

ASX: BUB
Bubs Australia

bübs®

TURNAROUND TO GROWTH

Citi's 13th Annual Australia & New Zealand
Investment Conference 2021

Presented on 13th October 2021



Jennifer Hawkins
Bubs Global Brand Ambassador



Growing Generation Joy™



Creating new generations of happy & healthy bubs[®]

GOODNESS

We believe in wholesome, healthy food and a positive approach to life.

HONESTY

We believe in 100% transparency, this is 'clean' food from a brand you trust.

VERY BEST

We believe in being thorough and uncompromising, sticking to our ethics no matter what.

PLAYFULNESS

We believe in the joy of family time, the pleasure of sharing happy moments and being together.

Q1 FY22 FINANCIAL HIGHLIGHTS

Turnaround to accelerated growth across core markets and products, with robust balance sheet and positive quarterly cashflow.

\$18.5m

Group Gross Revenue¹

+96% pcp

+124%

Total Bubs® Infant Formula gross revenue¹ growth pcp

+35%

Scan sales value growth² pcp in Woolworths, Coles and Chemist Warehouse.

+156%

China gross revenue¹ growth pcp (Daigou, CBEC & General Trade)

+154%

International gross revenue¹ growth pcp Bubs® Infant Formula

6.5x

Daigou gross revenue¹ growth pcp Bubs® Infant Formula

\$28.3m

Cash reserves at 30.09.21
Cashflow positive (\$27.9m Q4 FY21)

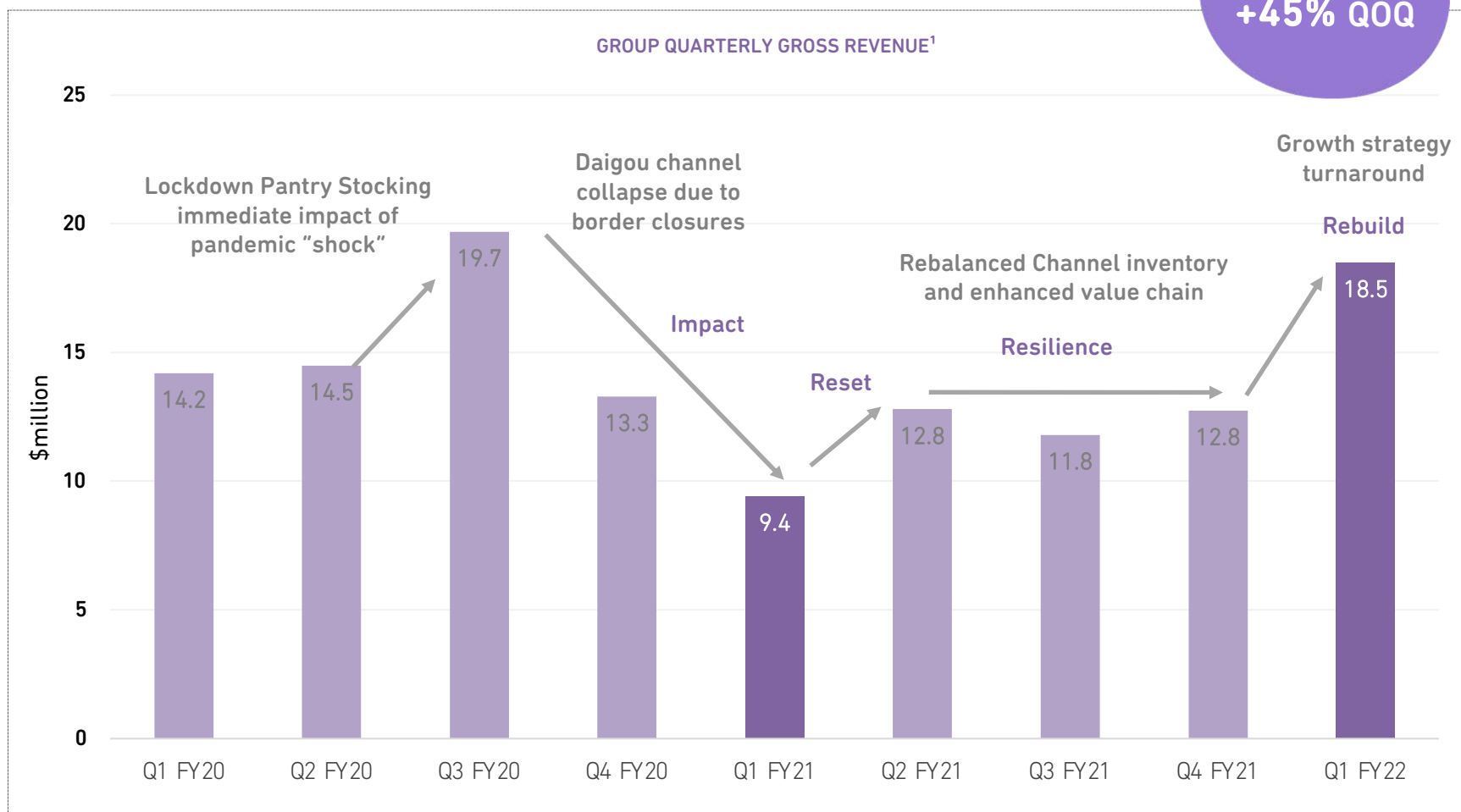
¹ Gross revenue is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review. Gross revenue represents the revenue recognised without rebates and marketing contribution.

² IRI Scan value scan sales growth pcp, Dollars (\$000's) Baby Formula, Coles, Woolworths and Chemist Warehouse combined Quarter to 26.09.2021.

REBUILD TO RETURN TO ACCELERATED GROWTH

Business growth strategy reflects transformation of business in post-Covid era.

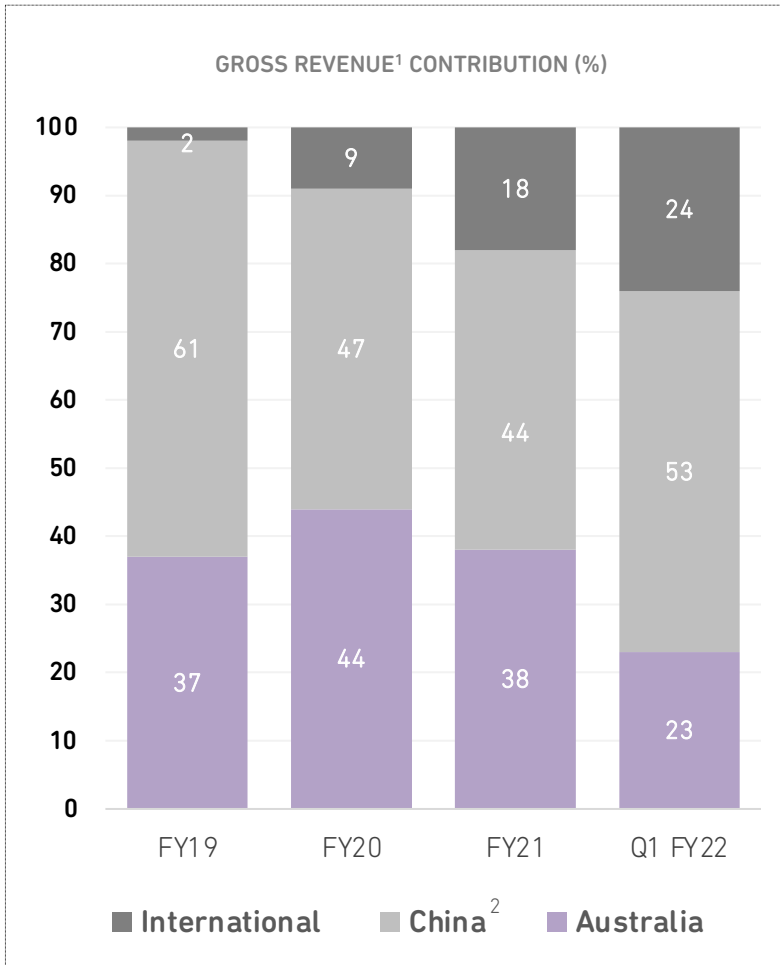
+96% pcp
+45% QOQ



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EXPORT FOCUS: MARKET DIVERSIFICATION

Global expansion strategy continues with advances in China Channels² and new markets across SE Asia and USA.



Domestic home base continues to outperform

- Bubs domestic retail sales continue to grow well ahead of the category with 35% scan sales growth³, reinforcing our position as the lead challenger brand.

China integrated eco-system in high growth

- Reclassification of Q1 FY22 and prior years market segmentation with Daigou and Cross-border e-Commerce channels merging into one integrated ecosystem.
- Working alongside our strategic partners, Bubs has restructured our value chain to deliver enhanced margins and rebalanced channel inventory, thereby enhancing channel confidence and stimulating a surge in demand.

Increased focus on export to new markets

- Advances in new market development in SE Asia and USA.
- Leveraging our specialty dairy expertise and manufacturing capabilities to develop B2B solutions for global customers.

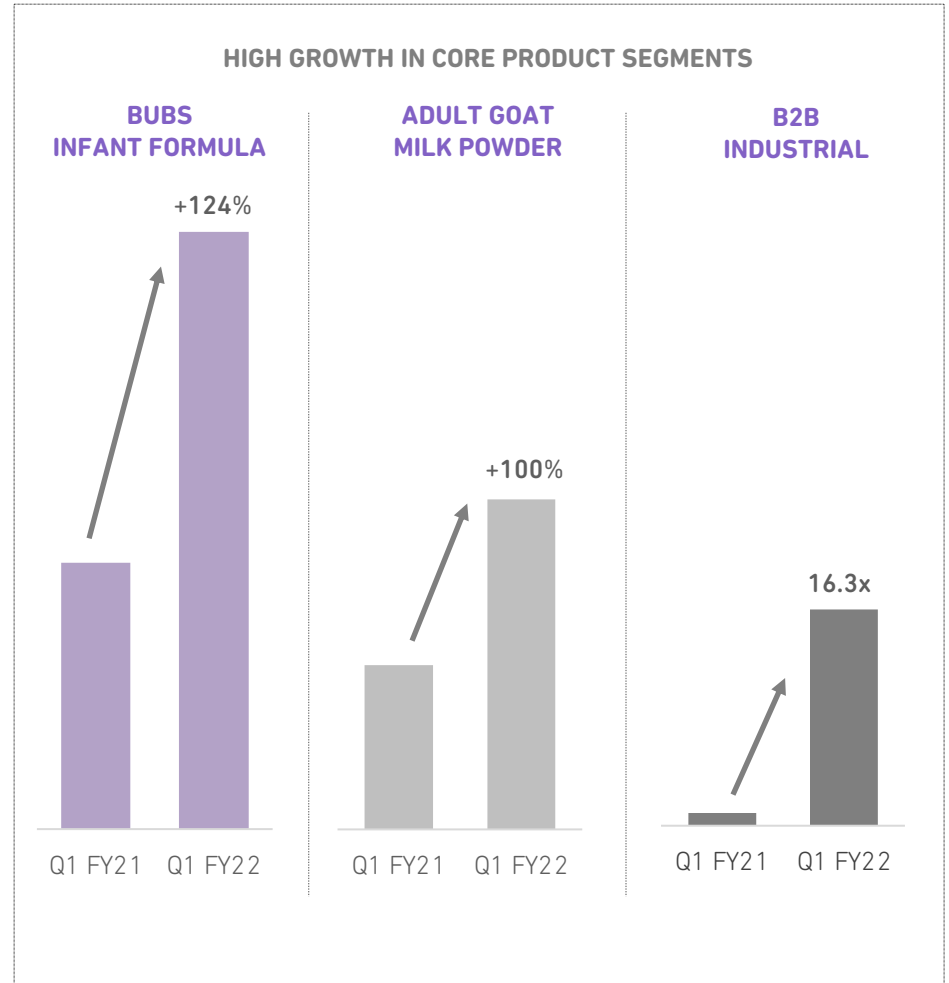
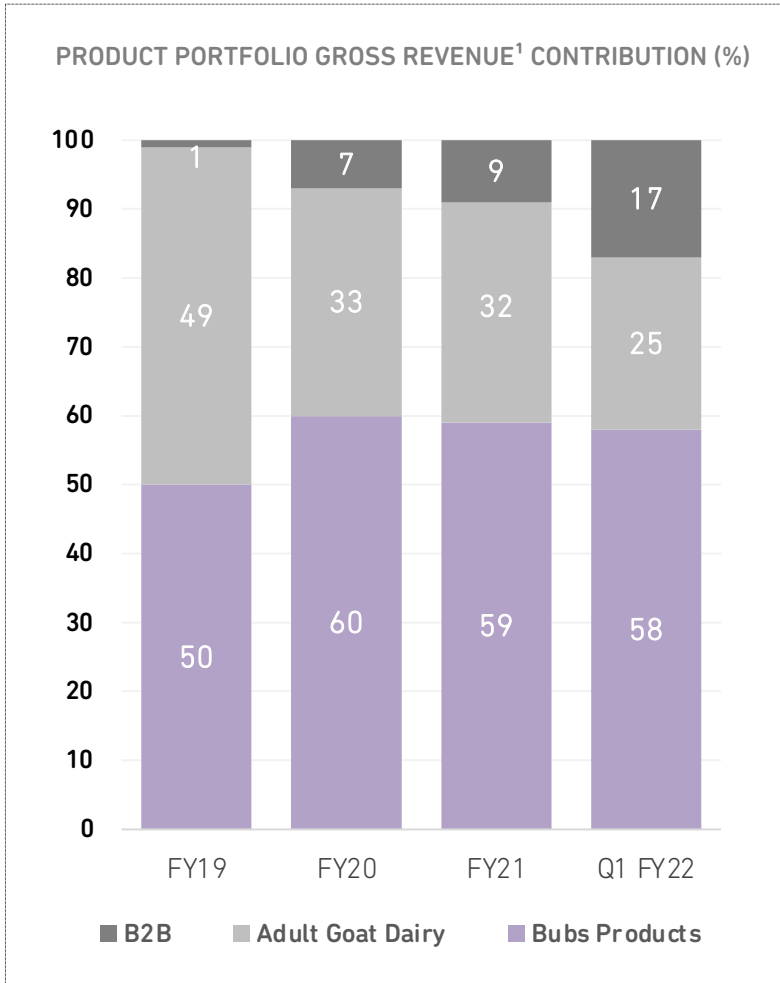
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² China: CBEC, Daigou and General Trade reporting, reflecting the change in channel classification away from the location of the customer, to the location of the end consumer.

³ IRI Scan value sales, Dollars (\$000's) share of total Baby Formula, Coles, Woolworths and Chemist Warehouse combined Quarter to 26.09.2021

EXPANDING PRODUCT MIX

Focus on Bubs Infant Formula as key profit margin driver, optimising milk pool utilisation and building B2B Industrial offering.



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bubs

STRATEGIC OUTCOMES



TURNAROUND TO **ACCELERATED GROWTH**

Responding to rapidly changing market dynamics, Bubs revamped business strategy was successful in returning the business to high growth during the quarter, overcoming COVID-19 disruption and challenging macro environment.



PROTECTING HOME BASE HERITAGE

Continued brand investment to sustain market share and strong retail footprint in national grocery and pharmacy retailers.



SUSTAINING VALUE CHAIN CONFIDENCE

Rebalanced channel inventory to meet stabilised demand and restructured value chain with all parties benefiting from enhanced margins.



CHINA CHANNELS MERGE

Leveraging brand equity in China by growing CBEC brand presence, combined with reinvention of the Daigou channel driving peer endorsed sales.



EXPORT DIVERSIFICATION

Renewed focus on new market access across SE Asia and USA, as well as creation of B2B industrial sales channel with Deloraine Dairy Solutions.

FY22 STRATEGIC FOCUS: 4 SALES CHANNELS

We have continued to build our market access strategies around 4 strategic sales channels that are complementary to unlock value. Each business unit has distinctive features and different opportunities for sustained profitable growth.



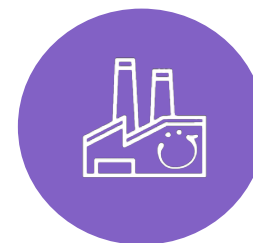
1. Australia



2. China



3. International



4. B2B Deloraine Dairy Solutions

FOCUS:

Customer & Consumer Centric – Excellence in Quality

KEY CHARACTERISTICS:

Opportunity for a significant local challenger brand with strong home market engagement with domestic consumers.

China routes to market now omni-channel with Daigou merging with CBEC/O2O via online sales, live-streaming and social selling.

Consolidate growth in existing SEA penetration with opportunity to enter new region: USA.

Grow specialist dairy solution co-manufacture and end-to-end new product development for global customers.

BUBS COMPETENCIES:

BUBS EXPERTISE

INGREDIENT &
VERTICAL SUPPLY
CHAIN EXPERTS



CUSTOMER &
CONSUMER
INSIGHT FOCUS



R&D FUNCTIONAL
WELLNESS
EXPERTISE



SPECIALIST
DAIRY
MANUFACTURING



DOMESTIC: LEAD CHALLENGER BRAND

Bubs Australia is the fastest growing Infant Formula manufacturer¹ with continued sales volume growth and market share gains.



#2 GOAT BRAND²

Coles
Woolworths
Chemist Warehouse



#2 ORGANIC COW BRAND²

Coles
Woolworths
Chemist Warehouse



+35%

scan sales growth pcp

3.6%

market share

Bubs Market Share (%) and Sales Value (\$)



¹ IRI Scan value sales, Dollars (\$000's) share of total Baby Formula, Coles, Woolworths and Chemist Warehouse combined Quarter to 26.09.2021

² IRI Scan value sales, Units (000's) share of total Baby Formula, Coles, Woolworths and Chemist Warehouse combined Quarter to 26.09.2021

CHINA: ALL CHANNELS IN HIGH GROWTH

360° China¹ Channel Strategy with transformed Daigou e-Commerce peer-endorsement, plus growing CBEC and O2O brand awareness and new user recruitment efficiency, bringing Bubs closer to our end consumers.

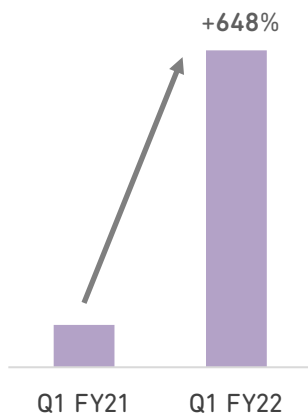
CORPORATE DAIGOU CHANNEL

Building channel confidence with improved margins and balanced channel inventory to meet stabilised demand.

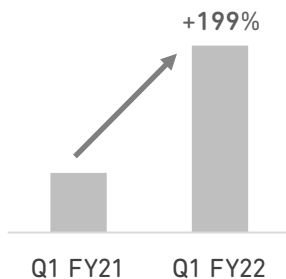
+451% pcp Gross Revenue² Growth



BUBS INFANT FORMULA
6.5x gross revenue² pcp
+265% QOQ



ADULT GOAT DAIRY
2x gross revenue² pcp
+86% QOQ



X

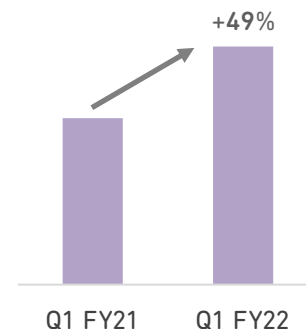
CROSS BORDER E-COMMERCE (CBEC)

Continued investment in building brand awareness and improving conversion efficiency.

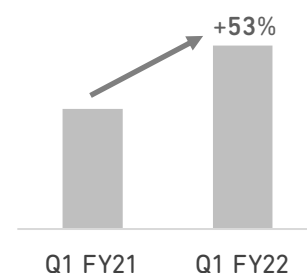
+50% pcp Gross Revenue² Growth



BUBS INFANT FORMULA
+49% gross revenue² pcp
+19% QOQ



ADULT GOAT DAIRY
+53% gross revenue² pcp
+8% QOQ

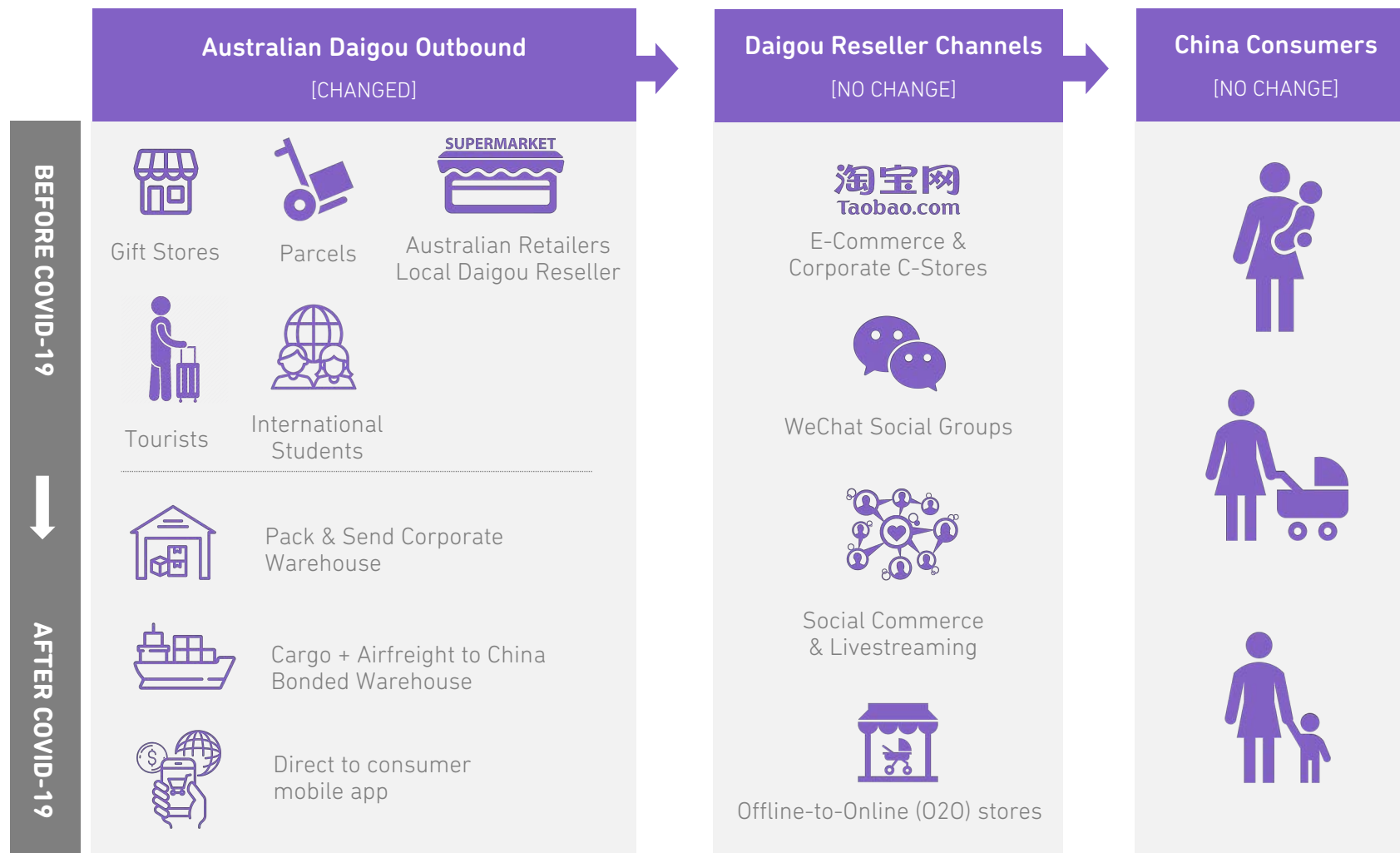


¹ China now includes Daigou eg. AZ Global, including community stores through AZG channel and CBEC (e.g., Alibaba, JD.com, O2O) and General Trade sales.

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DAIGOU 2.0 RE-ROUTING PRODUCT POST COVID-19

Daigou Channel rapidly evolving towards social e-Commerce with bulk freight shipped directly to China bonded warehouses. Consumer demand for Bubs® products has remained strong throughout the pandemic and continues to accelerate.



CHINA: BUILDING OFFLINE-TO-ONLINE (O2O) CHANNEL

Expanding coverage in physical Mother & Baby stores and supermarkets with display of empty English label tins to enable interface with store professional staff and physical interaction with Bubs product.

BUBS NOW AVAILABLE IN GENERAL TRADE CHANNEL VIA O2O STORES FOR ENGLISH LABEL PRODUCT



Momtime Mother & Baby stores



Flagship Hema (Alibaba) stores



AZ Global Community Stores



INTERNATIONAL: STRATEGIC FOCUS ON MARKET EXPANSION

Bubs® Infant Formula export sales to markets outside of China were up 154% pcp in Q1 FY21.

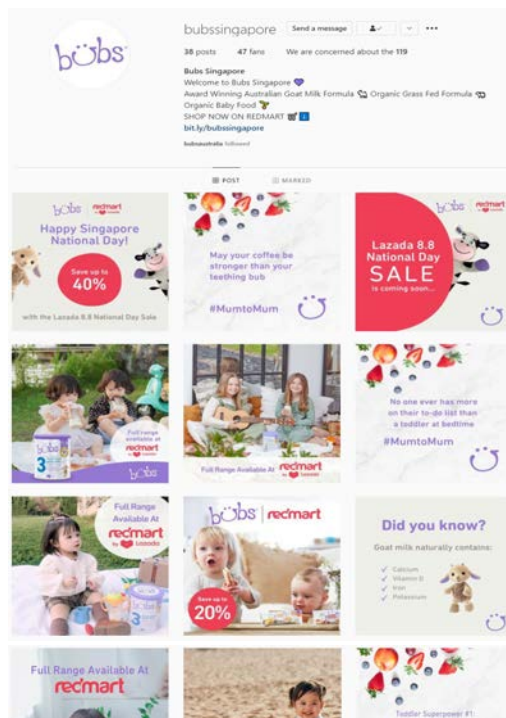
MALAYSIA

Increased distribution in Q1 with new ranging in leading retailers, inc. 27 'Village Grocer' premium supermarkets and 20 'Majaku' Mother & Baby stores.



SINGAPORE

Continued month-on-month sales momentum on Redmart, via investment in Influencers, social and digital media.



USA

Established local office. Aussie Bubs™ now official Walmart vendor. Stock cleared customs. Being delivered to accredited Walmart.com warehouse. Walmart and Amazon online revenue to be realised in Q2.



LIVE on SHOPIFY!



B2B: DELORAINE DAIRY SOLUTIONS

Renewed strategic focus on B2B to leverage existing expertise and organisational capability, as a sign of a mature vertically integrated business of scale. Provides resilience, diversification of customer base and efficiencies across entire business.

VISION: LEADING VERTICALLY INTEGRATED GLOBAL DAIRY SPECIALIST

GOAL: BUILD RESILIENCE, DIVERSIFICATION AND INTERNATIONAL SCALE

STRATEGIC PILLARS:

**ESTABLISH SUPPLY
POOL RESILIENCE**

**BUILD VALUE ADD
SOLUTIONS**

**GROW GLOBAL
BUSINESS**

Provides ability to proactively manage market fluctuations & supply chain equilibrium.

Utilise supply chain, manufacturing & NPD capabilities to add value to commodity ingredients.

Leverage commercial relationships for potential co-manufacturing, ingredient sourcing & branded product sales.

BUBS EXPERTISE

INGREDIENT & VERTICAL
SUPPLY CHAIN EXPERTS

CUSTOMER & CONSUMER
INSIGHT FOCUS

R&D FUNCTIONAL
WELLNESS EXPERTISE

SPECIALIST DAIRY
MANUFACTURING



SUMMARY



Q1 FY22 SUMMARY

Our **'Turnaround to Growth'** has commenced, with new business growth strategy tailored to transform our China business, increased international diversification and renewed B2B focus.

- **Q1 FY22 +96% pcp and +45% QoQ gross revenue¹ turnaround** demonstrates significant positive outcomes of protecting core business, with stabilised value chain, improved channel margins, and **transformation of the Daigou channel** now underway.
- **Bubs strong challenger brand** – #2 Goat² and #2 Organic² Brand in Australian Grocery and Pharmacy channel. Continuing to build strong connection with Australian families with **3.6% total category share³**. Bubs Australia growing strongly, **35% scan sales growth³**.
- **+156% growth in total China Channel⁴**. CBEC continuing to drive brand education and awareness and increasing conversion efficiency. Transformation of Daigou into online e-Commerce, and offline to online community store model.
- **Renewed focus for B2B Deloraine Dairy Solutions** provides resilience, diversification and international relationships to underpin significant nutritional, manufacturing, vertical integrated supply chain expertise and capabilities.
- Continuing to build momentum for International business, building consumer awareness and **in-market penetration in SE Asia and USA**.



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