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BUBS LAUNCHES BUBS SUPREME™ A2 BETA-CASEIN PROTEIN INFANT FORMULA RANGE WITH ADVANCED PREMIUM FORMULATION

- **Bubs pursues high growth agenda with advanced innovation in its most profitable business segment.**
- **Bubs Supreme™ combines a unique 'super premium' formulation with A2 beta-casein protein milk.**
- **New line ranging secured in 500 Coles supermarkets nationally - on shelf from May 2022.**
- **Willis Trading's opening Purchase Order, valued at \$32.9 million, to be delivered in Q4 FY22 and Q1 FY23.**
- **Taps into global A2 beta-casein milk market valued at US\$1.23 billion with forecasted 13.5% CAGR growth¹.**
- **Stretches Bubs® masterbrand across all key premium segments: Goat, Organic, and A2 beta-casein protein.**

Melbourne, 22 March 2022: Bubs Australia (ASX: **BUB**), producer of Bubs® Australian made specialty infant formula, children's nutrition and family dairy products has announced the launch of Bubs Supreme™ infant formula and toddler milk with natural A2 beta-casein protein, giving Bubs® representation across all key premium segments of the infant formula market.

Bubs Founder and CEO, Kristy Carr said: "Innovation is inherent in Bubs' culture and a key driver behind our high growth strategy. With the launch of Bubs Supreme™ A2 beta-casein protein range in our most profitable business segment, we are now able to cater to a more significant share of the addressable infant formula and toddler milk market, thereby strengthening our position in the total category to build widespread recognition of Bubs® as a brand synonymous with clean, high quality infant nutrition.

"We listened to Australian families and collaborated with Willis Trading, our brand equity-linked partner in the Daigou Channel, to better understand the needs of Chinese millennial mothers. Both Australian and Chinese parents told us a product that combined A2 beta-casein protein milk with a 'super premium' formulation would have strong consumer appeal. Bubs Supreme™ Toddler Milk is our most advanced formulation; enriched with higher levels of Omega-3 (plant-based DHA) and Omega-6 (ARA), a synbiotic blend of prebiotics and probiotics, lutein to support normal eye health, as well as vitamins and minerals for optimum nutrition. In addition, Bubs Supreme™ contains 'clean label' ingredients, with non-GMO's, no artificial colours or preservatives, and no maltodextrin, corn syrup or palm oil.

"The Bubs Supreme™ launch builds on the success of Bubs Organic® grass-fed formula, most recently enjoying 93 percent domestic gross revenue² growth in the first half of the current financial year. The success of our organic product line has been strong testament to the ability to stretch Bubs® masterbrand. We are confident that our entry into the A2 beta-casein protein segment will be equally well received and underpin our drive to become a leading challenger infant nutrition brand from Australia," Mrs Carr said.

Bubs Supreme™ formula range will be on shelf in 500 Coles supermarkets from May 2022, expanding the shelf presence of existing product lines, including Bubs® easy-digest goat milk formula and Bubs Organic® grass-fed cow's milk formula already sold in Coles stores nationally. The addition of Bubs Supreme™ A2 beta-casein protein milk formula will broaden our brand appeal to a new domestic market segment.

Coles is Bubs longest retail partnership first established in 2008 and has sold Bubs® goat milk formula since April 2016, followed by the expansion into Bubs Organic® grass-fed formula in May 2020. We are pleased to confirm Coles will also be ranging a selection of Bubs Organic® toddler snacks and teething rusks from May 2022.



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Bubs Supreme™ allows the business to access the global A2 beta-casein protein milk market, valued at US\$1.23 billion with forecasted 13.5% CAGR growth, and estimated to reach US\$2.6 billion in global market size by 2026.¹ Importantly, the launch will leverage on the category growth and consumer trend towards premiumisation in China, where the A2 beta-casein protein segment is growing 11.1% year-on-year in the China CBEC online market.³

Bubs recently entered into an equity-linked strategic partnership with its lead distributor in the Daigou Channel, Willis Trading (Alpha Group). Combined with the incentives outlined in the new share subscription agreement, this latest innovation reflects the genuine partnership between channel and brand, providing the Daigou community access to increasing Bubs® brand equity value. Willis Trading's first Purchase Order for Bubs Supreme™ products is valued at \$32.9 million, which will be produced and distributed to the Daigou Channel over the next six months.

Bubs Executive Chairman, Dennis Lin commented: "This is a great example of what can be achieved when a channel and brand work together with aligned interests. The creation of Bubs Supreme™ A2 beta-casein protein milk formula with our most advanced formulation has been developed alongside our Daigou partners and I have no doubt will be strongly supported by the Channel.

"Bubs® is already the fastest growing infant formula manufacturer⁴ in Australia, experiencing a record 31 percent increase in scan sales and doubling market share to 3.9 percent⁵. The launch of an A2 beta-casein protein formula range presents an additional opportunity to increase Bubs® domestic market share growth and consolidate our position as the lead challenger brand in all key premium specialty formula segments.

"Infant formula is our most profitable product category, reflected in the doubling of infant formula gross sales, significant margin gains, and first EBITDA profit reported in the first half of the current financial year. As we continue with a strong innovation pipeline, we believe the launch of an A2 beta-casein protein formula range will provide strong support for our future global growth momentum towards our goal of Bubs® becoming the infant nutrition brand of choice."

This release is approved by the Board of Directors.

END



<https://www.bubsaustralia.com/collections/bubs-supreme>



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About Bubs Australia

Founded in 2006 in Sydney, Bubs Australia's vision is to create new generations of happy, healthy bubs through its range of premium Australian infant nutrition products. Bubs® Infant Formula and Toddler Milk ranges include easy-digest goat milk, organic grass-fed cow's milk, and A2 beta-casein protein milk, along with organic baby food, cereals, toddler snacks, and Vita Bubs®, catering for all feeding occasions and stages of development from newborn through to childhood. Bubs® products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to China, Southeast Asia, the Middle East, and USA.

Consumer Website: bubsaustralia.com

Investor Centre: investor.bubsaustralia.com

FOOTNOTES

- ¹ 'Global A2 Milk Market Research Report' – Global Forecast to 2026, Research and Markets.
- ² 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.
- ³ China Smart Path Online Data, MAT June 2021 pcp A2 segment value growth.
- ⁴ IRI Scan value scan sales growth % YA. Dollars (\$000's) Moving Annual Total (MAT) 26.12.2021.
- ⁵ IRI Scan value sales, Dollars (\$000's) share of total Baby Formula, Coles, Woolworths and Chemist Warehouse combined Quarter to 26.12.2021.