCA dairy certified (excluding infant formula)

### Facility Production Capability:

- ☺ 900 tonnes of spray dried powder per annum
- ☺ 3,000 tonnes of yoghurt per annum
- ☺ 6,600 tonnes of chilled milk per annum

Capacities are based on the current infrastructure and represent mutually exclusive capabilities of the facility. Production of any of the capacities requires additional staff and increased supply of raw materials compared with the current operations of the facility.

### CNCA Certification : Approval # 642

- ☺ 全脂乳粉 - whole milk powder
- ☺ 部分脱脂乳粉 - partly skimmed milk powder
- ☺ 全脂加糖乳粉 - sweetened milk powder
- ☺ 脱脂乳粉 - skimmed milk powder
- ☺ 调味乳粉 - flavoured milk powder
- ☺ 配方乳粉 - formula milk powder (non infant)
- ☺ 营养强化配方乳粉 - fortified formula milk powder (non infant)
- ☺ 其他乳粉 - other milk powder

Aside from routine repairs and maintenance, no significant capital expenditure is currently required to continue operation. Any future capital expenditure is to be agreed between shareholders.

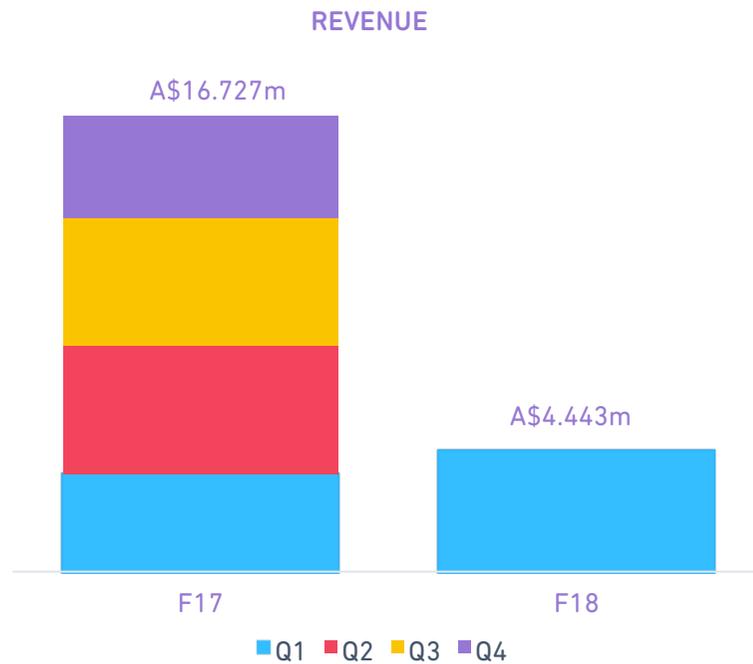
## NULAC KEY CUSTOMERS

Nulac Foods' top five customers in F17 included Australian supermarkets, international wholesalers including key daigou traders

Customers	Portion of F17 Revenue
Woolworths	19.5%
Coles	12.2%
Sixth Avenue Group	6.8%
Blossoms BH Wholesale & Distribution	5.6%
D Round	4.3%
<b>TOTAL</b>	<b>48.4%</b>

# NULAC FOODS FINANCIAL OVERVIEW

## Quarterly revenue of Nulac Foods



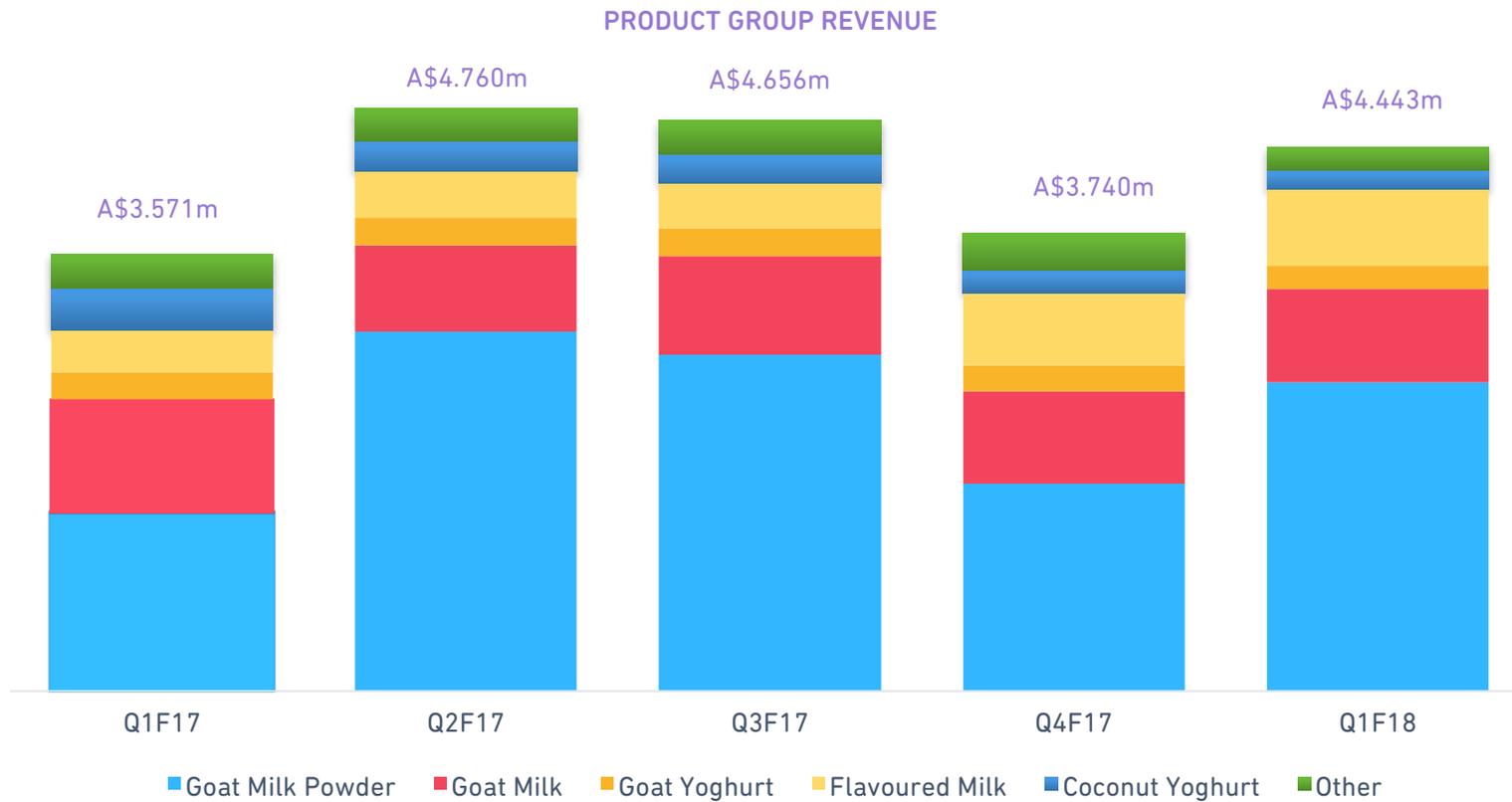
### KEY DRIVERS

- 🕒 Gross sales for Q1 was \$4.443 million
- 🕒 Up 24% on same period last year and 19% on the previous quarter.

\* Unaudited management accounts

# REVENUE BY PRODUCTS

## Quarterly revenue by product group of Nulac Foods



\* Unaudited management accounts

# TARGET INCOME STATEMENT

## Combined statement of profit or loss for Nulac Foods Pty Ltd and UphamGo Australia Pty Ltd

Year ended 30 June 2017  
Audited\* \$'000

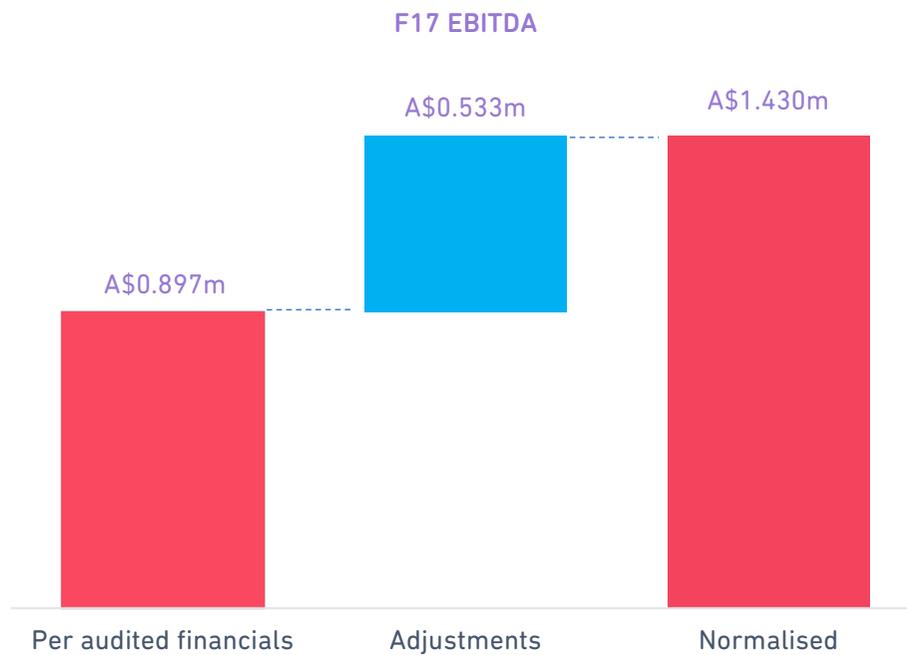
Revenue	16,727.1
Cost of sales	(12,507.7)
<b>Gross profit</b>	<b>4,219.5</b>
Factory operating costs	(994.6)
Employee costs	(1,213.3)
Administration and other costs	(309.7)
Marketing and promotion costs	(470.1)
Occupancy costs	(335.0)
Depreciation and amortisation	(37.9)
Net interest income/(expense)	0.1
<b>Profit before tax</b>	<b>859.1</b>
Income tax expense	(190.1)
<b>Total comprehensive income</b>	<b>669.0</b>

\*Bubs has reclassified certain expense items as reported in the special purpose audited financial statements to align with treatment of these expenses as per Bubs' accounting policies

\*\*The transaction has been structured in such a way that UphamGo will operate at a nominal level of profitability.

# TARGET EBITDA NORMALISATION

Normalised EBITDA removing one off expenses relating to the FY17 audited accounts



## KEY NORMALISATIONS

- 🔄 Reclassification of expensed capital expenditure items
- 🔄 Abnormal marketing activity relating to new product launches
- 🔄 One-off administration expenses

\* Unaudited based on estimates

# TARGET BALANCE SHEET

As at 30 June 2017  
Audited \$'000

<b>ASSETS</b>	<b>Current Assets</b>	
	Cash and cash equivalents	143.6
	Trade and other receivables	1,175.6
	Inventories	3,282.5
	<b>Total Current Assets</b>	<b>4,601.7</b>
	<b>Non-Current Assets</b>	
	Plant and equipment	241.0
	<b>Total Non-Current Assets</b>	<b>241.0</b>
	<b>TOTAL ASSETS</b>	<b>4,842.7</b>
	<b>LIABILITIES</b>	<b>Current Liabilities</b>
Trade and other payables		2,486.5
Provisions		135.5
Current tax liabilities		68.3
Borrowings		509.7
<b>Total Current Liabilities</b>		<b>3,200.0</b>
<b>Non-Current Liabilities</b>		
Provisions		22.3
Deferred tax liabilities		115.6
Borrowings		127.5
<b>Total Non-Current Liabilities</b>	<b>265.4</b>	
<b>TOTAL LIABILITIES</b>	<b>3,465.4</b>	
	<b>NET ASSETS</b>	<b>1,377.3</b>
<b>EQUITY</b>	Issued capital	0.0
	Retained profits	1,377.3
	<b>Total Equity</b>	<b>1,377.3</b>

## Combined statement of financial position for Nulac Foods Pty Ltd and UphamGo Australia Pty Ltd

\* The transaction will be completed on a cash-free/debt-free basis. Cash and borrowings balances displayed in the 30 June 2017 statement of financial position will be eliminated prior to completion of the transaction.

A close-up photograph of a baby with light skin and blue eyes, wearing a white long-sleeved shirt. The baby is holding a small, colorful globe of the Earth with both hands. The background is a bright, out-of-focus window with white curtains, showing a glimpse of a green landscape outside.

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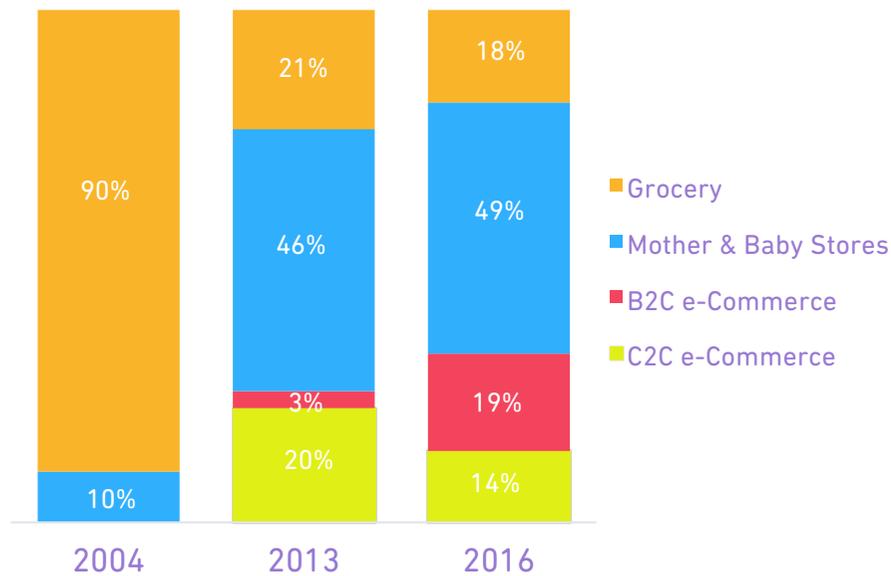
APPENDIX 2

China Market for  
Infant Formula

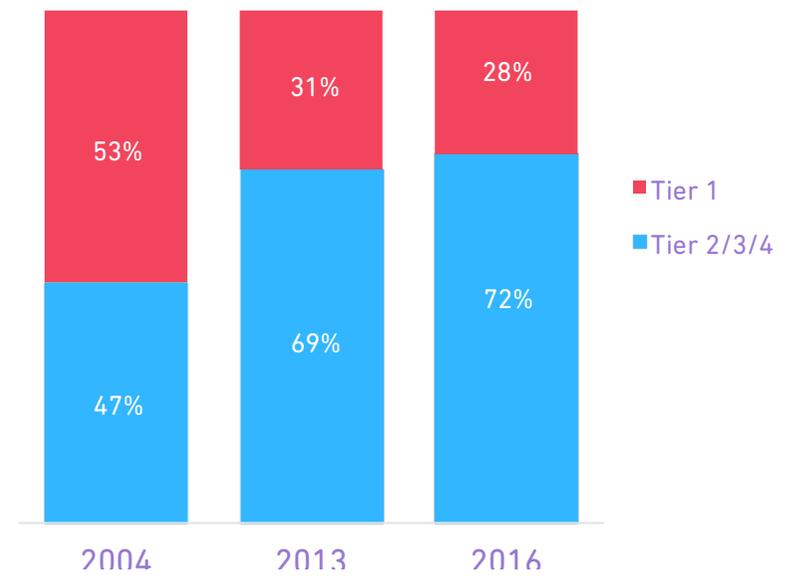
# CHINA IMF KEY SALES CHANNELS

Mother & Baby stores & B2C eCommerce value share of the infant formula category sales in China continue to grow, driven by sales in second, third & fourth tier cities

Value Share % by Channel for total IMF category in China

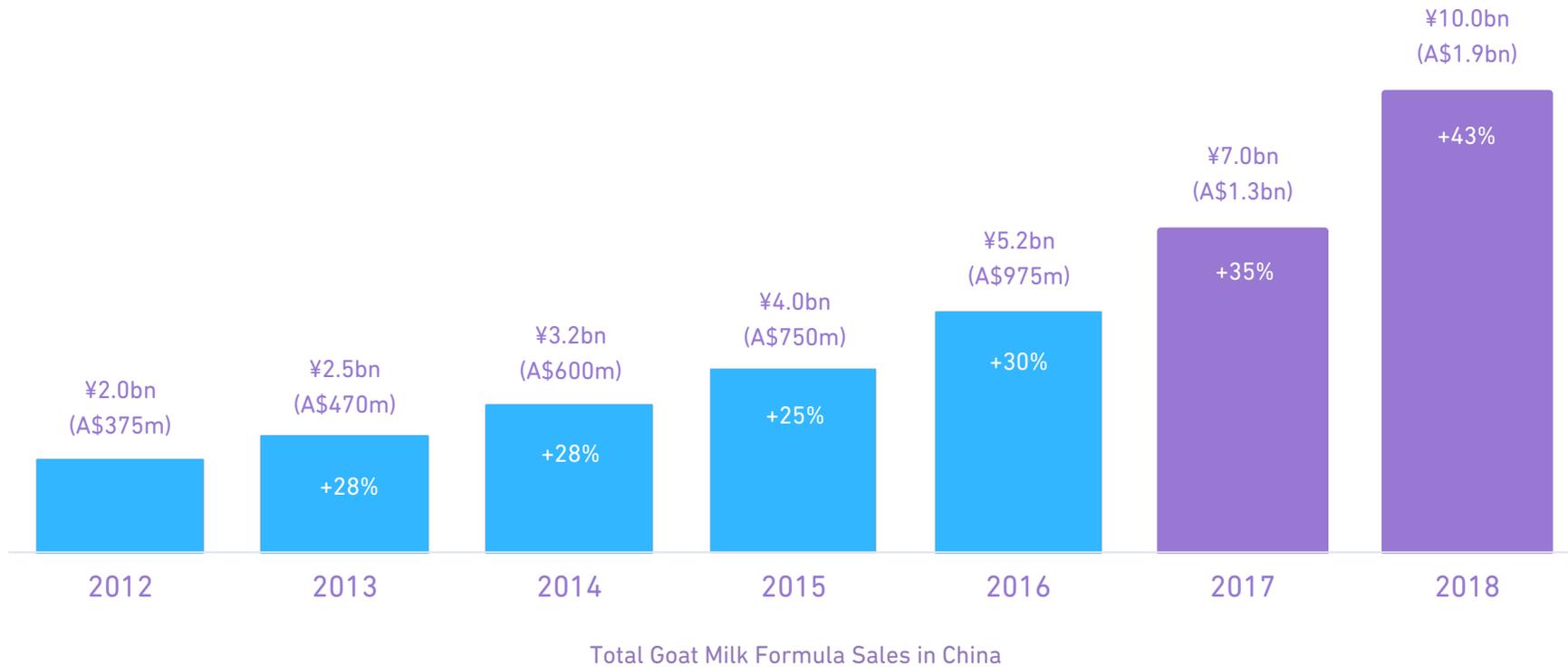


Value Share % by City Tiers for total IMF category in China



## GOAT FORMULA IN RAPID GROWTH

Despite the goat milk formula segment representing only 5% share of the market; it experiences significantly less competition, greater growth & premium average pricing



Source: China Infant Net (in top 5 websites representing infant products in China) [www.baobei360.com](http://www.baobei360.com)

A close-up photograph of a baby with light skin and bright blue eyes, wearing a white long-sleeved shirt. The baby is holding a small, colorful globe of the Earth with both hands. The background is a bright, out-of-focus window with white curtains, showing a glimpse of a green lawn and a blue sky.

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APPENDIX 3

Bubs Q1 Performance  
(Management Discussion)

# PROGRESS ON STRATEGIC JOURNEY

## Bubs continues to deliver progress in the implementation of its four pillars for growth strategy

### Increased Domestic Market Penetration

**Improving availability of Bubs® products domestically lead to gross sales increase of 106% versus PY**

- 🕒 Bubs® Infant Formula sales in wholesale chain Costco performing well
- 🕒 Partnered with HealthOne, Australia's leading Healthcare field marketing provider
- 🕒 Entered into a Trading Agreement with API, Australia's largest wholesale distributor of pharmaceutical products & parent company of Priceline & Soul Pattinson Chemist etc.
- 🕒 Ranging in Pharmacy 4 Less chemists has already been established, with Bubs infant formula and organic baby food products now sold in all 42 retail outlets.
- 🕒 Bubs domestic footprint has more than doubled since listing nationally across Grocery, Health and Pharmacy channels.

### Brand Awareness & Impact

**Bubs® continues to drive awareness of the brand to support growth through new marketing initiatives**

- 🕒 Bubs contemporary new 'smile' design commenced rolling out across our infant formula range this quarter
- 🕒 Continues to evolve its highly effective digitally led marketing campaign – more to come
- 🕒 Inspiring mum-to-mum socially through content and community. Bubs now boasts in excess of 90,000 highly engaged fans
- 🕒 Over 100 social influencers including nutritional experts, brand ambassadors, generating social conversation, product reviews and referrals for Bubs
- 🕒 Bubs has been nominated as a finalist for 'Business of the Year' in the 2017 Australian Organic Annual Awards for Excellence

### Innovation & Product Development

**Bubs® innovate to cater for the first 1,000 days of mum's journey to nourish their baby, from newborn to toddler.**

- 🕒 Bubs Australia expanded its product portfolio and produced the first batches of its new range of organic baby cereals and rusks
- 🕒 The baby cereal category is the second largest segment in China and Bubs has already secured ranging on partner on Kaola.com & Chemist Warehouse e-commerce platforms
- 🕒 Bubs Organic cereals and lactose free Toothy Rusks are 100% Australian Made and accredited by Australian Certified Organic.
- 🕒 Further exploration & investment in demand driven supply chain capability & agility to meet changing market needs

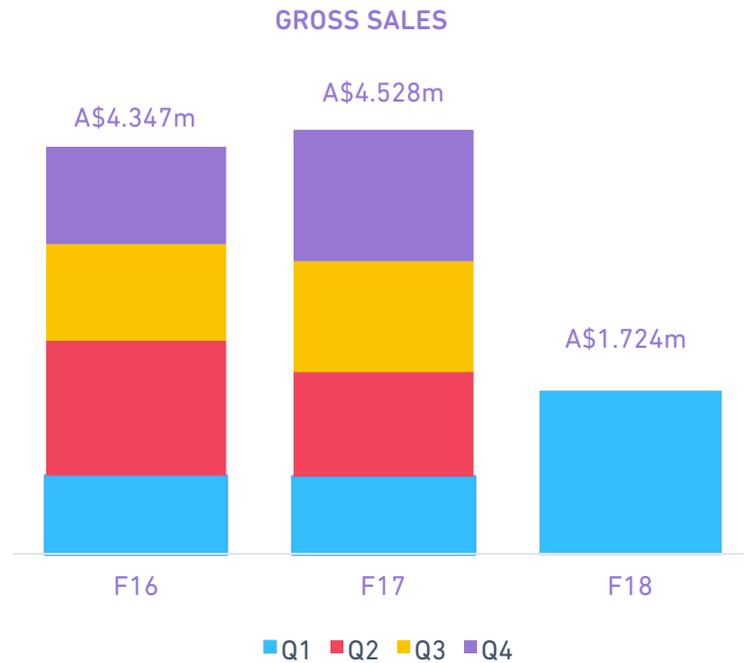
### Enhanced Asian Focus

**Continue to build direct relationships with the right partners giving Bubs® a strategic advantage**

- 🕒 The goat IMF segment is experiencing significant growth & premium average pricing
- 🕒 Bubs® premium formulation is a key differentiator to existing market offerings
- 🕒 Brilite team & infrastructure directly supplying over 2,000+ Mother & Baby Stores
- 🕒 Bubs® continues to build strategic relationships with key eCommerce platforms
- 🕒 Bubs has entered into a Supply Agreement with online marketplace giant VIP Shop.
- 🕒 Bubs has entered into a Supply Agreement with Kidswant Children Products Co., to sell Bubs products on the Kidswant mobile Application

# FINANCIAL OVERVIEW

Bubs® quarterly revenue growth CAGR continues to grow at +20% since Q1 F17 reflecting continued growing demand and revenue momentum



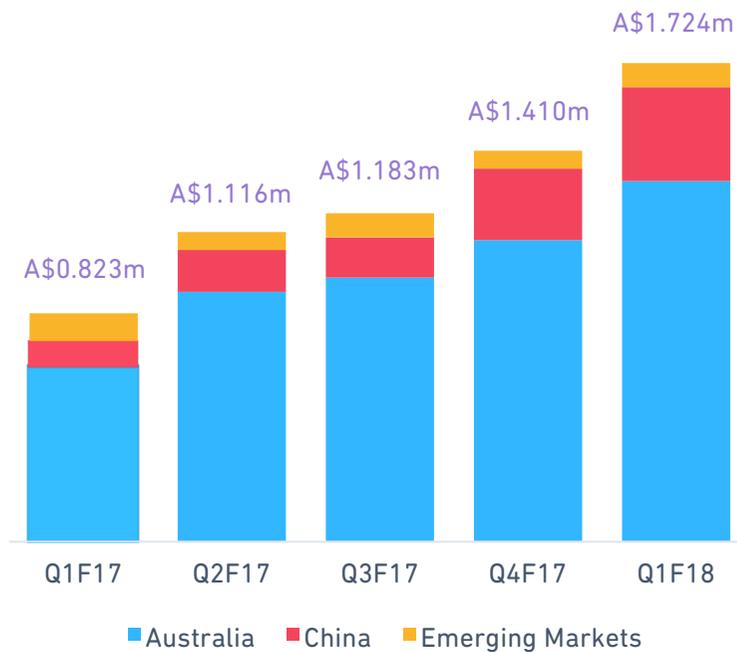
## KEY DRIVERS

- 🕒 Gross sales for 1Q was \$1.724 million, up 109% on same period last year and +22% on the previous quarter.
- 🕒 1Q revenue was \$1.475 million, +101% on same period last year and up 25% on the previous quarter
- 🕒 Optimization of product and channel mix delivered gross margin +119% versus the same period last year and +29% on the previous quarter

# REVENUE BY REGION

Domestic sales domestically grew 106% in the quarter versus the same period last year, whilst sales to China grew 274% for the same period

## GEOGRAPHIC REVENUE



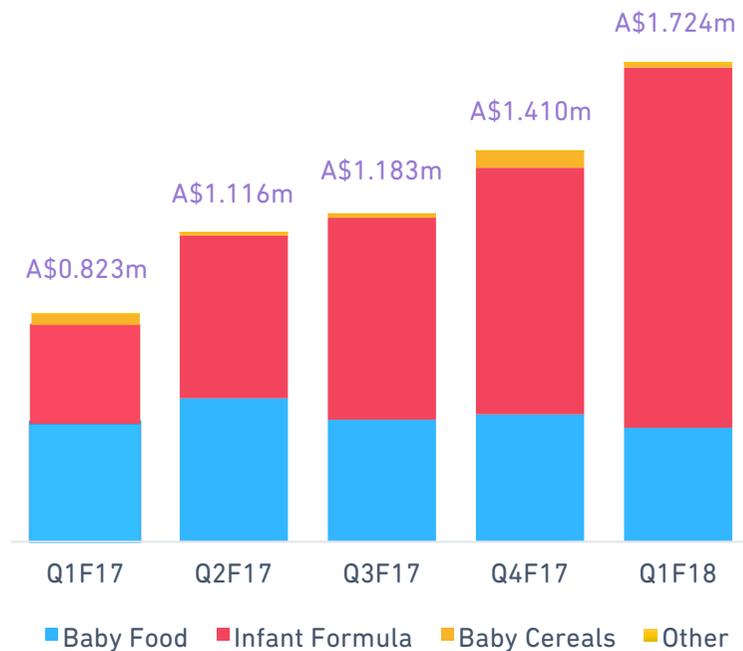
## KEY DRIVERS

- 🕒 Domestic accounted for 75% of gross sales of 1Q
- 🕒 20% of gross sales were generated through China
- 🕒 Australia : 1Q gross sales +106% versus 1Q Prior Year & 20% versus Prior Period
- 🕒 China : 1Q gross sales +274% versus 1Q Prior Year & 31% versus Prior Period
- 🕒 China revenue was positively influenced through leading Chinese e-commerce platforms NetEase Kaola & VIP.com
- 🕒 Emerging markets gross sales +31% versus Prior Period

# REVENUE BY PRODUCTS

Bubs Advanced Plus Goat infant formula experienced strong increase in demand resulting in a 270% increase in gross sales during 1Q versus the same period last year

PRODUCT GROUP REVENUE



## KEY DRIVERS

- ☺ Sales of Bubs Advanced+ Goat Infant formula +270% versus the same period last year and up 46% on the previous quarter
- ☺ Bubs® Infant Formula +46% and the fastest growing infant formula in value sales growth in Coles over 1Q versus the prior period
- ☺ Bubs® Baby Food pouches performance improving post 'project smile' brand refresh implementation experiencing +7% in value sales growth in Coles over 1Q versus the prior period

Source : Nielsen Bubs Scan Sales Growth Performance 10h October 2017

Source : Nielsen Bubs Scan Sales Growth Performance 10h October 2017

## CNCA discussions on track for lodgment by end of Q2

- 🕒 Upon completion of the transaction, Bubs will be the only goat infant milk formula brand sold in Australia with an integrated supply chain
- 🕒 An additional 5 Australian plants were recently CNCA approved, increasing the number of Australian facilities up to thirteen (13) with CNCA certification
- 🕒 Bubs is currently in active discussions with at least 4 of these plants
- 🕒 Bubs unique formulation provides Bubs with options to deal with a number of CNCA certified facilities
- 🕒 Discussions with Bubs' preferred plant are in the documentation process
- 🕒 Expected to have a CNCA partner finalised during November
- 🕒 Bubs is on track to lodge registration by the end of Q2, F18



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APPENDIX 4

Risks

# RISK

## General Risks

- ⦿ Regulatory changes to taxes, laws or accounting practice
- ⦿ General market conditions may adversely affect the Company's value.
- ⦿ Force majeure, beyond the Company's control, could impact the Company and its projects.

## Risks specific to Bubs

- ⦿ Bubs operates in the infant food industry and business-specific risks could impact on its value and performance through brand and reputational damage, regulation, competition, a loss of key personnel or failures by outside parties.
- ⦿ Failure to properly manage the implementation of the Company's strategies for further growth
- ⦿ Bubs' source of funds for the transaction are considered sufficient to meet its financial requirements. Additional funding may be required in the event the costs exceed the Company's estimates and also to effectively implement its business and operations plans in the future.

## Acquisition-related risks

- ⦿ Completion of acquisition is expected in December 2017, can be no guarantee that this will occur
- ⦿ A large amount of management time and attention may be consumed during integration of the acquisition, and the expected financial performance of the acquisition may not be met, including unrealised synergies
- ⦿ Unforeseen expenditures relating to the transaction could affect the financial performance of the Company
- ⦿ There is a risk that the due diligence performed on the target entities has not identified issues that would have been material to the decision to enter into the transaction