



Bubs Australia Limited
ACN 060 094 742
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VIC 3175 Australia

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ASX ANNOUNCEMENT

BUBS ANNOUNCES \$63.0 MILLION EQUITY RAISING TO SUPPORT GROWTH OPPORTUNITIES

Melbourne, 5 July, 2022: Bubs Australia Limited (ASX: BUB) ("**Bubs**" or the "**Company**") today announces an underwritten¹ capital raise of \$63.0 million of new fully paid ordinary shares in the Company ("**New Shares**") at an offer price of \$0.52 per New Share² ("**Offer Price**").

The Equity Raising (defined below) is comprised of:

- an institutional placement of New Shares to raise approximately \$32.4 million ("**Institutional Placement**"); and
- a 1 for 10.42 pro-rata accelerated non-renounceable entitlement offer of New Shares to raise approximately \$30.6 million ("**Entitlement Offer**"),

(together, the "**Equity Raising**").

It is expected that approximately 121.2 million New Shares will be issued under the Equity Raising (comprising approximately 19.8% of Bubs' existing issued capital). New Shares issued under the Equity Raising will rank equally with existing ordinary shares.

Purpose of the Equity Raising

The Equity Raising will provide Bubs with additional Balance Sheet flexibility to support growth initiatives and execute on long term strategic goals. The proceeds of the Equity Raising will be used to fund:

- working capital to assist with the immediate scale up of group activities given the additional accelerated and rapid market expansion;
- inventory build given the current logistics environment;
- USA operating expenses (including marketing, administration, employment costs and consultancy fees);
- capital expenditure required to expand canning capability to include the second high-speed canning line at Deloraine facility to triple capacity in order to meet the growth in demand; and
- the costs associated with the Equity Raising.

¹ Refer to slide 41 - 44 of the investor presentation dated Tuesday, 5 July, 2022 for a description of the terms and conditions of the underwriting arrangements.

² The issue price represents a discount of 17.5% to the 5-day VWAP of \$0.630 prior to the trading halt on Monday, 4 July, 2022.



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Dennis Lin, Executive Chairman of Bubs, said: "Despite a challenging macro environment, Bubs is delighted to return to a high growth trajectory with record revenues and strong momentum across all key business segments, resulting in groupwide gross margin improvements and delivery of first profit. The Equity Raising will ensure that the Company is well capitalised to pursue our growth opportunities going forward."

Bubs Founder and CEO, Kristy Carr, said: "Identified as a strategic priority 2 years ago, recent events have fast-tracked USA by at least 18 months, and this is now set to be a significant revenue and profit driver for the business. The Company is working in collaboration with the U.S. Government to facilitate a regulatory pathway to continue to supply safe infant formula products to American families for the long-term."

FY22 Guidance and Outlook

Bubs expects FY22 gross revenue to exceed \$100m and achieve >\$2.4m in Underlying EBITDA³. This is Bubs first year of EBITDA profitability and has been driven by proactive optimisation of product and channel mix, more efficient trade spend, improved supply chain efficiency and disciplined OPEX.

Following the completion of the Equity Raising, and after transaction costs, Bubs expects to be well capitalised to fund future growth opportunities.

Details of the Equity Raising

Institutional Placement

An Institutional Placement to raise approximately \$32.4 million through the issuance of approximately 62.4 million New Shares to eligible new and existing institutional shareholders at the Offer Price.

The Institutional Placement is priced at \$0.52 per New Share, which represents a 18.8% discount to the last traded price of \$0.64 on Monday, 4 July, 2022. The New Shares issued under the Institutional Placement will be issued within the Company's existing placement capacity under ASX Listing Rule 7.1. New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

³ Excludes non-cash equity compensation expense (i.e. Share based payments and equity linked transaction)



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Entitlement Offer

Eligible existing shareholders will be entitled to subscribe for 1 New Share for every 10.42 existing shares ("**Entitlement**") held as at 7.00PM (AEST) on Thursday, 7 July, 2022 ("**Record Date**"). All New Shares offered under the Entitlement Offer will be issued at a price of \$0.52 per New Share, which represents a:

- 16.2% discount to the theoretical ex-rights price ("**TERP**") of \$0.620; and
- 18.8% discount to the last close price of Bubs shares of \$0.64 on Monday, 4 July, 2022.

The Entitlement Offer consists of:

Institutional Entitlement Offer: Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**"), which is being conducted today, Tuesday, 5 July, 2022.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional Entitlements cannot be traded on the ASX or transferred.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Bubs' shares will remain in a trading halt pending completion of the Institutional Entitlement Offer and Institutional Placement ("**Institutional Offer**").

Retail Entitlement Offer: Eligible retail shareholders with a registered address in Australia or New Zealand as at 7.00pm (AEST) on the Record Date ("**Eligible Retail Shareholders**") will be invited to participate in the retail component of the Entitlement Offer ("**Retail Entitlement Offer**") at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open at 10.00am (AEST) on Tuesday, 12 July, 2022 and close at 5.00pm (AEST) on Tuesday, 26 July, 2022.

If Eligible Retail Securityholders take no action they will not be allocated New Shares and their Entitlements will lapse. Eligible Retail Securityholders who do not take up their Entitlements in full under the Retail Entitlement Offer will not receive any value or payment for those entitlements they do not take up. The Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred.



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The terms and conditions under which eligible retail shareholders may apply will be outlined in the Retail Offer Booklet, which is expected to be available to eligible retail shareholders on Tuesday, 12 July, 2022. The Retail Offer Booklet is expected to be available on the ASX website beginning Tuesday, 12 July, 2022.

Existing Shareholders with a registered address outside Australia and New Zealand on the Record Date or who are acting for the account or benefit of persons in the United States will be ineligible to participate in the Retail Entitlement Offer, other than persons that Bubs has (with the prior written agreement of the Joint Lead Managers in their absolute discretion) determined in its discretion are eligible retail shareholders.

Indicative timetable⁴

Event	Time and Date
Trading halt, announcement of the Offer.	Tuesday, 5 July, 2022
Institutional Entitlement Offer and Placement opens	Tuesday, 5 July, 2022
Announcement of results of Placement and Institutional Entitlement Offer	Wednesday, 6 July, 2022
Trading halt lifted – Securities recommence trading on ASX on an “ex-entitlement” basis	Wednesday, 6 July, 2022
Record Date for determining entitlement to subscribe for New Securities	7.00pm on Thursday, 7 July, 2022
Retail Entitlement Offer opens	Tuesday, 12 July, 2022
Settlement of Institutional Entitlement Offer and Placement	Wednesday, 13 July, 2022
Allotment and normal settlement trading of New Securities issued under the Institutional Entitlement Offer and Placement on ASX	Thursday, 14 July, 2022
Retail Entitlement Offer closes	Tuesday, 26 July, 2022
Settlement of the Retail Entitlement Offer	Monday, 1 August, 2022
Allotment of New Securities under the Retail Entitlement Offer	Tuesday, 2 August, 2022
New Securities issued under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Wednesday, 3 August, 2022

⁴ The timetable for the Equity Raising is indicative and remains subject to change at the Company's discretion, subject to compliance with applicable laws and ASX Listing Rules. Any changes will be advised to ASX.



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This timetable is indicative only and may be subject to change without notice to, or consultation with, you. Bubs reserves the right to amend any or all of these dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Bubs reserves the right to extend the closing date for the Institutional Entitlement Offer or the Retail Entitlement Offer, to accept late applications under the Institutional Entitlement Offer or the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Institutional Offer or the Retail Entitlement Offer without prior notice. Any extension of the closing date for the Institutional Offer or the Retail Entitlement Offer will have a consequential effect on the allotment date of New Shares. Bubs also reserves the right not to proceed with the Institutional Placement or the Entitlement Offer in whole or in part at any time prior to allotment and issue of the relevant New Shares. In that event, the relevant application monies (without interest) must be returned in full to applicants.

The Equity Raising is underwritten by Citigroup Global Markets Australia Pty Limited and Bell Potter Securities Limited (together, the “**Joint Lead Managers**”).⁵ Furthermore, PAC Partners Securities Pty Ltd (“**PAC Partners**”) is co-managing the Equity Raising.

Additional Details

Further details of the Equity Raising are set out in the Investor Presentation provided to the ASX today. The Investor Presentation contains important information that shareholders and investors should consider, including key risks and foreign selling restrictions with respect to the Equity Raising.

Investor Conference Call

An investor conference call will be held at 10.00am AEST, Tuesday, 5 July, 2022.

Attendees will need to pre-register using the following link:

<https://s1.c-conf.com/diamondpass/10023188-shd7fjv.html>

⁵ Refer to slide 41-44 of the investor presentation dated Tuesday, 5 July, 2022 for a description of the terms and conditions of the underwriting arrangements.



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This announcement was authorised by the Board of Directors.

END

Media and Investor Inquiries

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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



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DISCLAIMER

Forward looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Bubs, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Bubs' business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Bubs, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Bubs as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Bubs, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

No offers in breach of foreign securities law

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities described in this announcement may not be offered or sold, directly or indirectly, to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.



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Own enquiries

Investors should make and rely upon their own enquiries before deciding to acquire or deal in Bubs' securities.

Involvement of Joint Lead Managers

None of the Joint Lead Managers and their related bodies corporate and affiliates, and each of their respective officers, directors, partners, employees, consultants, contractors, agents and advisers ("**Beneficiaries**"), nor any of PAC Partners and their related bodies corporate and affiliates, and each of their officers, directors, partners, employees, consultants, contractors, agents and advisers have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and nor do they make any recommendation as to whether any potential investor should participate in the Equity Raising. There is no statement in this announcement which is based on any statement made by the Joint Lead Managers or any other Beneficiary. To the maximum extent permitted by law, the Joint Lead Managers and the Beneficiaries expressly disclaim all liabilities (including for fault, negligence, or negligent misstatement) in respect of, and take no responsibility for, any part of this announcement, and make no representation or warranty (whether express or implied) regarding any part of this announcement, including as to the fairness, currency, accuracy, timeliness, reliability or completeness of any information in this announcement (including the accuracy, likelihood of achievement or reasonableness of any forecast returns, yields, future income or other statements in relation to future matters nor that the Information or this website contains all material information about Bubs or which a prospective investor may require in evaluating a possible investment in Bubs).

Neither the Joint Lead Managers nor the Beneficiaries make any recommendation as to whether any potential investor should participate in the Equity Raising. Further, none of the Joint Lead Managers, the Beneficiaries nor PAC Partners accept any fiduciary obligations to or duty of care to or relationship with any investor or potential investor in connection with the Equity Raising or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Equity Raising and any other transaction or other matter arising in connection with this announcement.

The Joint Lead Managers and the Beneficiaries may, from time to time, have interests in the new securities under the Institutional Placement or other securities of Bubs, including providing corporate advisory or other financial advisory services to Bubs and/or managing the offering of such New Shares under the Equity Raising. Further, they may have long or short positions in, act as market maker or buy or sell those securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities. A Beneficiary may act as a lender and/or counterparty to Bubs or its affiliates and may or now in the future provide financial accommodation or services to Bubs or its affiliates.



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Determination of eligibility of investors

Determination of eligibility of investors for the purposes of the Equity Raising is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Bubs and/or the Joint Lead Managers. To the maximum extent permitted by law, Bubs, the Joint Lead Managers, and the Beneficiaries each disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise of that discretion or otherwise. The Joint Lead Managers may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Equity Raising without the Joint Lead Managers or the Beneficiaries having independently verified that information and the Joint Lead Managers and the Beneficiaries do not assume responsibility for the fairness, currency, accuracy, timeliness, reliability or completeness of the information (including the accuracy, likelihood of achievement or reasonableness of any forecast returns, yields, future income or other statements in relation to future matters nor that the Information or this website contains all material information about Bubs or which a prospective investor may require in evaluating a possible investment in Bubs).