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14 July 2022

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RETAIL OFFER BOOKLET AND LETTER TO INELIGIBLE SHAREHOLDERS

Bubs Australia Limited (ASX: **BUB**) submits the enclosed Retail Offer Booklet, which was despatched on Tuesday, 12 July 2022 to shareholders who are eligible to participate in the retail component of the 1 for 10.42 pro-rata accelerated non-renounceable entitlement offer announced on Tuesday, 5 July 2022 (**Retail Entitlement Offer**). A letter to ineligible shareholders notifying them of the Retail Entitlement Offer and their ineligibility to participate despatched on Tuesday, 12 July 2022 is also enclosed.

Jay Stephenson
Company Secretary

Bubs Australia Limited

ACN 060 094 742

Retail Entitlement Offer Information Booklet

Details of a underwritten¹ 1 for 10.42 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Bubs Australia Limited (**Bubs**) at an offer price of \$0.52 per New Share to raise approximately A\$22.9 million.

The Retail Entitlement Offer opens on Tuesday, 12 July 2022 and closes at 5:00 pm (Sydney time) on Tuesday, 26 July 2022 (unless extended).

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form. Both should be read in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with ASIC.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the Entitlement Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 8:30 am and 5:00 pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

Not for distribution or release in the United States

¹ Refer to slides 41 to 44 of the Investor Presentation released by Bubs Australia to ASX on 5 July 2022 for a description of the terms and conditions of the underwriting arrangements.

IMPORTANT NOTICES

This Information Booklet should be read in its entirety (including the accompanying Entitlement and Acceptance Form) before you decide whether to participate in the Retail Entitlement Offer. In particular, the Investor Presentation details important factors and risks that could affect the financial and operating performance of Bubs Australia Limited (ACN 060 094 742) (**Bubs** or the **Company**). Please refer to the "Key risks" section of the Investor Presentation for details. When making an investment decision in connection with the Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues.

NOT A PROSPECTUS, NOT INVESTMENT ADVICE OR FINANCIAL PRODUCT ADVICE

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*. All references in this Information Booklet to the Corporations Act are references to the Corporations Act as modified by the ASIC Instruments.

The information in this Information Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Information Booklet does not contain all the information which a prospective investor may require to make an informed decision in relation to the application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with Bubs' other periodic statements and continuous disclosure announcements lodged with ASX.

It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Bubs is not licensed to provide financial product advice in respect of the New Shares. Neither ASIC nor ASX takes responsibility for the contents of this Information Booklet.

FUTURE PERFORMANCE

This Information Booklet contains certain forward looking statements and comments about future events, including of Bubs' expectations about the performance of its business and the effect of the proceeds raised under the Entitlement Offer on that business. Forward looking statements can generally be identified by the use of forward looking words such as, "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target",

"guidance", "plan", and other similar expressions, and include, but are not limited to, statements regarding the outcome and effects of the Retail Entitlement Offer. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this Information Booklet regarding the conduct and outcome of the Entitlement Offer and the use of proceeds.

You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this Information Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Bubs, its directors and management. A number of important factors could cause Bubs' actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors set out in the "Key risks" section of the Investor Presentation. Actual results, performance or achievements may vary materially from any forward looking statements and the assumptions on which statements are based. Subject to any continuing obligations under applicable law or any relevant Listing Rules, Bubs disclaims any intent or obligation to update any forward looking statements, whether as a result of new information, future events or results or otherwise.

EFFECT OF ROUNDING

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Information Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Information Booklet.

PAST PERFORMANCE

Investors should note that any reference to Bubs' past performance in this Information Booklet is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) Bubs' future financial position, operating or financial performance, or share price performance. The historical information (including any pro forma historical financial information) is not represented as being indicative of Bubs' views on its future financial condition and/or performance.

DISCLAIMER OF REPRESENTATIONS

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information Booklet. Any information or representation that is not in this Information Booklet may not be relied on as having been authorised by Bubs, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Bubs, or any other person, warrants or guarantees the future performance of Bubs or any return on any investment made in connection with this Information Booklet.

FOREIGN JURISDICTIONS

This Information Booklet, including the ASX Offer Announcements reproduced in it and the Entitlement and Acceptance Form, do not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the New Shares or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia unless otherwise specified.

The distribution of this Information Booklet (including an electronic copy) outside Australia may be restricted by law. In particular, this Information Booklet, any ASX Offer Announcements reproduced in it and the Entitlement and Acceptance Form may not be distributed in the United States or elsewhere outside Australia and New Zealand. If you come into possession of the information in this Information Booklet, you should observe such restrictions.

See section 3.8 for further information on foreign offer restrictions.

UNITED STATES

None of the information in this Information Booklet or the accompanying Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Information Booklet (or any part of it), any accompanying ASX announcements, nor the accompanying Entitlement and Acceptance Form may be released or distributed, directly or indirectly, in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered, or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. In particular, the New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in

"offshore transactions", as defined in Rule 902(h) under the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act.

UNDERWRITERS

The Underwriters have acted as lead managers and underwriters to the Entitlement Offer (including the Retail Entitlement Offer). Neither the Underwriters, nor any of their affiliates or related bodies corporate (as that term is defined in the Corporations Act), nor any of their directors, employees, officers, representatives, agents, partners, consultants, advisers or intermediaries (together the **Underwriter Parties**), nor the advisers to the Company or any other person including clients named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Information Booklet (or any other materials released by the Company), nor do they make any recommendation as to whether any potential investor should participate in the Retail Entitlement Offer, and none of them makes or purports to make any statement in this Information Booklet and there is no statement in this Information Booklet which is based on any statement by any of them.

The Underwriter Parties take no responsibility for any part of this Information Booklet or any action taken by you on the basis of that information. To the maximum extent permitted by law, the Underwriters exclude and disclaim all liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Information Booklet or reliance on anything contained in or omitted from it or otherwise arising in connection with this Information Booklet or otherwise arising in connection with it.

The Underwriter Parties make no recommendation as to whether you or your related parties should participate in the Retail Entitlement Offer nor do they make any representations or warranties, express or implied, to you concerning the Entitlement Offer or any such information, and, by returning your personalised Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® in accordance with the instructions on your personalised Entitlement and Acceptance Form, you represent, warrant and agree that you have not relied on any statements made by the Underwriter Parties in relation to the New Shares or the Entitlement Offer generally and you further expressly disclaim that you are in a fiduciary relationship with any of them.

The Underwriters, together with their respective affiliates, are full service financial institutions engaged in various activities, which may include trading, financing, financial advisory, investment management, research, principal investment, hedging, market making, brokerage and other financial and non-financial activities including for

which they have received or may receive customary fees and expenses.

The Underwriters are acting for and providing services to the Company in relation to the Entitlement Offer and will not be acting for or providing services to Shareholders or potential investors. The Underwriters have been engaged solely as independent contractors and are acting solely in a contractual relationship on an arm's length basis with the Company. The engagement of the Underwriters are not intended to create any fiduciary obligations, agency or other relationship between the Underwriters and the Company, Shareholders or potential investors.

The Underwriters will receive fees and expenses for acting as lead managers and underwriters to the Entitlement Offer. The Underwriter Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from the Company and may in the future be lenders to the Company or its affiliates.

The Underwriters may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Each Underwriter may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in its capacity as a manager, bookrunner and underwriter to the Retail Entitlement Offer.

TAXATION

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 4 of this Information Booklet provides a general summary of Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders. This summary does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Accordingly, Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers. Neither Bubs, nor any of its officers, nor its taxation adviser, nor any other adviser to Bubs, accepts any liability or responsibility in respect of any statement concerning the taxation consequences of the Retail Entitlement Offer.

DEFINITIONS, TIME AND CURRENCY

Defined terms used in this Information Booklet are contained in section 5. All references to time are to Sydney time, unless otherwise indicated.

All references to dollars (\$) or cents (¢) in this Information Booklet are to Australian currency unless otherwise indicated.

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- A ASX OFFER ANNOUNCEMENTS
- B INVESTOR PRESENTATION

CHAIRMAN'S LETTER

12 July 2022

Dear Shareholder,

On behalf of the directors of Bubs Australia Limited (**Bubs** or the **Company**), I am pleased to invite you to participate in a 1 for 10.42 pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Bubs (**New Shares**) at an offer price of \$0.52 per New Share (**Offer Price**) to raise approximately \$[X] million (**Entitlement Offer**).

On Tuesday, 5 July 2022, Bubs announced its intention to raise up to \$63 million through an Institutional Placement (raising approximately \$32.4 million) (**Institutional Placement**) and the Entitlement Offer (raising approximately \$30.6 million) (the Institutional Placement and the Entitlement Offer are collectively, the **Capital Raising**).

The Entitlement Offer

The Entitlement Offer will be conducted in two stages:

- an accelerated non-renounceable institutional entitlement offer of New Shares to Eligible Institutional Shareholders (**Institutional Entitlement Offer**), which is already complete; and
- a non-renounceable retail entitlement offer of New Shares to Eligible Retail Shareholders (**Retail Entitlement Offer**), which will be conducted in accordance with the Key Dates for the Entitlement Offer set out below.

As announced on the ASX on Wednesday, 6 July 2022, the Company has successfully completed the Institutional Entitlement Offer and the Institutional Placement. The Institutional Entitlement Offer and Institutional Placement raised approximately \$40.1 million.

This information booklet relates to the Retail Entitlement Offer (**Information Booklet**). Under the Retail Entitlement Offer, Eligible Retail Shareholders are entitled to subscribe for 1 New Share for every 10.42 existing fully paid ordinary shares in Bubs (**Shares**) held at 7:00 pm (Sydney time) on Thursday, 7 July 2022 (**Record Date**), at the Offer Price of \$0.52 per New Share. This is the same price that was offered to institutional investors who participated in the Institutional Entitlement Offer.

The Offer Price represents:

- a 18.8% discount to the last traded price of Shares prior to announcement of the Entitlement Offer (\$0.64 per Share);
- a 16.2% discount to TERP, calculated by reference to the closing Share price on the trading day prior to announcement of the Entitlement Offer (\$0.62 per Share)²; and
- an 17.5% discount to the 5-day VWAP prior to announcement of the Entitlement Offer (being \$0.63 per Share).

New Shares will be issued on a fully paid basis and will, from their date of issue, rank equally with existing Shares then on issue.

Citigroup Global Markets Australia Pty Limited ACN 003 114 832 and Bell Potter Securities Limited ACN 006 390 772 are acting as Joint Lead Managers and Underwriters of the Entitlement Offer (**Underwriters**). A summary of the key terms of the Underwriting Agreement between Bubs and the Underwriters is provided in the Appendix on slides 41 to 44 of the Investor Presentation. PAC Partners Securities Pty Ltd ACN 623 653 912 has also been appointed as a co-manager for the Entitlement Offer (**Co-Manager**).

Use of proceeds

The Entitlement Offer seeks to raise a total of approximately \$30.6 million in gross proceeds which will be committed to fund:

- working capital to assist with the immediate scale up of group activities given the additional accelerated and rapid market expansion;
- increasing the Company's inventory build;
- USA operating expenses: marketing, administration, employment costs, and consultancy fees;

² TERP is the theoretical price at which Bubs shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equate to TERP. TERP is calculated by reference to Bubs' closing price of \$0.64 on 4 July 2022.

- 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
- costs associated with the Capital Raising.

Details about the use of proceeds from the Entitlement Offer, as well as the conditions and risks associated with these, are provided in the Investor Presentation.

Information Booklet

This Information Booklet is important and requires your immediate attention. It is accompanied by your personalised Entitlement and Acceptance Form (either online via <https://bubsretailentitlementoffer.thereachagency.com> or in hard copy) which contains details of your Entitlement as well as important information, including:

- **key dates** for the Entitlement Offer;
- instructions on **how to apply**, setting out how to accept all or part of your Entitlement in the Retail Entitlement Offer if you choose to do so; and
- the ASX Offer Announcements and Investor Presentation.

The Retail Entitlement Offer closes at 5:00 pm (Sydney time) on Tuesday, 26 July 2022.

To participate, you need to ensure that you have completed your application by paying Application Monies in accordance with the instructions on the Entitlement and Acceptance Form, so that your payment is received by Bubs by no later than 5:00 pm (Sydney time) on Tuesday, 26 July 2022.

If you wish to receive a paper copy of this Information Booklet and your personalised Entitlement and Acceptance Form, please call the Entitlement Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 8:30 am and 5:00 pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

Please refer to the instructions in section 2 of this Information Booklet for further information.

United States

Shareholders in the United States are not eligible to participate in the Retail Entitlement Offer. Similarly, Shareholders (including custodians and nominees) who hold Shares (as defined below) on behalf of persons in the United States, or are acting for the account or benefit of persons in the United States, are not eligible to participate in the Retail Entitlement Offer on behalf of those persons.

No Entitlements trading

Your Entitlement cannot be traded on ASX or any other exchange or privately transferred. If you do not take up some or all of your Entitlement, your rights will lapse. Please see section 1.5 for more information.

Additional information

Further information on the Entitlement Offer is detailed in this Information Booklet. You should read the entirety of this Information Booklet carefully (including the "Key risks" section of the Investor Presentation) before deciding whether to participate in the Entitlement Offer.

If you have any further questions, you should seek advice from your stockbroker, accountant or other independent professional adviser.

On behalf of the board of directors of Bubs, I thank you for your ongoing support.

Yours sincerely,

Dennis Lin

Chairman

Bubs Australia Limited

KEY DATES FOR THE ENTITLEMENT OFFER

EVENT	TIME (AEDT) / DATE
Announcement of the Entitlement Offer and Institutional Entitlement Offer and Placement open	By 9.00am on Tuesday, 5 July 2022
Institutional Entitlement Offer and Placement closes	By 6.00pm on Tuesday, 5 July 2022
Announce results of the Institutional Entitlement Offer and Placement	By 9.00am on Wednesday, 6 July 2022
Trading in Bubs shares resumes on ex-entitlement basis	By 9.00am on Wednesday, 6 July 2022
Record date for determining entitlement for the Entitlement Offer	7.00pm on Thursday, 7 July 2022
Despatch of Information Booklet	By 9.00am on Tuesday, 12 July 2022
Retail Entitlement Offer opens	10.00am on Tuesday, 12 July 2022
Settlement of Institutional Entitlement Offer and Placement	Wednesday, 13 July 2022
Issue and trading of New Shares under Institutional Entitlement Offer and Placement	Thursday, 14 July 2022
Retail Entitlement Offer closing date	5.00pm on Tuesday, 26 July 2022
Results of Retail Entitlement Offer announced to ASX	Friday, 29 July 2022
Settlement of Retail Entitlement Offer	Monday, 1 August 2022
Allotment of New Shares issued under the Retail Entitlement Offer	Before 12.00pm on Tuesday, 2 August 2022
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 3 August 2022
Despatch of holding statements	Tuesday, 9 August 2022

Note: The timetable above is indicative only and may be subject to change. All times and dates refer to Australian Eastern Daylight-savings time. Bubs reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, Bubs reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Enquiries

If you have any questions, or would like a paper copy of this Information Booklet and your personalised Entitlement and Acceptance Form, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the Entitlement Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 8:30 am and 5:00 pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder, you may take one of the following actions:

- take up all of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for that lapsed Entitlement.

The Retail Entitlement Offer closes at 5:00 pm (Sydney time) on Tuesday, 26 July 2022.

Ineligible Retail Shareholders are not entitled to participate in the Retail Entitlement Offer.

OPTIONS AVAILABLE TO YOU	Key Considerations
1. Take up all of your Entitlement	• You may elect to apply for New Shares at the Offer Price (see Section 2 for instructions on how to take up your Entitlement). • The New Shares will rank equally in all respects with existing Shares on issue as at the date of allotment.
2. Take up part of your Entitlement	• If you do not take up your Entitlement in full, those Entitlements not taken up will lapse and you will not receive any payment or value for them. • If you do not take up your Entitlement in full, your proportionate equity interest in Bubs will be diluted as a result of the Entitlement Offer.
3. Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements	• If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlements will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable, which means your Entitlements are non-transferrable and cannot be sold, traded on the ASX or any other exchange, nor can they be privately transferred. • If you do not take up your Entitlement, your proportionate equity interest in Bubs will be diluted as a result of the Entitlement Offer.

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Entitlement Offer is a underwritten³ offer of approximately 30.6 million New Shares at the Offer Price of \$0.52 per New Share. Under the Entitlement Offer, all Eligible Institutional Shareholders and all Eligible Retail Shareholders are entitled to subscribe for 1 New Share for every 10.42 Shares held on the Record Date.

The Entitlement Offer is comprised of two parts, being:

- the **Institutional Entitlement Offer**: Eligible Institutional Shareholders were invited to take up their Entitlements. The Institutional Entitlement Offer closed on Tuesday, 5 July 2022; and
- the **Retail Entitlement Offer**: Eligible Retail Shareholders are now being invited to take up all or part of their Entitlements. The Retail Entitlement Offer closes at 5:00 pm (Sydney time) on Tuesday, 26 July 2022.

The Entitlement Offer is non-renounceable, which means that Entitlements are personal to you and non-transferable and cannot be sold or traded on ASX or any other securities exchange, or assigned or otherwise dealt with.

New Shares issued under the Entitlement Offer will, from their date of issue, rank equally with existing Shares then on issue.

1.2 Underwriting

The Entitlement Offer is to be underwritten⁴ by the Underwriters. A summary of the key terms of the Underwriting Agreement is provided in the Appendix of the Investor Presentation on slides 41 to 44.

1.3 Who is eligible to participate in the Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are being offered the opportunity to subscribe for 1 New Share for every 10.42 Shares held at the Record Date, at the Offer Price of \$0.52 per New Share.

Eligible Retail Shareholders are those Shareholders who:

- (a) are registered as a holder of a Share at 7:00 pm (Sydney time) on the Record Date;
- (b) as at the Record Date, have a registered address in Australia or New Zealand as recorded on Bubs' share register;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States);
- (d) are not Eligible Institutional Shareholders and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus, product disclosure statement or offer document to be lodged or registered.

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Bubs and the Underwriters. To the maximum extent permitted by law, each of Bubs and the Underwriters disclaim any duty or liability (including for fault or negligence) in respect of that determination and the exercise or otherwise of that discretion.

1.4 What is your Entitlement

Your Entitlement is set out in your personalised Entitlement and Acceptance Form available on the offer website at <https://bubsretailentitlementoffer.thereachagency.com> and has been calculated as 1

³ Refer to slides 41 to 44 of the Investor Presentation released by Bubs Australia to ASX on 5 July 2022 for a description of the terms and conditions of the underwriting arrangements.

⁴ Refer to slides 41 to 44 of the Investor Presentation released by Bubs Australia to ASX on 5 July 2022 for a description of the terms and conditions of the underwriting arrangements.

New Share for every 10.42 Shares you held at the Record Date. If the result is not a whole number your Entitlement will be rounded up to the nearest whole number. If you have more than one registered holding of Shares, you will receive more than one personalised payment reference number and you will have separate Entitlements for each separate holding.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up; for example, you are not permitted to take up an Entitlement to the extent you are holding Shares for the account or benefit of a person in the United States (see definition of Eligible Retail Shareholders in section 1.3 of this Information Booklet).

1.5 **Can you trade your Entitlement?**

The Entitlement Offer is non-renounceable, which means that your Entitlement is personal to you, is non-transferable, and cannot be sold or traded on ASX (or any other securities exchange), or assigned or otherwise dealt with. If you do not take up your Entitlements by 5:00 pm (Sydney time) on Tuesday, 26 July 2022, your Entitlement will lapse.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares you would have acquired had you taken up your Entitlement, and you will not receive any value for your Entitlement. Your percentage shareholding in Bubs will also be diluted to the extent that New Shares are issued under the Entitlement Offer.

1.6 **Reconciliation**

The Entitlement Offer is a complex structure and in some instances Shareholders may believe that they will own more Shares in Bubs than they actually do on the Record Date. This results in a need for reconciliation.

If reconciliation is required, it is possible that Bubs may need to issue a small quantity of additional New Shares (**Top Up Shares**) to ensure all Eligible Shareholders receive their full Entitlement. Any Top Up Shares will be issued at the Offer Price.

Bubs also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Shareholders.

1.7 **ASX quotation and allotment**

Subject to approval being granted, quotation of the New Shares issued under the Retail Entitlement Offer is expected to commence on Tuesday 2 August 2022 (on a normal settlement basis). If permission for quotation is not granted by the ASX, the New Shares will not be issued and Application Monies will be refunded (without interest) as soon as practicable.

Trading of New Shares will, subject to the ASX approval, occur shortly after allotment. It is expected that allotment of the New Shares under the Retail Entitlement Offer will take place on Tuesday, 2 August 2022.

Subject to approval being granted, it is expected that the New Shares allotted under the Retail Entitlement Offer will commence trading on a normal basis on Wednesday, 3 August 2022.

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk.

Bubs and the Underwriters disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Bubs, the Underwriters, the Registry or otherwise.

1.8 **Ineligible Retail Shareholders**

All Shareholders who are not Eligible Retail Shareholders, Eligible Institutional Shareholders or Ineligible Institutional Shareholders are Ineligible Retail Shareholders. Ineligible Retail Shareholders will not be entitled to participate in the Retail Entitlement Offer.

Bubs has determined that it would be unreasonable on this occasion to extend the Retail Entitlement Offer to Ineligible Retail Shareholders, having regard to:

- the number of Shares held by Ineligible Retail Shareholders in each applicable jurisdiction;
- the number and value of New Shares that Ineligible Retail Shareholders in each applicable jurisdiction would be offered; and
- the cost of complying with the legal and regulatory requirements which would apply to an offer of Shares to Ineligible Retail Shareholders in each of those places.

1.9 **Rights of Bubs and the Underwriters**

(a) **Adjusting Entitlements**

Bubs reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

(b) **Acknowledgement**

By taking up or exercising an Entitlement, Eligible Shareholders irrevocably acknowledge and agree that Bubs and the Underwriters may do anything contemplated by paragraph 1.9(a) above or otherwise in this Information Booklet. Shareholders also acknowledge that:

- there is no time limit on the ability of Bubs and the Underwriters to require any of the actions set out above; and
- where Bubs and the Underwriters exercise their right to correct a Shareholder's Entitlement, the Shareholder is treated as continuing to accept or not take up any remaining Entitlement (as the case may be).

2. **HOW TO APPLY**

2.1 **What you may do – choices available**

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser. You should also read this Information Booklet in full, including the "Key risks" section of the Investor Presentation.

The number of New Shares to which Eligible Retail Shareholders are entitled is shown in your personalised Entitlement and Acceptance Form. If you are an Eligible Retail Shareholder, you may do any one of the following.

- (1) Take up all of your Entitlement (see section 2.2 of this Information Booklet).
- (2) Take up part of your Entitlement and let the balance lapse (see section 2.3 of this Information Booklet).
- (3) Do nothing and let your Entitlement lapse (see section 2.4 of this Information Booklet).

You should bear in mind that if you do not take up all of your Entitlement, your percentage shareholding in Bubs will be diluted.

2.2 **If you wish to take up all of your Entitlement**

If you wish to take up **all** of your Entitlement, you must make your payment by BPAY®⁵ for the full amount payable (being the Offer Price multiplied by the number of New Shares) so that it is received by 5:00 pm (Sydney time) on Tuesday, 26 July 2022.

By paying by BPAY®, you are not required to submit a personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for your Entitlement so that payment is received by 5:00 pm (Sydney time) on Tuesday, 26 July 2022, you will be allotted your New Shares on Tuesday, 2 August 2022. Bubs' decision on the number of New Shares allotted to you will be final.

⁵ BPAY® is a bill payment service. For further information, please see <http://www.bpay.com.au/>.

2.3 **If you wish to take up part of your Entitlement**

If you wish to take up **part** of your Entitlement and reject the balance, you must make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself).

By paying by BPAY®, you are not required to submit a personalised Entitlement and Acceptance Form but are taken to make the statements set out in section 2.6 of this Information Booklet.

If you take up and pay for your Entitlement so that payment is received by 5:00 pm (Sydney time) on Tuesday, 26 July 2022, you will be allotted your New Shares on Tuesday, 2 August 2022. Bubs' decision on the number of New Shares allotted to you will be final.

2.4 **If you do not wish to take up your Entitlement**

If you do not wish to take up all or any part of your Entitlement, do not take any further action and all or that part of your Entitlement will lapse. By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares you would have acquired had you taken up your Entitlement and you will not receive any value for your Entitlement. Your percentage shareholding in Bubs will also be diluted to the extent that New Shares are issued under the Entitlement Offer.

2.5 **Payment**

(a) **General**

The Offer Price of \$0.52 per New Share accepted is payable on acceptance of your Entitlement. Payment must be received by 5:00 pm (Sydney time) on Tuesday, 26 July 2022.

Payment will only be accepted in Australian currency and must be (other than with the express consent of the Company) through the BPAY® facility according to the instructions set out on the offer website at <https://bubsretailentitlementoffer.thereachagency.com> and in this Information Booklet.

Cash, cheque, bank draft and money order payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Retail Shareholders will be held by Bubs on trust for applicants until the New Shares are allotted. No interest will be paid on Application Monies.

Bubs reserves the right to cancel the Entitlement Offer at any time prior to the allotment of New Shares under the Institutional Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Retail Shareholder agrees that any Application Monies paid by them to Bubs will not entitle them to any interest against Bubs, and that any interest earned in respect of Application Monies will belong to Bubs. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Shares applied for by a person are issued to that person.

Bubs will treat you as applying for as many New Shares as your payment will pay for in full, up to your Entitlement.

Any Application Monies received in excess of your full Entitlement will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid on any Application Monies received or refunded.

(b) **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the offer website at <https://bubsretailentitlementoffer.thereachagency.com> and your personalised Entitlement details (which includes the Biller Code and your unique Customer Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Customer Reference Number provided to you on the offer website. If you have multiple holdings and receive more than one payment reference number, when taking up your Entitlement in respect of one of those holdings, please only use the Customer Reference Number specific to the Entitlement. If you do not use the correct Customer Reference Number specific to that holding, your application will not be recognised as valid. If you inadvertently use the same Customer Reference Number for more than one of your Entitlements, you will be deemed to have applied for only your Entitlement to which that Customer Reference Number applies, and any excess amount will be refunded.

Please bear in mind that, by paying through BPAY®:

- you do not need to submit a personalised Entitlement and Acceptance Form, but are taken to have made the statements set out in section 2.6 of this Information Booklet; and
- if you pay for less than your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5:00 pm (Sydney time) on Tuesday, 26 July 2022.

You should be aware that your Australian financial institution branch may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

(c) Payment by other electronic transfers

If you do not have an account that supports BPAY® transactions, New Zealand holders will be offered EFT details via the offer website. Alternatively, please contact the Registry on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) for alternative electronic funds transfer payment arrangements.

2.6 Payment and application is binding

A payment made through BPAY® (or otherwise applying to participate in the Retail Entitlement Offer) constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once paid, cannot be withdrawn.

By making a payment by BPAY®, or otherwise applying to participate in the Retail Entitlement Offer, you:

- (a) declare that:
- (i) all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
 - (ii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer and your personalised Entitlement and Acceptance Form; and
 - (iii) you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (b) acknowledge that:
- (i) once Bubs receives your payment, you may not withdraw it except as allowed by law;
 - (ii) you have read and understood this Information Booklet and the personalised Entitlement and Acceptance Form;
 - (iii) the information contained in this Information Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial circumstances or particular needs;
 - (iv) this Information Booklet is not a prospectus, product disclosure statement or offer document, does not contain all of the information you may require in order to assess

an investment in Bubs and is given in the context of Bubs' past and ongoing continuous disclosure announcements to ASX;

- (v) determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Bubs and the Underwriters;
 - (vi) to the maximum extent permitted by law, each of Bubs, the Underwriters and their respective directors, employees, officers, representatives, agents, partners, consultants, advisers or intermediaries disclaim any duty or liability (including for fault or negligence) in respect of that determination and the exercise or otherwise of that discretion; and
 - (vii) neither Bubs, the Underwriters nor any of their respective directors, employees, officers, representatives, agents, partners, consultants, advisers or intermediaries guarantee the performance of the New Shares or the performance of Bubs nor do they guarantee the repayment of capital from Bubs;
- (c) agree to:
- (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of \$0.52 per New Share; and
 - (ii) be bound by the terms of this Information Booklet and the provisions of Bubs' constitution;
- (d) authorise Bubs to:
- (i) register you as the holder of any New Shares you are allotted and authorise Bubs, each of the Underwriters and each of their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of the Registry by using the contact details set out in the personalised Entitlement and Acceptance Form; and
 - (ii) correct any errors in your personalised Entitlement and Acceptance Form or other form provided to you;
- (e) represent and warrant that:
- (i) the law of any place does not prohibit you from:
 - (A) being given this Information Booklet (or a personalised Entitlement and Acceptance Form);
 - (B) accessing the offer website at <https://bubsretailentitlementoffer.thereachagency.com>; or
 - (C) making an application for New Shares; and
 - (ii) subject to section 2.6(b)(vi), you are an Eligible Retail Shareholder.

By making a payment by BPAY® or otherwise applying to participate in the Retail Entitlement Offer, you will also be treated as:

- (a) having represented and warranted that you are not engaged in the business of distributing securities;
- (b) acknowledging on your own behalf and on behalf of each person on whose account you are acting that:
 - (i) you are not in the United States and you are not acting for the account or benefit of a person in the United States;
 - (ii) the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and that the New Shares may not be offered or sold, directly or indirectly, in the United States, or to persons acting for the account or benefit of persons in the United States

(to the extent such persons are acting for the account or benefit of a person in the United States);

- (iii) the New Shares in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions", as defined and in compliance with Regulation S under the U.S. Securities Act;
- (iv) if in the future you decide to sell or otherwise transfer any New Shares, you will only do so in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, including in standard brokered transactions on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- (v) you have not and will not send this Information Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia or New Zealand; and
- (vi) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are applying for New Shares is:
 - (A) resident in Australia or New Zealand; and
 - (B) is not in the United States and is not acting for the account or benefit of a person in the United States.

3. **IMPORTANT INFORMATION**

3.1 **Responsibility for Information Booklet**

This Information Booklet (including the ASX Offer Announcements and any personalised Entitlement and Acceptance Form) has been prepared by Bubs. This Information Booklet is dated 12 July 2022 (other than the ASX Offer Announcements, which were released to the ASX and published on the ASX website on the date shown on them). Statements made in this Information Booklet are made only as at the date of this Information Booklet. The information in this Information Booklet remains subject to change without notice.

No party other than Bubs has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information Booklet. Any information or representation that is not in this Information Booklet may not be relied on as having been authorised by Bubs, or its related bodies corporate in connection with the Entitlement Offer.

3.2 **Status of Information Booklet**

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*) which allow rights issues to be conducted without a prospectus, provided certain conditions are satisfied.

Neither this Information Booklet nor the Entitlement and Acceptance Form is required to be lodged or registered with ASIC. This Information Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared or issued. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in Bubs. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on Bubs and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Information Booklet, the Investor Presentation and other announcements made available at <http://www.asx.com.au/>.

This Information Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Bubs is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether

to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information Booklet including the Investor Presentation (in particular, the "Key risks" section), you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

3.3 **Information Booklet availability**

Eligible Retail Shareholders can obtain a copy of this Information Booklet (along with their personalised Entitlement and Acceptance Form) on the Company's offer website at <https://bubsretailentitlementoffer.thereachagency.com>. You will need to provide your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) and postcode to access the online application system.

In addition, Eligible Retail Shareholders can obtain a copy of this Information Booklet during the period of the Entitlement Offer by accessing the ASX website or accessing the Bubs website at <https://www.bubsaustralia.com/>. The electronic version of this Information Booklet on the ASX website and the Bubs website will not include a personalised Entitlement and Acceptance Form.

Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet.

In addition, Eligible Retail Shareholders may request a paper copy of this Information Booklet (and their personalised Entitlement and Acceptance Form) by calling the Entitlement Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 8:30 am and 5:00 pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

This Information Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be released or distributed to, or relied upon by, persons in the United States or persons that are acting for the account or benefit of a person in the United States.

3.4 **Notice to nominees and custodians**

If Bubs believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer from Bubs.

Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- beneficiaries on whose behalf they hold existing shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- Shareholders who were not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Persons acting as custodians and/or nominees must not take up Entitlements or apply for New Shares on behalf of, and must not send the Information Booklet or any other document relating to the Retail Entitlement Offer (including providing access to, or details of, the offer website) to, any person that is in the United States or elsewhere outside Australia and New Zealand.

Bubs is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess, taking into account guidance deemed provided in this Information Booklet, whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with the terms of the Retail Entitlement Offer and all applicable foreign laws.

3.5 **No cooling off**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

3.6 **Privacy Statement**

If you complete an application for New Shares, you will be providing personal information to Bubs (directly or through the Registry). Bubs collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so, please contact the Registry at the relevant contact numbers set out in the Corporate Directory of this Information Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, Bubs may not be able to accept or process your application.

3.7 **Governing Law**

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms (whether online or hard copy) are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

3.8 **Foreign offer restrictions**

This Information Booklet has been prepared to comply with the requirements of the securities laws of Australia.

This Information Booklet does not constitute an offer in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand, except to the extent permitted below. Distribution of this Information Booklet outside Australia and New Zealand may be restricted by the securities laws of other jurisdictions. Any non-compliance with these restrictions may contravene applicable securities laws. See the "Foreign selling restrictions" section of the Investor Presentation for more information.

(a) New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(b) Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

(c) European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

(d) Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(e) Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

(f) Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor,

please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(g) Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

(h) United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

(i) United States

This Information Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal. None of this Information Booklet, any accompanying

ASX announcements, the Investor Presentation reproduced in it, or the Entitlement and Acceptance Form may be distributed or released in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. In particular, the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" as defined in Rule 902(h) in reliance on Regulation S under the U.S. Securities Act.

3.9 **Underwriting**

The Entitlement Offer is lead managed and underwritten⁶ by the Underwriters pursuant to an underwriting agreement dated 5 July 2022 (**Underwriting Agreement**).

A summary of the key terms of the Underwriting Agreement is provided on slides 41 to 44 of the Investor Presentation.

The Underwriting Agreement contains certain customary:

- conditions precedent (that must be satisfied or waived before the Underwriters are obliged under the Underwriting Agreement to, among other things, underwrite the Retail Entitlement Offer); and
- representations, warranties and indemnities in favour of the Underwriters.

The Underwriting Agreement is subject to generally customary termination events (a summary of these is included in the summary of the key terms on slides 41 to 44 of the Investor Presentation). If the Underwriting Agreement is terminated, the Retail Entitlement Offer may not proceed in its entirety.

The Underwriters reserve the right, at any time, to appoint sub-underwriters and co-managers in respect of any part of the Entitlement Offer. However, a sub-underwriter may be appointed only pursuant to documentation containing customary representations, warranties and agreements including with respect to United States securities laws in a form approved by Bubs (with such approval not to be unreasonably withheld or delayed), provided that any such sub-underwriter or co-manager may not be in the United States and may not offer or sell New Shares in the United States or to persons acting for the account or benefit of persons in the United States.

The Underwriters are entitled to be paid fees and expenses under the Underwriting Agreement.

3.10 **Disclaimer of representations**

Except as required by law, and only to the extent so required, none of Bubs or any other person, warrants or guarantees the future performance of Bubs or any return on any investment made pursuant to this Information Booklet.

3.11 **Underwriters' disclaimer**

Neither the Underwriters nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, agents, consultants, partners or advisers have authorised, permitted or caused the issue, despatch or provision of this Information Booklet and there is no statement in this Information Booklet which is based on a statement made by an Underwriter Party. The Underwriters do not take responsibility for any statements made in this Information Booklet or any action taken by you on the basis of such information. The Underwriters have not authorised, approved or verified any forward-looking statements included in this Information Booklet. To the maximum extent permitted by law, each Underwriter excludes and disclaims all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in, or failure to participate in, the Entitlement Offer and this Information Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise, and make no

⁶ Refer to slides 41 to 44 of the Investor Presentation released by Bubs Australia to ASX on 5 July 2022 for a description of the terms and conditions of the underwriting arrangements.

representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of this Information Booklet.

To the maximum extent permitted by law, the Underwriters, and each of their respective related bodies corporate and affiliates, and each of their respective officers, directors, partners, employees, consultants, contractors, agents and advisers, disclaim all responsibility for any part of the Information Booklet or liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of the Information Booklet or reliance on anything contained in or omitted from it or otherwise arising in connection with it.

None of the Underwriters make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties, express or implied, to you concerning this Entitlement Offer or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters in relation to the New Shares or the Entitlement Offer generally.

3.12 **Continuous disclosure**

Bubs is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports.

Bubs is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Bubs has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Bubs Shares. That information is available to the public from ASX.

4. **AUSTRALIAN TAXATION CONSIDERATIONS**

Set out below is a general summary (**Summary**) of the key Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who:

- are residents of Australia for Australian income tax purposes;
- hold their Shares and will hold their New Shares and Entitlements on capital account for Australian tax purposes; and
- acquired (or are taken to have acquired) their existing Shares on or after 20 September 1985.

The Summary does not apply to Eligible Retail Shareholders who:

- (a) are not residents of Australia for Australian income tax purposes;
- (b) hold their Shares or will hold their New Shares as revenue assets or trading stock, such as banks, insurance companies and taxpayers carrying on a business of share trading;
- (c) have acquired their Shares or will acquire their New Shares for the purposes of resale at a profit;
- (d) are subject to the Taxation of Financial Arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of their Shares, New Shares or Entitlements;
- (e) are subject to special tax rules, such as entities that are exempt from Australian income tax, partnerships, insurance companies or trusts that are subject to special taxation regimes (such as "attribution managed investment trusts" and trusts that are taxed as companies); or
- (f) acquired their Shares or will hold their New Shares or Entitlements under an arrangement that constitutes an 'employee share scheme' for Australian tax purposes.

The Summary is intended as a general guide only and is not an authoritative or exhaustive statement of all potential tax implications for each Eligible Retail Shareholder.

The Summary is not advice and should not be relied on as such. It also does not take account of any individual circumstances of any particular Eligible Retail Shareholder. Taxation is a complex area of law and the taxation consequences for each Eligible Retail Shareholder may differ depending on their own particular circumstances. Accordingly, Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers. Neither Bubs, nor any of its officers, nor its taxation adviser, nor any other adviser to Bubs, accepts any liability or responsibility in respect of any statement concerning the taxation consequences of the Retail Entitlement Offer.

The Summary is based on the law in effect and administrative practice as at the date of this Information Booklet. Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the Retail Entitlement Offer and an investment in the New Shares or the holding and disposal of the New Shares. The Summary does not address the taxation implications of the Retail Entitlement Offer under the laws of any jurisdiction other than the laws of Australia.

4.1 Issue of Entitlements

The issue of the Entitlements should not of itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

4.2 Exercise of Entitlements

If you exercise all or part of your Entitlements, you will be allocated New Shares. In this case:

- (a) the Entitlement will cease to exist and a capital gains tax (**CGT**) event will occur, but any capital gain or loss made on the exercise of the Entitlement should be disregarded for CGT purposes;
- (b) the New Shares acquired as a result of exercising the Entitlement should be treated for CGT purposes as having been acquired on the day on which the Entitlement is exercised;
- (c) the cost base (and reduced cost base) of the New Shares for CGT purposes should include the Offer Price payable by you for those New Shares plus certain non-deductible incidental costs you incur in acquiring them (if any).

4.3 Entitlements not exercised

If you do not exercise all or some of your Entitlements, those Entitlements will lapse and you will not receive any consideration for the lapsed Entitlements. The lapsing of your Entitlements for no consideration should not have any tax implications.

4.4 New Shares

If you exercise all or some of your Entitlements, you will acquire New Shares. Any future dividends or other distributions made in respect of those New Shares should generally be subject to the same taxation treatment as dividends or other distributions made in respect of Shares held in the same circumstances.

On any future disposal of New Shares, you may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base (in the case of a capital gain) or less than the reduced cost base of those shares (in the case of a capital loss).

Any capital gain arising to Eligible Retail Shareholders who are individuals or trusts (other than trusts that are complying superannuation funds) can generally be reduced by 50% (after first offsetting any current year or prior year capital losses) if the New Shares are held for at least 12 months between the date the New Shares are treated as having been acquired (as outlined in section 4.2 above) and the date of disposal for CGT purposes. Taxation of trusts and their beneficiaries is a complex area of the taxation law and trustees should seek specific advice in relation to the tax consequences arising to them (and their beneficiaries) of any capital gains of the trust.

For Eligible Retail Shareholders which are complying superannuation funds, any capital gain can generally be reduced by one-third (after first offsetting any current year or prior year capital losses)

if the New Shares are held for at least 12 months between the date the New Shares are treated as having been acquired (as outlined in section 4.2 above) and the date of disposal for CGT purposes.

The CGT discount is not available to Eligible Shareholders that are companies.

A capital loss made by an Eligible Shareholder can only be used to offset a capital gain made in the same or later income year (subject to satisfying any applicable loss utilisation tests). A capital loss cannot be used to offset other income nor carried back to earlier income years.

4.5 Provision of Tax File Number or Australian Business Number

If an Eligible Retail Shareholder has quoted their Australian business number (ABN), tax file number (TFN) or an exemption from quoting their TFN in respect of an existing Share, this quotation or exemption will also apply in respect of any New Shares acquired by that Eligible Retail Shareholder.

While you are not required to quote your TFN, tax may be required to be deducted by Bubs from any distributions at the highest marginal tax rate if an ABN or TFN has not been quoted, or an appropriate TFN exemption has not been provided.

4.6 GST

No liability to GST should arise for Eligible Retail Shareholders in respect of the issue, exercise or lapse of their Entitlement or the acquisition of New Shares pursuant to the Retail Entitlement Offer. If an Eligible Retail Shareholder incurs GST on acquisitions (eg GST on legal, financial or tax advice), to the extent that the acquisition relates to the exercise of the Entitlement or the acquisition of New Shares, they may not be entitled to claim input tax credits or only entitled to reduced input tax credits in relation to that GST. Eligible Retail Shareholders should seek independent tax advice in relation to their individual circumstances.

4.7 Stamp duty

No stamp duty should be payable by Eligible Retail Shareholders in respect of the issue, exercise or lapse of their Entitlement or the acquisition of New Shares pursuant to the Retail Entitlement Offer.

5. GLOSSARY

ABN means Australian Business Number.

ACN means Australian Company Number.

Application Monies means the aggregate amount payable for the New Shares applied for through BPAY® (or, with the express consent of the Company, through such other agreed payment mechanism), being the consideration for New Shares under the Retail Entitlement Offer.

ASIC means the Australian Securities and Investments Commission.

ASIC Instruments means *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the securities exchange operated by it on which Shares are quoted.

ASX Offer Announcements means the ASX announcements reproduced in Annexure A to this Information Booklet, being the announcement to ASX on Tuesday, 5 July 2022 in respect of the launch of the Entitlement Offer, the Investor Presentation and the announcement to ASX on Wednesday, 6 July 2022 of the successful completion of the Institutional Entitlement Offer.

Bubs or the **Company** means Bubs Australia Limited ACN 060 094 742.

Co-Manager means PAC Partners Securities Pty Ltd ACN 623 653 912.

Corporations Act means the *Corporations Act 2001* (Cth).

Eligible Institutional Shareholder means institutional shareholders who were invited to participate in the Institutional Entitlement Offer and ultimately did so.

Eligible Retail Shareholders has the meaning given in section 1.3 of the Information Booklet.

Eligible Shareholders means all Eligible Institutional Shareholders and all Eligible Retail Shareholders.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 10.42 Shares held at the Record Date.

Entitlement and Acceptance Form means the personalised form accompanying this Information Booklet to be used to make an application in accordance with the instructions set out on that form or the offer website at <https://bubsretailentitlementoffer.thereachagency.com>.

Entitlement Offer means the accelerated non-renounceable pro rata entitlement offer of 1 New Share for every 10.42 Shares held at the Record Date.

Entitlement Offer Information Line means the information line operated in relation to the Retail Entitlement Offer, which can be contacted by dialling 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 8:30 am and 5:00 pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

GST means has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Ineligible Institutional Shareholder means institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer.

Ineligible Retail Shareholders has the meaning given in section 1.8 of this Information Booklet.

Information Booklet means this information booklet in relation to the Retail Entitlement Offer, including the ASX Offer Announcements reproduced in Annexure A to this Information Booklet, and the personalised Entitlement and Acceptance Form accompanying this information booklet.

Institutional Entitlement Offer means the accelerated non-renounceable pro rata entitlement offer made to Eligible Institutional Shareholders and successfully completed on Tuesday, 5 July 2022.

Investor Presentation means the Investor Presentation released to ASX by Bubs on Tuesday, 5 July 2022 and reproduced in Annexure B to this Information Booklet.

Listing Rule 10.11 Person means each of the following persons:

- (a) A "related party" of the Company (as that term is defined in the Listing Rules).

- (b) A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company.
- (c) A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so.
- (d) An associate of any person referred to in limbs (a) to (c) of this definition.
- (e) A person whose relationship with the Company or a person referred to in limbs (a)-(d) of this definition is such that, in ASX's opinion, the issue or agreement should be approved by the Company's shareholders.

Listing Rules means the official listing rules of the ASX.

New Shares means the fully paid ordinary shares in Bubs to be offered under the Entitlement Offer.

Offer Price means \$0.52, being the price payable per New Share under the Entitlement Offer.

Record Date means 7:00 pm (Sydney time) on Thursday, 7 July 2022, being the record date for determining Eligible Shareholders' entitlement to participate in the Entitlement Offer (including in the Retail Entitlement Offer).

Registry means Computershare Investor Services Pty Limited.

Retail Entitlement Offer means the accelerated non-renounceable pro rata entitlement offer of 1 New Share for every 10.42 Shares held at the Record Date at an Offer Price of \$0.52 made to Eligible Retail Shareholders.

Retail Entitlement Shares means the New Shares to be offered to Shareholders under the Retail Entitlement Offer.

Retail Shortfall Shares means the number of:

- (a) Retail Entitlement Shares, including the Retail Entitlement Shares which would have been offered to Ineligible Retail Shareholders if they had been entitled to receive New Shares under the Retail Entitlement Offer; *less*
- (b) the number of Retail Entitlement Shares in respect of which Bubs receives a valid application on or before 5.00 pm (Sydney time) on Tuesday, 26 July 2022.

Share means a fully paid ordinary share in Bubs.

Shareholder means a holder of a Share.

TERP means the theoretical ex-rights price.

U.S. Securities Act means the U.S. Securities Act of 1933 (as amended).

Underwriters means Citigroup Global Markets Australia Pty Limited ACN 003 114 832 and Bell Potter Securities Limited ACN 006 390 772.

Underwriting Agreement means the underwriting agreement between Bubs and the Underwriters under which the Underwriters have agreed to lead manage and underwrite the Entitlement Offer.

VWAP means the volume weighted average price.

ANNEXURE A
ASX OFFER ANNOUNCEMENTS



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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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

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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).



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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

COMPLETION OF INSTITUTIONAL PLACEMENT AND INSTITUTIONAL ENTITLEMENT OFFER

- ***Bubs has completed the institutional component of its underwritten¹ \$63.0 million (before costs) Equity Raising at \$0.52 per share***
- ***The institutional component comprised an Institutional Placement to raise \$32.4 million and the Institutional Entitlement Offer to raise \$7.7 million***
- ***The Retail Entitlement Offer opens Tuesday, 12 July, 2022 and is expected to raise an additional \$22.9 million at the same price as the Institutional Entitlement Offer***
- ***Proceeds to be used to fund working capital to assist with the immediate scale up of group activities given the additional accelerated and rapid market expansion, to fund inventory build given the current logistics environment, to fund USA market operating expenses (including marketing, administration, employment costs and consultancy fees), to fund 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 to fund the costs associated with the Equity Raising.***

Melbourne, Wednesday, 6 July, 2022: Bubs Australia Limited (ASX: BUB) ("**Bubs**" or the "**Company**") is pleased to announce the completion of the underwritten² institutional component of the \$63.0 million Equity Raising (the Institutional Offer and the Retail Entitlement Offer, defined below, are together known as the "**Equity Raising**") at \$0.52 per fully paid ordinary share ("**New Share**") announced on Tuesday, 5 July, 2022. The Institutional Offer was supported by new and existing institutional investors from Australia and in certain overseas jurisdictions.

Dennis Lin, Executive Chairman of Bubs, said: "We are pleased with the support shown by institutional investors in the Equity Raising. We are delighted to welcome new shareholders to the register and are always grateful for the participation from our existing shareholders. Both have displayed confidence in Bubs and our commitment to deliver on future opportunities."

Bubs Founder and CEO Kristy Carr said: "As the business continues its rapid growth and expansion with the new capital, we look forward to keeping our new and existing investors informed and making the business stronger and better."

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

² As above.



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The institutional component consisted of a placement of approximately 62.4 million New Shares to institutional investors ("**Institutional Placement**") raising \$32.4 million and a 1 for 10.42 pro-rata accelerated non-renounceable entitlement offer ("**Institutional Entitlement Offer**") raising \$7.7 million (together the "**Institutional Offer**"). The Institutional Offer of New Shares was made at \$0.52 per New Share ("**Offer Price**"), representing a 18.8% discount to the last traded price of \$0.64 on Monday, 4 July, 2022 and a 16.2% discount to the theoretical ex-rights price ("**TERP**")³.

New Shares offered under the Institutional Offer and New Shares equivalent to the entitlements not taken up by institutional shareholders were offered via an institutional bookbuild process ("**Institutional Bookbuild**").

Approximately 77.2 million New Shares are expected to be issued under the Institutional Offer (comprising approximately 12.6% of Bubs' existing issued capital). New Shares will rank equally in all respects with existing shares in Bubs. Settlement of the Institutional Offer is scheduled for Wednesday, 13 July, 2022, with New Shares expected to be allotted on Thursday, 14 July, 2022 and trading expected to commence on a normal settlement basis on the Australian Securities Exchange ("**ASX**") on the same day.

Commencement of the Retail Entitlement Offer

The retail component of the Entitlement Offer is expected to raise the balance of the Equity Raising of approximately \$22.9 million ("**Retail Entitlement Offer**"). The Retail Entitlement Offer is underwritten⁴ by Citigroup Global Markets Australia Pty Limited and Bell Potter Securities Limited (together, the "**Joint Lead Managers**"). The Equity Raising is also co-managed by PAC Partners Securities Pty Ltd ("**PAC Partners**").

Eligible retail shareholders with a registered address in Australia or New Zealand as at 7.00pm (AEST) on Thursday, 7 July, 2022 ("**Eligible Retail Shareholders**") will be invited to participate in the 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.

³ The Theoretical Ex Rights Price ("**TERP**") of \$0.620 per Share is calculated by reference to Bubs' closing price on Monday, 4 July, 2022, being the last trading date prior to the announcement of the Equity Raising. TERP is a theoretical calculation only and the actual price at which Bubs' Shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not approximate TERP. TERP includes the new Shares under the Placement.

⁴ Refer to slides 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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If Eligible Retail Shareholders take no action they will not be allocated New Shares and their Entitlements will lapse. Eligible Retail Shareholders 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.

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 retail shareholders with a registered address outside Australia and or 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. Determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Bubs and the Joint Lead Managers.

Indicative timetable

Event	Time and Date
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



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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 Retail Entitlement Offer, to accept late applications under 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 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.

Enquiries

For further information on the Entitlement Offer please visit <https://bubsretailentitlementoffer.thereachagency.com> or call the Bubs Offer Information Line: 1300 850 505 (within Australia) or + 61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (AEST) on Monday to Friday, before the Retail Entitlement Offer closes at 5:00pm (AEST) on Tuesday, 26 July, 2022. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

Following release of this announcement, the Company has requested of the Australian Securities Exchange that trading of its shares be reinstated.

This announcement is authorised by the Board of Bubs.

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

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Involvement of Joint Lead Managers

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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.

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ANNEXURE B
INVESTOR PRESENTATION

ASX: BUB
Bubs Australia

bübs®

Capital Raise Investor Presentation

5 July 2022





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.

DISCLAIMER

This investor presentation (**Presentation**) is dated 5 July 2022 and has been prepared by Bubs Australia Limited (ACN 060 094 742) (**Bubs** or the **Company**). By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation, you acknowledge and agree to the terms set out below.

This Presentation has been prepared in relation to:

- a placement of new fully paid ordinary shares in Bubs to certain sophisticated and institutional investors, including existing shareholders of Bubs, at a fixed price under section 708A of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Placement**); and
- a pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Bubs to existing shareholders with a registered address in Australia, New Zealand and certain other jurisdictions under section 708AA of the Corporations Act, as notionally modified by the Australian Securities and Investments Commission (**ASIC**) Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (**Entitlement Offer**).

Summary information

This Presentation contains summary information about Bubs and its subsidiaries (**Group**) and their activities current as at 5 July 2022. It should be read in conjunction with Bubs' most recent financial report and Bubs' other periodic and continuous disclosure information lodged with the Australian Securities Exchange (**ASX**), which is available at www.asx.com.au. Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, Bubs does not have any obligation to correct or update the content of this Presentation. This Presentation has been prepared by Bubs based on information available to it, including information from third parties, and has not been independently verified.

Not financial product advice or offer

This Presentation does not and does not purport to contain all information necessary to make an investment decision, is not intended as investment or financial advice (nor tax, accounting or legal advice), must not be relied upon as such and does not and will not form any part of any contract or commitment for the acquisition of shares in Bubs. Any decision to buy or sell securities or other products should be made only after seeking appropriate financial advice. This Presentation is of a general nature and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor.

Any investment decision should be made solely on the basis of your own enquiries. Before making an investment in Bubs, you should consider whether such an investment is appropriate to your particular investment objectives, financial situation or needs. Bubs is not licensed to provide financial product advice in respect of its shares.

This Presentation is for information purposes only and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC or any other foreign regulator). This Presentation is not, and does not constitute, an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Presentation may not be distributed or released in the United States. The shares in Bubs have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which Bubs has no obligation to do or procure) or are offered or sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

DISCLAIMER

Investment risk

An investment in Bubs shares is subject to known and unknown risks, some of which are beyond the control of Bubs and its directors. Bubs does not guarantee any particular rate of return or the performance of Bubs nor does it guarantee any particular tax treatment. You should have regard to (amongst other things) the risk factors outlined in this Presentation when making your investment decision. See the "Key Risks" section of this Presentation for certain risks relating to an investment in Bubs shares. Cooling off rights do not apply to the acquisition of shares in Bubs.

Financial information

Unless otherwise stated, all dollar values are in Australian dollars (\$) or A\$). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. The financial information in this Presentation has not been audited.

Effect of Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Past performance

Past performance, including past share price performance of Bubs and pro forma financial information given in this Presentation, is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Bubs' views on its future financial performance or condition. Past performance of Bubs cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of Bubs. Nothing contained in this Presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

Future performance and forward-looking statements

This Presentation 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 Presentation 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.

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Disclaimer

To the maximum extent permitted by law, Citigroup Global Markets Australia Pty Ltd and Bell Potter Securities Limited (together, the "**Joint Lead Managers**"), PAC Partners Securities Pty Ltd ("**PAC Partners**") and Bubs and each of its respective related bodies corporate and affiliates, and each of their respective officers, directors, partners, employees, consultants, contractors, agents and advisers ("**Limited Parties**") disclaim all responsibility and any and all liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any loss arising from this Presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this Presentation. Bubs disclaims any obligations or undertaking to release any updates or revision to the information in this Presentation to reflect any change in expectations or assumptions, and the information remains subject to change by Bubs without notice. The Limited Parties do not make any representation or warranty, express or implied, as to the fairness, accuracy, reliability, completeness of the information in this Presentation or that this Presentation contains all material information about Bubs or that a prospective investor or purchaser may require in evaluating a possible investment in Bubs or acquisition of shares in Bubs or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement.

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 Presentation, nor do they make any recommendation as to whether any potential investor should participate in the Placement or Entitlement Offer.

The Joint Lead Managers, together with their respective affiliates ("**JLM Group**"), are full service financial institutions engaged in various activities, including (but not limited to) underwriting, research, corporate and financial advisory services, lending and financing, commercial banking, principal investment, securities trading, investment management, financing and brokerage activities and financial planning, benefits counselling, hedging, risk management and other non-financial services. Each JLM Group has provided, and may in the future provide, financial advisory, financing services and other services to Bubs and its affiliates, and to persons and entities with relationships with Bubs, for which they received or may receive customary fees and expenses. In the ordinary course of its various activities, each JLM Group may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Bubs, and/or persons and entities with relationships with Bubs. Each JLM Group may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from Bubs and may in the future be lenders to Bubs or its affiliates. Each JLM Group may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Each JLM Group may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in its capacity as a manager, bookrunner and underwriter to the Placement and the Entitlement Offer.

The Joint Lead Managers and/or their affiliates are acting as lead managers, bookrunners and underwriters of both the Placement and Entitlement Offer. The Joint Lead Managers and PAC Partners are acting for, and providing services to, Bubs in relation to the Placement and Entitlement Offer and will not be acting for or providing services to Bubs securityholders, creditors or potential investors. The Joint Lead Managers and PAC Partners have been engaged solely as an independent contractor and are acting solely in a contractual relationship on an arm's length basis with Bubs. The engagement of the Joint Lead Managers and PAC Partners by Bubs is not intended to create any fiduciary obligations, agency or other relationship between the Joint Lead Managers and any Bubs securityholders, creditors or potential investors nor between PAC Partners and any Bubs securityholders, creditor or potential investors.

DISCLAIMER

No person is authorised to give any information or make any representation in connection with the Placement and Entitlement Offer which is not contained in this Presentation. Any information or representation not contained in this Presentation may not be relied on as having been authorised by Bubs or its related bodies corporate or any of their respective officers in connection with the Placement and Entitlement Offer. The Beneficiaries make no representations or warranties (express or implied) concerning the Placement or Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by the Beneficiaries in relation to the Placement and Entitlement Offer generally and you further expressly disclaim that you are in a fiduciary relationship with any of them.

In connection with the bookbuild, one or more institutional investors may elect to acquire an economic interest in the entitlements or new fully paid ordinary shares in Bubs (“**Economic Interest**”), instead of subscribing for or acquiring the legal or beneficial interest in those entitlements or new fully paid ordinary shares in Bubs. The Joint Lead Managers (and each of their respective affiliates and related bodies corporate) may, for their own account, write derivative transactions with those investors relating to the entitlements or the new fully paid ordinary shares in Bubs to provide the Economic Interest, or otherwise acquire securities in Bubs in connection with the writing of such derivative transactions in the bookbuild and/or the secondary market. As a result of such transactions, the Joint Lead Managers (or their respective related bodies corporate or affiliates) may be allocated, subscribe for or acquire entitlements, new fully paid ordinary shares in Bubs or other securities of Bubs in the Placement or the Entitlement Offer, the bookbuild and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such securities. These transactions may, together with other securities in Bubs acquired by the Joint Lead Managers or their respective related bodies corporate or affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Managers or their respective related bodies corporate or affiliates disclosing a substantial holding and earning fees.

You acknowledge and agree that determination of eligibility of investors for the purposes of the Placement and Entitlement Offer is determined by reference to a number of matters, including legal requirements and the discretion of Bubs and the Joint Lead Managers and each of Bubs and the Joint Lead Managers disclaim any duty or liability (including for fault or negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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EXECUTIVE SUMMARY

Bubs' innovation and new market agility are key enablers for continued market share growth.

EQUITY RAISING Use of Funds



- ✓ An underwritten¹ equity raising of approximately \$63.0 million (the "Equity Raising") at an offer price of \$0.52 per New Share, comprising:
 - an institutional placement to raise approximately \$32.4 million; and
 - a 1-for-10.42 accelerated non-renounceable entitlement offer to raise approximately \$30.6 million
- ✓ Approximately 121.2 million new fully paid ordinary shares in BUB ("New Shares") to be issued, representing 19.8% of existing shares on issue
- ✓ Offer proceeds to support working capital, inventory and growth initiatives including:
 - Expansion in the USA
 - Increase manufacturing capability to meet accelerating demand

GROWTH Key Drivers



- ✓ Continuing to leverage growth opportunities in Australia, China and USA
- ✓ Launch of Bubs Supreme A2 Protein with advanced formulation
- ✓ Domestic growth driven from multiple product segments
- ✓ "Right Time, Right Place, Right People" marketing in China and USA
- ✓ Supporting rapid distribution of 6 infant formula products into major retailers in the USA, including WIC program access

FY22 Financial overview



- ✓ Domestic and China are back in high growth, with accelerated growth profile and opportunity in the USA
- ✓ USA has become a major market and margin contributor due to the recent infant formula crisis and Bubs first response
- ✓ In <6 weeks, Bubs secured supply agreements with Walmart, Kroger, Target and Albertsons, the top 4 formula retailers
- ✓ Alpha is achieving the ambitious sales targets and maintaining a sustainable ecosystem in China
- ✓ Whilst inflation continues to be a challenge, Bubs has worked through and look for ways to continue to grow profitably

OUTLOOK Financial Guidance



- ✓ FY22 gross revenue to exceed \$100m and achieve > \$2.4m Underlying EBITDA²

¹ Refer to slides 41 to 44 of the investor presentation for a description of the terms and conditions of the underwriting arrangements.

² Excludes non-cash equity compensation expense (i.e. Share based payments and equity linked transaction).



GROWTH STRATEGY

STRATEGIC OVERVIEW

Against an unfavourable macro setting, Bubs has returned the business to high growth with **record revenues** and strong momentum across all key business segments, delivering **gross margin improvement and profitability**.

FINANCIAL ACHIEVEMENTS



Record Revenue

Return to high growth trajectory



Positive Underlying EBITDA¹

Delivery of first profit



Gross Margin Improvement

Significant groupwide gains

STRATEGIC MILESTONES



Portfolio Expansion with major innovation in Bubs Supreme A2 protein segment

Bubs now plays in all three of the fastest growing premium category segments



Strong Growth in Domestic Retail Scan

Sales and market share gains outperforming the category



Corporate Daigou Sales at Record High

Strengthening strategic channel collaboration



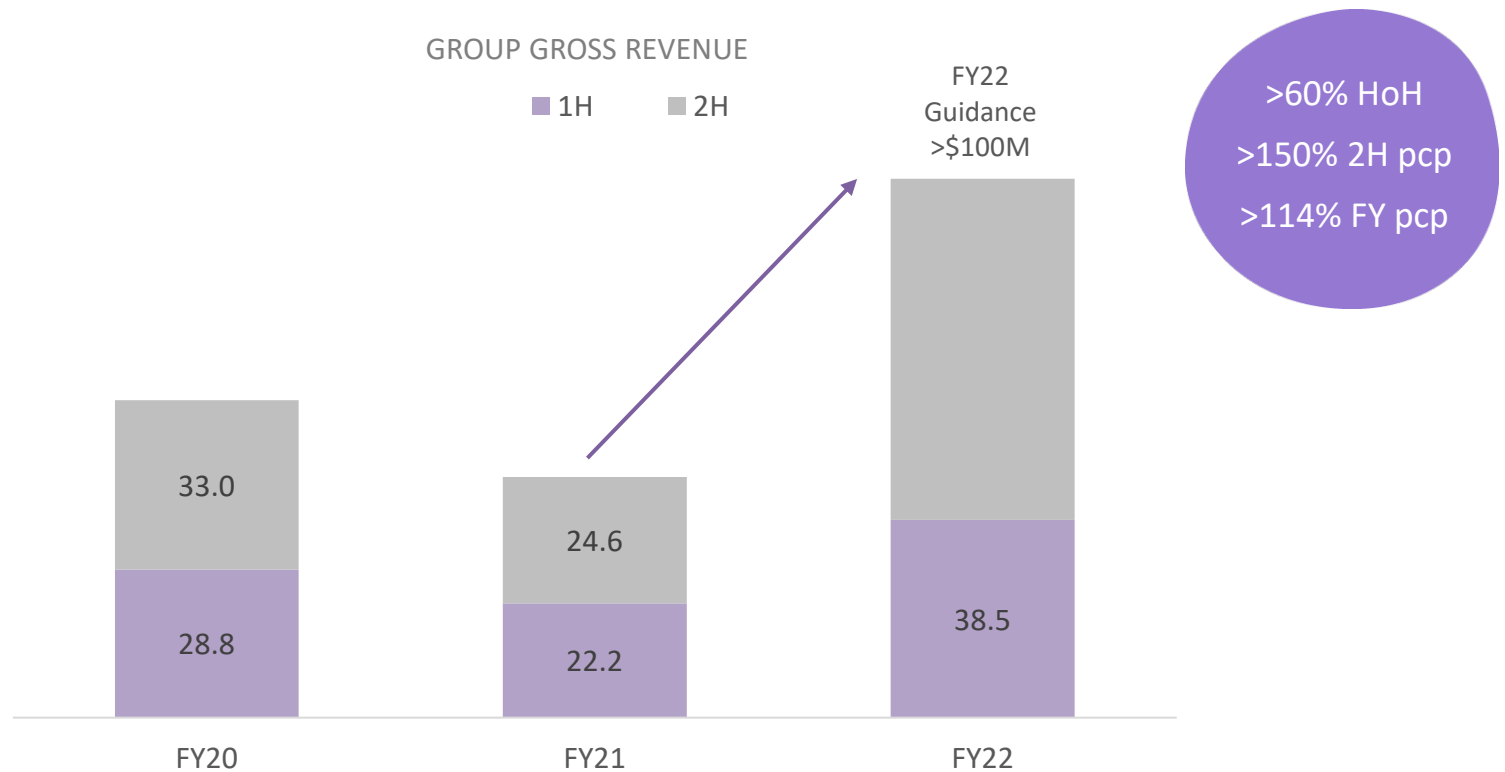
USA In-Store Ranging Top 4 Major Retailers

6 x Bubs Infant Formula
5,000 stores across 34 States

¹ Excludes non-cash equity compensation expense (i.e. Share based payments and equity linked transaction).

MARGIN ACCRETIVE HIGH GROWTH PACE TO CONTINUE

Now that a position of scale has been met with over \$100M gross revenue as a base, the next phase of growth will be **margin accretive, driving Underlying EBITDA improvement whilst maintaining a high growth rate.**

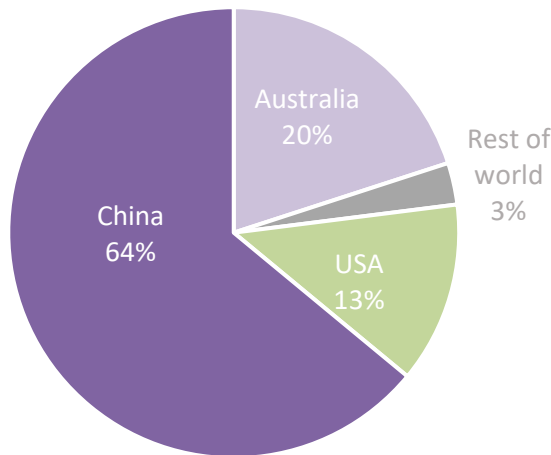


BUSINESS DIVERSIFICATION IN THE FACE OF ADVERSITY

Bubs is no longer reliant on Goat IMF¹ China sales as key revenue and margin driver. **All 3 IMF products and 3 key markets are in high growth.** By FY23, revenue and margin contribution is expected to be relatively evenly spread. Infant Formula revenue contribution is expected to grow from **~60% in FY22 to ~90% in FY23.**

3 Key Markets

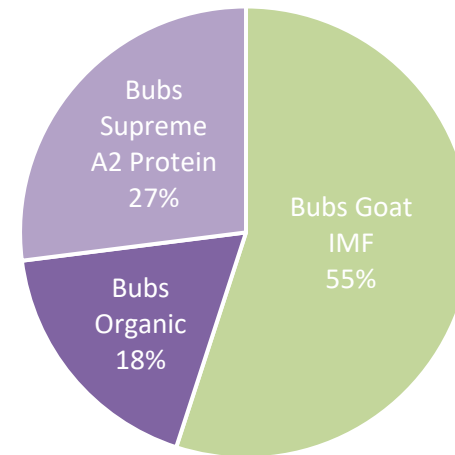
FY22: BUBS IMF MARKET MIX (GROSS REVENUE)²



- USA Operation Fly Formula commenced in June
- USA expected to be similar size to China in FY23
- USA developments having a positive halo impact on Australia and China with significant brand exposure

3 Key Category Segments

FY22: BUBS IMF GROSS REVENUE MIX²



- Bubs Supreme launched in March and already 27% revenue share
- Bubs Supreme expected to overtake Goat sales in China in FY23
- Bubs Organic expected to be the lead product in USA

¹ Infant Formula.

² Percentage is based on FY22 forecast, subject to change (unaudited).

Australia

China

USA



KEY MARKETS

TARGET MARKETS

Leveraging growth opportunities requires **strategic local collaborations, innovation and team agility** to convert market share in 3 major infant formula markets.

	AUSTRALIA	CHINA	USA
NUMBER OF BIRTHS / YEAR	294,000 ¹	10,000,000 ¹	3,605,000 ¹
MARKET SIZE AUD	\$307M	\$26Bn	\$5.6Bn
COMPETITIVE LANDSCAPE	Top 4 Manufacturers 82% market share ²	450 SAMR brands 118 CBEC ² brands	Top 3 Manufacturers 98% market share ²



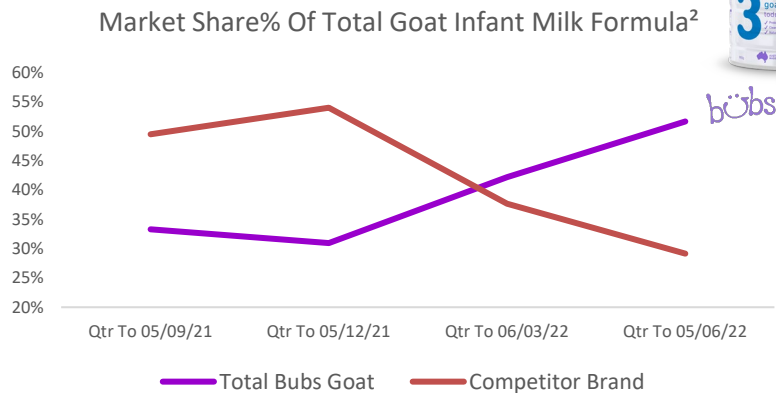
¹ Government Census Data.

² Euromonitor and Market Data.

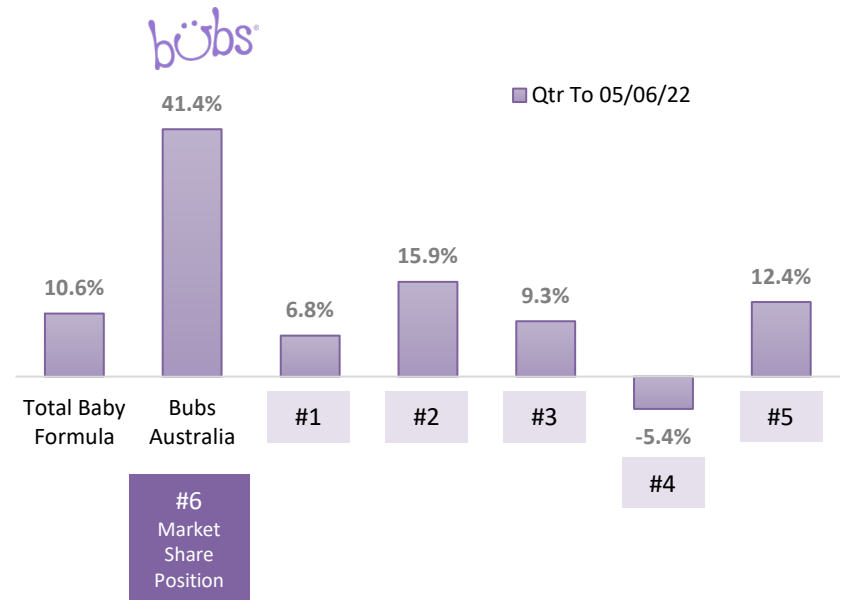
AUSTRALIA: LEAD CHALLENGER BRAND

Bubs remains fastest growing manufacturer¹ in Australia outperforming the category, with **+41.4% scan sales growth** and a **record 4.5% market share** of the total infant formula category¹.

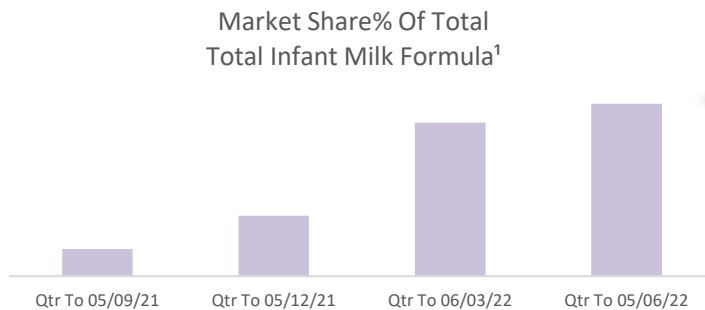
Bubs® is the #1 Goat IMF brand in Australia²



Retail Scan Sales Dollar (%) YOY Growth¹ by IMF Manufacturer



Bubs Organic continues solid growth¹, closing gap on market leader



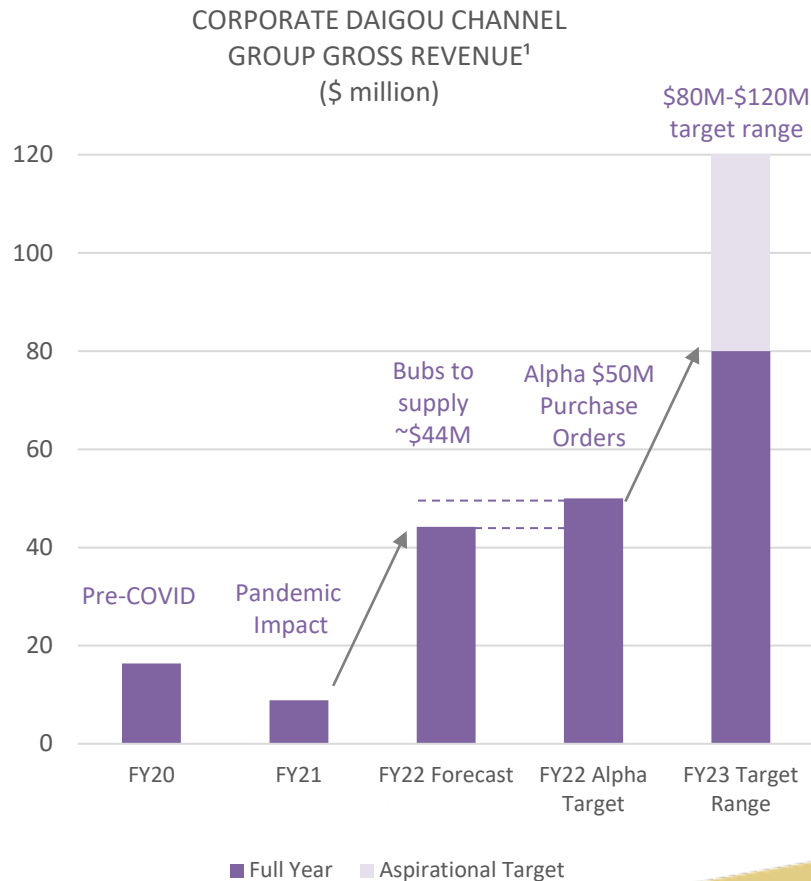
- 3 multi-nationals make up 74% category share
- Bubs (4.5%) is closing the gap on #4 (8.1%) and #5 (6.2%)

¹ IRI Scan value scan sales growth % YA. Dollars (\$'000's) Quarter 05.06.22, Coles, Woolworths Chemist Warehouse combined.

² IRI Scan value (Dollar \$'000) sales, share of total Goat Segment, Coles, Woolworths and Chemist Warehouse combined rolling quarter to 05.06.22.

CHINA: NEW DAIGOU MODEL DRIVES PROFITABLE GROWTH

Alpha equity-linked strategic partnership, and the successful China launch of Bubs Supreme™ A2 Protein, has proven to be highly lucrative achieving **five-fold growth YOY, whilst remaining our most profitable channel.**



Alpha FY22 KPI sales target considered met

- Expected FY22 \$50M sales target delivered. However, both parties agreed to reduce safety stock (weeks of cover) by ~\$6M to re-direct inventory to fulfil unexpected USA orders for American families in urgent need. This shortfall will not disrupt China ongoing supply. Alpha will receive their FY22 share options in full.

High growth trajectory

- Given the successful launch of Bubs Supreme™ A2 Protein, both parties are highly confident in channel growth trajectory towards FY23 target gross revenue range of \$80M-\$120M across all IMF products.

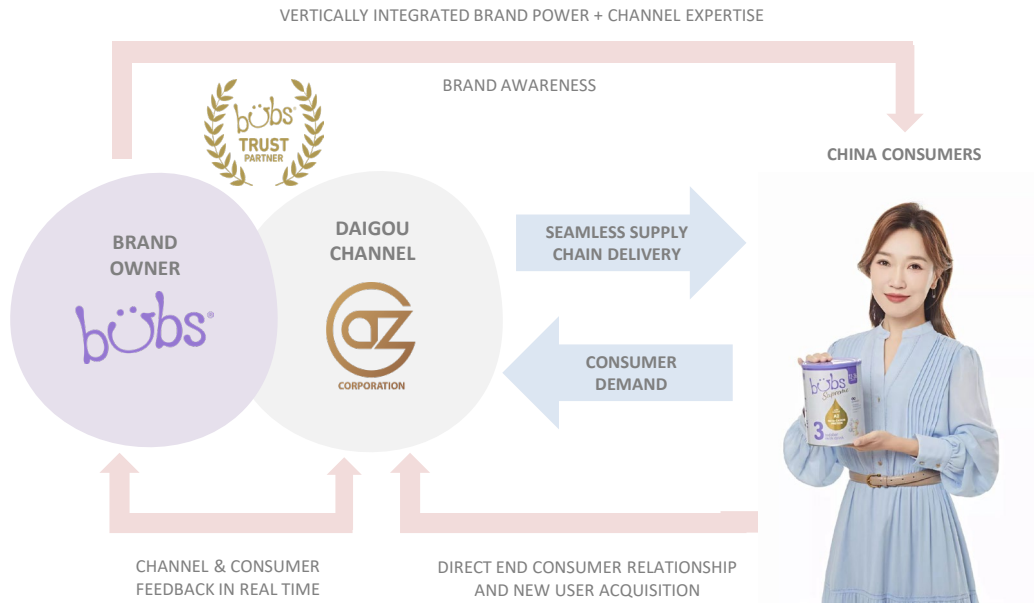
Gross margin contribution

- China GM expected to continue to be a major contributor at 35% with further potential improvement.

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

CHINA: CHANNEL LED BRAND CONVERSION

Bubs 'Daigou 2.0' model brings brand and channel together, by incentivising the channel to recruit and switch their customers to Bubs products through C2C education and peer endorsement.



Underlying Principles of Daigou Partnership

- ✓ Deep channel engagement
- ✓ Aligned brand growth strategy
- ✓ Convert existing users in same sub-categories
- ✓ Attractive channel margins ahead of competition
- ✓ Stable supply to meet real ongoing demand
- ✓ Healthy price architecture
- ✓ Real time response to market dynamics
- ✓ Greater traceability of channel inventory

Nico Mama

Top KOL with 30M+ fan base in
Mother and Baby category

CHINA: MOTHER AND BABY STORE PRESENCE VIA O2O

Penetration into Mother and Baby stores with Online-to-Offline (O2O) sales of English label products.



Mother & Baby Stores

- ✓ Bubs Supreme A2 Protein range already in 400 Mother and Baby stores since May China launch, and continues to grow weekly
- ✓ Production and procurement efficiencies with same English label products sold in Australia and China CBEC
- ✓ Value chain similar to CBEC as O2O does not require high levels of investment customary for physical distribution
- ✓ Simpler distribution allows for more attractive margin at each layer to convert distributors
- ✓ Simpler value chain allows Bubs to deliver quality products at affordable premium when cost of living is a real issue throughout the world including China

USA: INFANT FORMULA CRISIS AND CATEGORY DISRUPTION

Unprecedented shock to infant formula supply chain has led to widespread shortage and consumer panic. The crisis is a **top priority for the Biden Administration** and the shortage is reported in daily headline news.



Report: One in Five States Now 90% Out of Baby Formula June 4, 2022

Infant formula shortage led to 74% out-of-stocks nationwide¹

- On 17 February, the largest manufacturer in the U.S. recalled dozens of formula brands, including the market leader, following the tragic death of two infants and two other infants being hospitalised as a result of cronobacter bacteria contamination
- Abbott's Sturgis plant in Michigan was immediately closed which had supplied >20% of the country's infant formula. It didn't reopen until 4 June, to only be shut down again on 16 June due to flood damage and remains closed
- Out of stocks continue to worsen, now reaching critical levels and causing severe category disruption

Changing industry landscape and consumer dynamics

- Industry majors face continued threat of diminishing consumer confidence and loss of brand trust
- Consumer demand now heightened for clean, safe and reliable supply of formula
- Consumers looking for choice, including international brands

¹Datasembly, which tracks 130,000 stores nationwide, out-of-stock rates were sitting at 74 percent nationally for the week ending May 28.



VIDEO
<<CLICK HERE>>

USA: FIRST MOVER ADVANTAGE

Given Bubs had launched Aussie Bubs Toddler Formula range in the USA in May 2020, the Company was well placed to assist the U.S. Government in providing relief for American families in need.

Agility in Action

- 16 May: FDA issued industry guidance of their intention to exercise enforcement discretion on a case-by-case basis
- 17 May: Bubs was the 1st manufacturer in the world to submit an application to the FDA with Record No. 001.001
- 27 May: the FDA notified Bubs it was exercising the enforcement discretion for the importation of all 6 Bubs infant formulas into the USA
- 20 Jun: Bubs products start to appear on shelf in major U.S. retail stores
- Over 100 international brands have applied, and to date only the top four multinationals, Bubs and two other brands have been permitted to import products under the enforcement discretion

Operation Fly Formula

- In June, the U.S. government chartered three 747 cargo planes, each carrying around 90,000 tins of Bubs Infant Formula
- Next plane is booked for 5 July
- Additional planes are in discussion



USA: U.S. GOVERNMENT ENGAGEMENT

Bubs is privileged to work in collaboration with senior U.S. government officials to help alleviate the crisis.

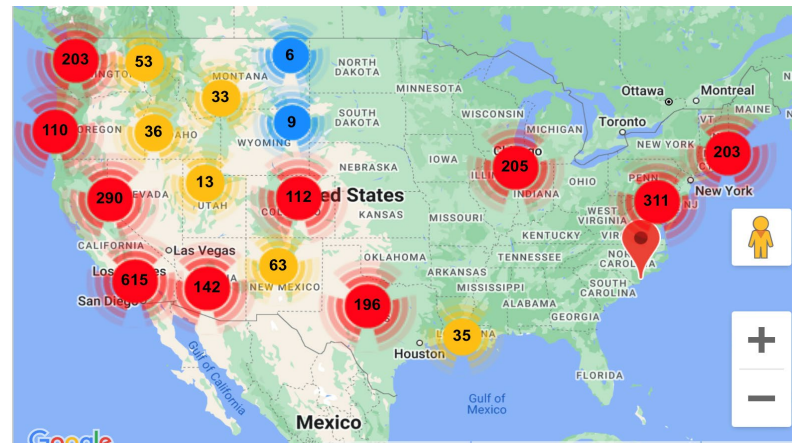
U.S. Government Engagement

- Bubs management remain in frequent communication with the White House, Health and Human Services (HHS), U.S. Department of Agriculture (USDA), and Food and Drug Administration (FDA)
- President Biden tweeted about the good news: “27.5 million bottles of safe infant formula manufactured by Bubs Australia are coming to the United States”
- Bubs CEO participated in the Operation Fly Formula Round Table with President Biden and the Executive Office of the President
- Bubs CEO and Chair visited the White House to meet with the Executive Office of the President to discuss Operation Fly Formula, retail distribution progress and long-term market access



USA: ACCELERATED DISTRIBUTION IN MAJOR RETAILERS

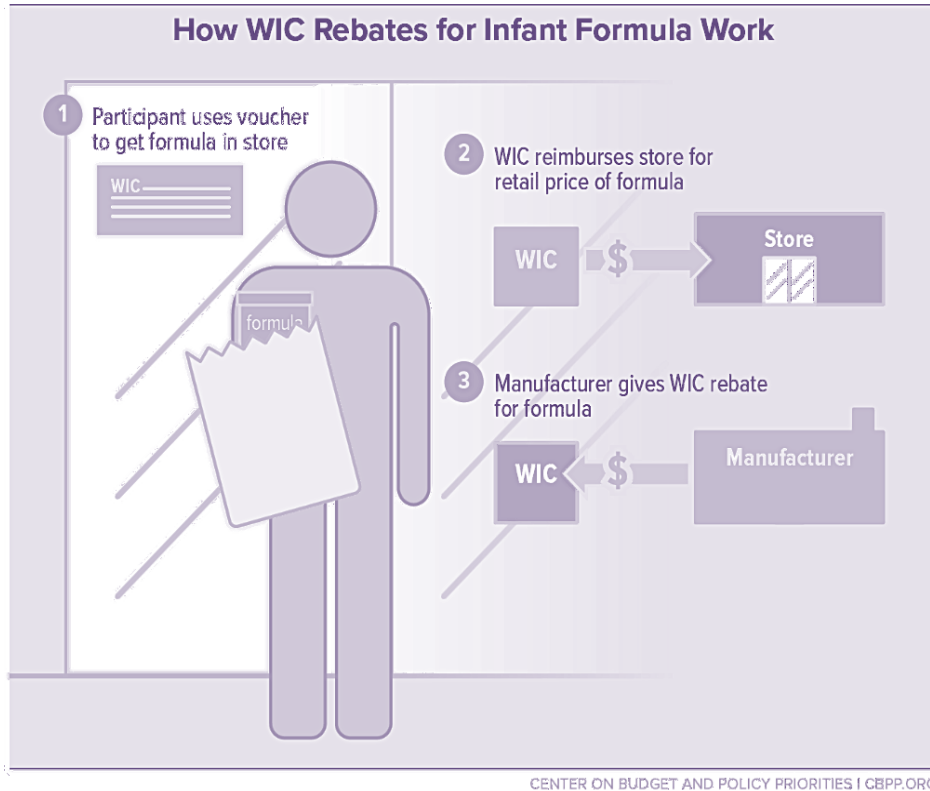
Bubs® was able to fast track our route to market strategy, with products to be available in the four largest retailers of infant formula in the U.S. with **360,000 tins delivery to 5,000 stores across 34 States** by mid-July.



- From FDA notice of 'temporary no objection' to store shelves in **24 days**
- Plans to expand future stock allocation to cover numerous additional retail banners, aiming to reach **10,000 stores by CY end**

USA: BUBS INFANT FORMULA GETS WIC APPROVAL

All six Bubs Infant Formula products are now eligible under USDA nationwide WIC waiver to participate in the Women Infants and Children (WIC) program to reach families most in need.



Bubs WIC Participation

“In California, 50% percent of all infants rely on the WIC nutrition program, and of these, about 80% use formula in whole or in part for nutritional needs.”

Source: Office of Governor Gavin Newsom

- Expanded flexibilities will now provide widespread access to both U.S. produced and imported formulas made available by the Biden-Harris Administration’s Operation Fly Formula mission.
- Bubs is already participating in WIC programs with selected retail partners in California, Texas, and Washington DC.
- Bubs is not required to pay a rebate during this waiver period.

USA: FORECASTED VOLUME

Accelerated market access through a rapid build in demand with maintainable volume of scale.

Expected volumes

- June FY22: 2 planes ~180,000 tins (>\$7M)¹
- July FY23: 4 chartered planes @ ~360,000 tins (>\$14M)¹
- Aug – Mid Nov: Commercial Air/Sea Freight >1,000,000 tins (>\$35M)
- Total Forecasted Volume within Enforcement Discretion: >1,500,000 (>\$55M)
- FY23 (subject to FDA temporary no objection extension beyond November 2022) target gross revenue: \$80 - \$120M
- Maintainable volume on a rolling 12 month basis: 3 million tins building to 6 million tins over a 3-5 year period

Value chain

- Current gross margin is on par or more favourable than our current most profitable channel of Corporate Daigou, the other major growth contributor
- There are factors (such as inflation and general cost increases) that will impact the gross margin; however, the Company is confident that revenue in USA will remain margin accretive following Operation Fly Formula
- There are plans to continue to maximise gross margin through supply chain and logistics optimisation



Bubs Infant Formula in Ralphs (California)



Advisory panel with USA stakeholders

¹Operation Fly Formula has supported 4 chartered planes to date.

USA: LONG-TERM COMMITMENT TO MARKET ACCESS

Identified as a strategic priority 2 years ago, recent events have fast-tracked USA by at least 18 months, and is now set to be a significant revenue and profit driver for the business going forward.

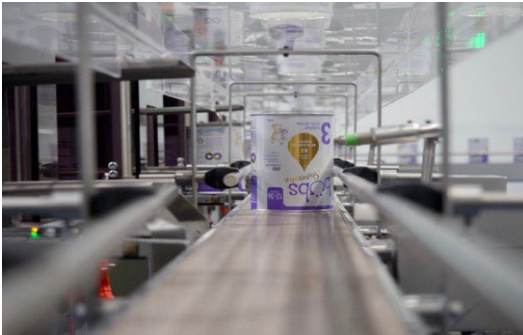


FULFILLING INCREASED DEMAND

To meet our high growth objectives, a 2nd canning line is required to **increase annual output from 10M to 30M tins.**

Realised plant capacity to triple capacity to ensure future demand is not limited

- Deloraine facility was purpose built to have 2nd line installed when demand outgrew existing capacity
- New high-speed line to be installed to operate in conjunction with existing line
- Provide overall improved levels of operational efficiency and COG reduction
- Improvements in materials flow and line segregation
- Additional new capability with packaging and lid formats
- Facility upgrade will not impact existing licence holdings
- Capex requirements: \$12M including installation

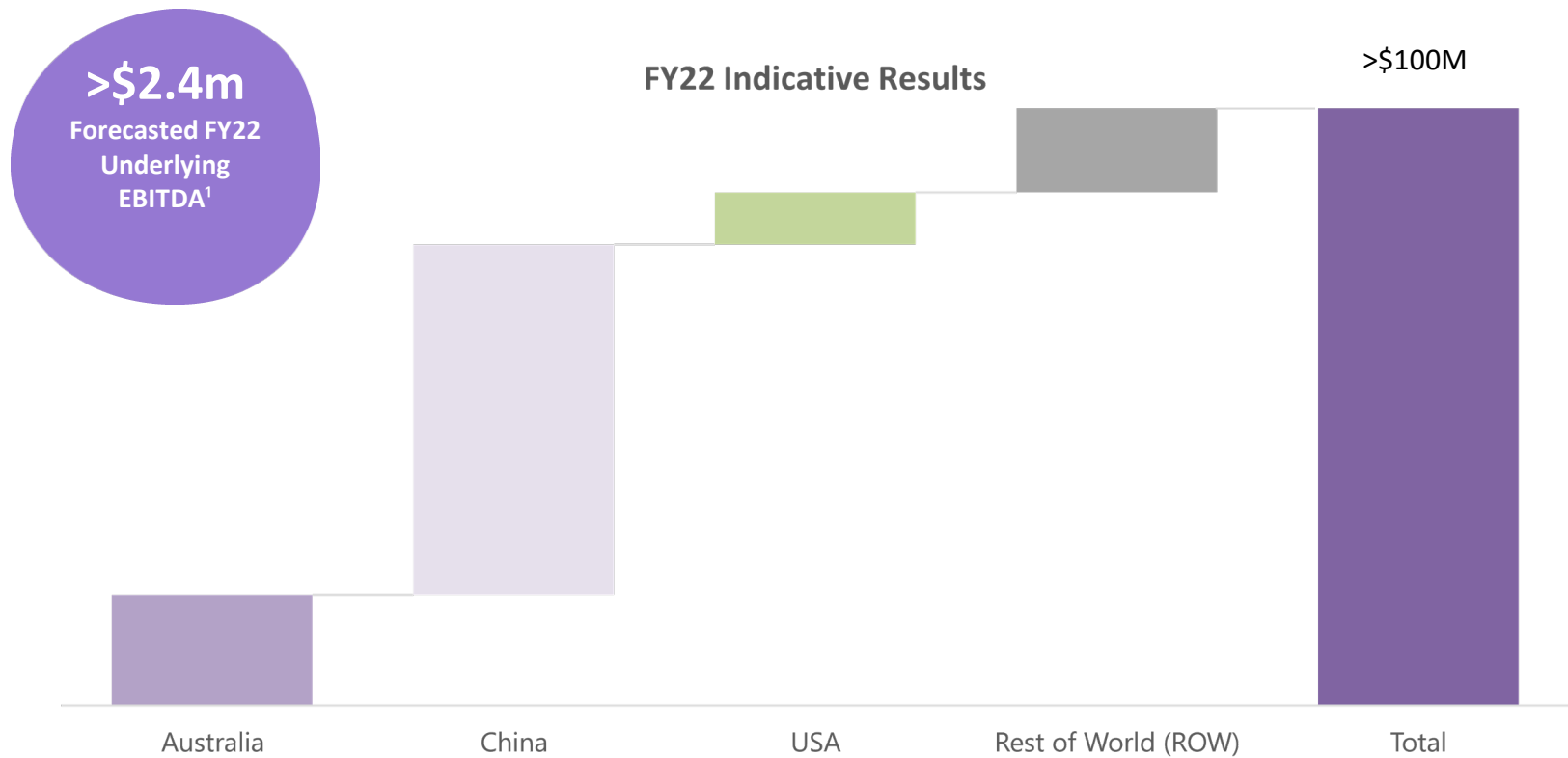




TRADING UPDATE

FY22 FINANCIAL OVERVIEW

All key business segments are performing strongly, resulting in FY22 being a record year, more than doubling in size with **over \$100M in gross revenue**.



¹ Excludes non-cash equity compensation expense (i.e. Share based payments and equity linked transaction).



USE OF PROCEEDS

USE OF PROCEEDS

(\$million)

1. Working Capital

- The Company optimised its working capital in FY22 while achieving >114% growth. Given the additional accelerated and rapid market expansion, additional working capital is required to assist with the immediate scale up of group activities

18

2. Inventory

- Under the current logistics environment, the Company is looking to increase its inventory build due to longer lead time to purchase base powder, raw materials and delivery of finished goods to export market (i.e. China and USA)
- Inventory risk is mitigated as all three key markets (Australia China and USA) utilise the same base powder and raw materials

19

3. USA Operating Expenses

- Marketing, administration, employment costs, and consultancy fees

11

4. Facility Upgrade Capital Expenditure

- To meet the growth in demand, capital expenditure is required to expand canning capability to include the second high-speed canning line at Deloraine facility to triple capacity

12

5. Costs

- Cost associated with Placement and Entitlement Offer

3

Total

~\$63 million



TIMELINE AND CAPITAL STRUCTURE

EQUITY RAISING OVERVIEW

EQUITY RAISING SIZE AND STRUCTURE

- An underwritten¹ Equity Raising of approximately \$63.0 million comprising:
 - \$32.4 million institutional placement (“Placement”); and
 - \$30.6 million 1-for-10.42 accelerated non-renounceable entitlement offer (“Entitlement Offer”)
- Approximately 121.2 million new fully paid ordinary shares in BUB (“New Shares”) to be issued, representing 19.8% of existing shares on issue
- Record date for the Entitlement Offer is 7 July 2022 at 7.00pm (AEST)

OFFER PRICE

- All shares under the Placement and Entitlement Offer will be issued at \$0.52 per New Share (“**Offer Price**”), representing:
 - 16.2% discount to TERP²
 - 18.8% discount to last close of \$0.64 as at 4 July 2022

PLACEMENT AND INSTITUTIONAL ENTITLEMENT OFFER

- Placement and Institutional Entitlement Offer to be conducted by way of bookbuild process that will open on 5 July 2022 and is expected to close on 6 July 2022

RETAIL ENTITLEMENT OFFER³

- The Retail Entitlement Offer is expected to open at 9.00am on 12 July 2022 and close at 5.00pm on 26 July 2022

RANKING

- New shares issued under the Placement and Entitlement Offer will rank equally with existing BUB shares on issue

UNDERWRITERS AND MANAGER

- The Equity Raising is underwritten¹ by the Joint Lead Managers and Bookrunners, Citigroup Global Markets Australia Pty Limited (“Citi”) and Bell Potter Securities Limited (“Bell Potter”)
- PAC Partners Securities Pty Ltd will act as co-manager to the Equity Raising

¹ Refer to slides 41 to 44 of the investor presentation for a description of the terms and conditions of the underwriting arrangements.

² TERP includes shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which BUB shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

³ Only certain retail shareholders registered in Australia will be eligible to participate in the Retail Entitlement Offer.

EQUITY RAISING OVERVIEW

Approximately \$63.0 million equity raise, with \$32.4 million institutional placement and \$30.6 million entitlement offer.

PRO FORMA BALANCE SHEET

(\$million)	Pre-equity raise	Post-equity raise
Cash ¹	\$24.1m	\$84.1m
Drawn debt	\$2.0m	\$2.0m
Net cash	\$22.1m	\$82.1m
Undrawn debt facility	\$8.0m	\$8.0m
Available liquidity	\$30.1m	\$90.1m

IMPACT ON SHARES ON ISSUE

Post-equity raise pro forma		
Pre-raise ordinary shares ²	612.8m	83%
Approx. new shares issued (Placement)	62.4m	9%
Approx. new shares issued (Entitlement Offer)	58.8m	8%
Approx. new shares issued (Total)	121.2m	17%
Approx. shares post equity raise	734.0m	100%

¹ As at 31 March 2022 plus assumed \$60.0 million net proceeds from Placement and Entitlement Offer (\$63m less \$3m of costs).

² Excludes options.

INDICATIVE TIMETABLE

Activity	Date
Trading halt and announcement of Equity Raising, Placement and Institutional Entitlement Offer opens	Tuesday, 5 July 2022
Placement and Institutional Entitlement Offer closes	Tuesday, 5 July 2022
Announcement of results of Placement and Institutional Entitlement Offer	Wednesday, 6 July 2022
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Wednesday, 6 July 2022
Entitlement Offer record date (7pm, Melbourne time)	Thursday, 7 July 2022
Retail Entitlement Offer opens and Retail Offer Booklet made available	Tuesday, 12 July 2022
Settlement of Placement and Institutional Entitlement Offer	Wednesday, 13 July 2022
Normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Thursday, 14 July 2022
Retail Entitlement Offer closes	Tuesday, 26 July 2022
Settlement of Retail Entitlement Offer	Monday, 1 August 2022
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 2 August 2022
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 3 August 2022
Despatch of holding statements	Tuesday, 9 August 2022

The timetable for the Placement and the Entitlement Offer is indicative and remains subject to change at Bubs’ discretion, subject to compliance with applicable laws and ASX Listing Rules. Any changes will be advised to ASX.



APPENDICES

KEY RISKS

There are a number of risks that are both specific to Bubs and its subsidiaries (Group) and of a general nature, which may affect the future operating and financial performance of the Group and the outcome of any investment in the Group.

This section describes some, but not all, of the material business risks that may be associated with an investment in the Group or in Bubs shares and the occurrence or consequences of some of the risks described below are partially or completely outside the Group's control. Additional risks and uncertainties that the Group is unaware of, or that it currently considers to be immaterial, could also become important factors that adversely affect the future performance of the Group and in Bubs shares. Before making an investment decision, you should consult your financial or other professional adviser and carefully consider the risks described in this section, as well as other information in this presentation.

1. OPERATING RISKS

Vertical supply chain risk

Access to a safe and secure continual supply of Australian Goat Milk is a key foundational strength for the Group and its ability to support ongoing rising domestic and China consumption as well as global expansion. The ability to flexibly manage the goat milk supply chain from farm to production is reliant on the Group's continual strategic partnerships for milk powder processing. Ownership of the Group's own China registered, and fully compliant canning facility is also critical to support its vertically integrated supply chain. Should there be interruptions or delays to, or failures in, the Group's supply chain or should there be other economic or environmental events which impact these stakeholders or otherwise impact forecasting reliability, this could negatively impact the Group's ability to meet consumer demand, and in turn adversely affect sales and margins, reducing overall profitability. The Group's margins will also be impacted by the cost of inputs such as milk and milk powder processing.

Day-to-day operational risk

The Group is subject to a range of operational risks, including damage to operating assets and equipment, equipment failures or breakdowns, human error, accidents, IT system failures, external services failure, industrial action or disputes and natural disasters. While the Group endeavours to take appropriate action to mitigate these operational risks and insure against many of them, it cannot completely remove all possible risks that may have an adverse impact on the financial performance and / or financial position of the Group.

Ability to sustain value creation from Australian Goat dairy source

The Group's ability to convert value and build robust and long-term channels for sales and marketing of goat dairy products is reliant on its ability to build and sustain brand equity and relationships in the current portfolio and innovation pipeline across all goat dairy brands. Any disruption its strategic relationships across any of its key markets could impact the Group's expansion plans.

KEY RISKS

Reliance on third parties generally

As part of its ongoing commercial activities the Group enters into contracts with various third parties, including suppliers, processors, distributors and customers. The ability of these third parties to meet their commitments under such arrangements may impact on the Group's business, operations and financial position.

Consumer demand

Adverse changes in consumer demand, in particular for the Group's infant milk formula products, could have a material adverse impact on the Group's financial performance and future prospects of the business.

Intellectual property

While the Group seeks to protect its intellectual property rights, a failure to enforce these may diminish brand value and harm future growth prospects. Additionally, this intellectual property may be devalued by quality issues, disputes and litigation or negative publicity. This may have an adverse effect on customer loyalty, relationships with suppliers, employee retention, and overall demand for the Group's products.

Loss of key personnel and recruitment of suitable employees

The loss of key management personnel or the inability to recruit or retain suitable personnel may adversely impact the Group, resulting in the loss of valuable corporate knowledge, skills and expertise and reducing overall profitability and adversely impacting financial performance.

Disputes or litigation

The Group may be the subject of complaints, proceedings, disputes, claims or litigation by customers, suppliers, employees, regulatory bodies or other third parties. These matters, particularly an adverse outcome of a claim, may adversely impact the Group's reputation, disproportionately divert its financial and management resources, damage to relationships with suppliers, customers and other stakeholders and/or negatively affect financial performance.

Additional requirements for capital

The Group may be required to raise additional capital in the future. The Group's ability to raise sufficient further capital within an acceptable timeframe will vary according to a number of factors. Any additional equity funding not undertaken on a pro rata basis will dilute existing shareholders.

Technology

The Group may be subject to computer server failures, which result in loss of critical information and staff not being able to work. The Group has sought to mitigate this risk by operating entirely out of the cloud. There is a risk of an unforeseen network outage.

KEY RISKS

2. COMPLIANCE AND REGULATORY RISKS

Foreign regulatory risk and regulatory risk

Laws and regulations affect the Group's operations. There is a risk that a failure to comply with such laws or an adverse decision or change in policy by a regulatory authority could occur which may result in the loss of key permits or approvals or even penalties, damages or fines. While the Directors of Bubs are not aware of any current issues, there is the potential for any such measures to materially reduce the Group's revenues and/or increase its costs.

Geopolitical tensions

Shifts in geopolitical tensions between Australia and other countries where the Group supplies its products may change or worsen, which result in higher tariffs imposed on Australian dairy sector exports and negatively impact on the Group's financial performance.

Infant formula registration in China

Infant formula registration across Asia and particularly China and other global markets, is subject to complex and unpredictable regulatory environment. The ability to progress in-market registration in the environment is challenging and rising demand for domestic brands may delay the ability to progress global expansion.

Infant formula registration in the United States

FDA approval is required to distribute infant formula in the United States. The FDA has provided a temporary 'no objection' notice to Bubs on 27 May 2022 in relation to Bubs Organic Grass Fed (Infant Formula Stage 1 and Follow-On Formula Stage 2), Bubs Supreme A2 Beta-Casein Protein (Infant Formula Stage 1 and Follow-On Formula Stage 2) and Bubs Easy-digest Goat Milk (Infant Formula Stage 1 and Follow-On Formula Stage 2). The Company will require an additional FDA no objection notice beyond 14 November 2022 to continue to distribute in the US after 14 November 2022.

Product contamination, recall and food safety

As a supplier of food and infant nutritional products, the Group's ability to ensure the health and safety of its products is paramount to its ongoing ability to ensure consumer trust and maintenance of the Group's brand equity. However, there remains a risk of food contamination and product recalls could have a material adverse effect on the Group's brand and therefore impact its financial performance.

In particular, the Group's business and its sales into China are highly sensitive to consumers' perceptions of the safety and quality of goat dairy products. Any actual or perceived contamination, product misbranding, counterfeiting or tampering may damage the Group's reputation and therefore demand for its products in China.

KEY RISKS

3. FINANCIAL, MARKET AND COMPETITION RISKS

Economic and market risks

There are general risks associated with investments in equity capital such as Bubs shares. Share market conditions may affect the value of Bubs shares, regardless of their operating performance. This may result in the market price for shares issued under the Placement or Entitlement Offer being less or more than the offer price.

Many factors may affect the market price of shares and some of these include: general movements in Australian and international securities markets; investor sentiment; Australian and international economic conditions and outlooks; changes in investor sentiment towards specific sectors of the market; changes in interest rates and the rate of inflation; changes in government legislation and policies, in particular taxation laws; announcement of new technologies; international trade disputes and tariffs; pandemics such as COVID-19; geo-political instability, including international hostilities and acts of terrorism; natural disasters; demand for and supply of Bubs shares; announcements and results of competitors; and analyst reports.

Competition risk

The Group operates in a highly competitive consumer goods industry against global entities with often greater access to capital and resources. There is a risk that existing or new market entrants may attempt to grow their market share through acquisitions, increased advertising or price cutting. This may cause the Group's market share to contract, resulting in a decline in revenue and possible negative effect on future performance.

COVID-19 and long-term impacts

The impact and ongoing implications of COVID-19 will continue to cause broader global economic impact with the threat of ongoing waves. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is difficult to assess the impact on the Group's business, operations and financial performance. Impacts of COVID-19 in specific countries impact and restrict international trade and the ability to expand in chosen markets. Lockdowns in countries such as China has impacted the ability of the Group to operate effectively in this markets, impacted the Group's ability to meet its contractual obligations and has delayed distribution times of products in China.

However, preventative measures have affected, and can be expected to continue to adversely affect, consumer behaviour and business activity, and precipitate sudden changes and volatility in regional and global economic conditions and financial markets. The uncertainty of COVID-19 may continue to disrupt certain aspects of the Group's business and impact its operations, and it is difficult to determine the potential impact this may have on financial performance.

UNDERWRITING AGREEMENT

Bubs has entered into a conditional Underwriting Agreement with Citi and Bell Potter (the “**Underwriters**”) dated 5 July 2022 (“Underwriting Agreement”) under which the Underwriters have agreed to underwrite the Equity Raising, subject to the terms and conditions of the Underwriting Agreement.

Key terms of the Underwriting Agreement

Each Underwriter’s obligations under the Underwriting Agreement, including to underwrite and manage the Equity Raising, are conditional on certain matters, including the timely delivery of certain due diligence materials. If certain conditions are not satisfied or waived, or certain “termination events” occur, the Underwriters may terminate the Underwriting Agreement.

The “termination events” include:

- a market fall event where before the Institutional Settlement Date, the S&P/ASX 200 Index reaches a level that is 10% or more below the level of the S&P/ASX 200 Index as at the close of trading on the Trading Day immediately preceding the date of the Underwriting Agreement (“Threshold Level”) or the S&P/ASX 200 Index closes on any 2 consecutive Trading Days from the Institutional Settlement Date until the Retail Settlement Date (inclusive) (as defined in the Underwriting Agreement and as applicable) at a level that is 10% or more below the Threshold Level;
- the documents released on ASX by Bubs for the Equity Raising containing a false, misleading or deceptive statement (including by omission), or is likely to mislead or deceive or omitting a matter required to be included;
- the relevant cleansing statements being defective at the time of their issue or a corrective statement being issued or required to be issued;
- the offer documents including any forecast, expression of opinion, forward-looking statement, belief, intention or expectation which is not fairly and properly supportable or which is not based on reasonable grounds;
- ASIC making a determination, exemption or order which would prevent Bubs from making the Equity Raising;
- an obligation arising on Bubs to give ASX a new circumstances notice in accordance with section 708AA(12) of the Corporations Act (as modified by the ASIC Instrument and any other applicable ASIC legislative instrument or other relief);
- Bubs withdrawing from the Equity Raising or any part of the Equity Raising;
- Bubs ceasing to be admitted to the official list of ASX or its ordinary shares are suspended from trading on, or cease to be quoted on, ASX (not including the trading halt contemplated by the Equity Raising);
- Bubs being prevented from allotting and issuing the new shares under the Equity Raising;
- ASIC:
 - i. applying for an order under sections 1324 or 1325 of the Corporations Act in relation to the Equity Raising or an offer document or gives notice of an intention to prosecute Bubs or any of its directors or any member of the Group or any of its directors;
 - ii. applying for an order under Part 9.5 of the Corporations Act in relation to the Equity Raising or an offer document;
 - iii. holding or commencing, or giving notice of intention to hold or commence, a hearing or investigation under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Equity Raising or an offer document; or
 - iv. prosecuting, commencing proceedings against, or commencing any enquiry or investigation involving (or threatening to do any of those things) Bubs or any of its directors or officers (or any member of the Group or any of its directors or officers) in relation to the Equity Raising or an offer document;

UNDERWRITING AGREEMENT

- any application to any government authority (including without any limitation any court or the takeovers panel, but excluding ASIC) for any order, declaration or other remedy or any government authority commencing an investigation of hearing or announcing any intention to do so in respect of the Equity Raising;
- ASX not granting quotation of the new shares to be issued under the Equity Raising by the Institutional Trading Date or Retail Trading Date (as defined in the Underwriting Agreement and as applicable);
- ASX making an official statement to any person, or indicating to Bubs or the Underwriters, that official quotation of the new shares under the Equity Raising will not be granted or will be withheld;
- an event specified in the Equity Raising timetable being delayed for more than 1 business day without the prior written consent of the Underwriters;
- Bubs or a member of the Group being insolvent or there is an act or omission with is likely to results in Bubs or a member of the Group becoming insolvent;
- the retirement of a director of the Company from the Company's board of directors, or a change in the executive chairman or the chief executive officer or chief financial officer of the Company, is announced or occurs;
- Bubs or any member of the Group or any of their respective directors or officers engaging in, or having engaged in, or having civil or criminal proceedings brought against the for, any fraudulent or misleading or deceptive conduct (whether or not in connection with the Equity Raising);
- a director of Bubs or any director of any member of the Group being charged with an indictable offence, or any government authority commencing any public action against any of Bubs' or member of the Group's directors or announces an intention to do so, or being disqualified from managing a corporation; or
- there being an occurrence of non-occurrence of any event which makes it illegal for the Underwriters to satisfy their obligations under the Underwriting Agreement or to market, promote or settle the Equity Raising, including:
 - i. any acts, statute, order, rule, regulation, directive or request of any Government Agency, orders of any courts, lockdowns, lock-outs, forced closures, restrictions on mobility, or interruptions or restrictions in transportation which has this impact; or
 - ii. any acts of God or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a government agency, or any other event similar; or
- a confirmatory certificate not being given by Bubs in accordance with the Underwriting Agreement.

There are certain "termination events" where an Underwriter may only exercise its right to terminate its obligations under the Underwriting Agreement where, in the reasonable opinion of the relevant Underwriter, the "termination event" has or is likely to have a material adverse effect on the success of the Equity Raising, the ability of that Underwriter to market, promote or settle the Equity Raising, the likely price at which the New Shares are likely to trade on ASX or the willingness of persons to apply for, or settle obligations to subscribe for, New Shares, or will, or is likely to, give rise to a liability of that Underwriter (or its respective affiliates) or any of them being involved in a contravention of any applicable law. These "termination events" include:

- a statement in any certificate being given by Bubs in accordance with the Underwriting Agreement being untrue or incorrect, or misleading or deceptive;
- an event of default or review event arising under any existing debt facility or other financial accommodation or Bubs or Group becomes aware of any facts or circumstances which are likely to cause an event of that type;
- disclosures in the working group, verification materials or other information being supplied by or on behalf of Bubs or any of member of the Group to the Underwriters in respect of the Equity Raising being false or misleading or deceptive;
- Bubs committing a breach of the Corporations Act, the ASX Listing Rules or applicable laws, or ASIC determinations or consent orders, or fails to comply with its continuous disclosure obligations under the Corporations Act or the ASX Listing Rules;

UNDERWRITING AGREEMENT

- a representation, warranty, undertaking or obligations given by Bubs in the Underwriting Agreement becoming not true correct or not being performed;
- any aspect of the Equity Raising being not compliant with the Corporations Act, the ASX Listing Rules, any other applicable laws or any regulatory approvals;
- the commencement of legal proceedings against Bubs or any member of Bubs or against any director of Bubs or any director of any member of the Group;
- the constitution of Bubs being varied without the prior written consent of the Underwriters;
- Bubs altering its capital structure without the prior written consent of the Underwriters;
- any adverse change occurring, or there is a development involving a prospective adverse change in the assets, liabilities, financial position or performance, profits or losses or prospects of Bubs and the Group;
- there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia, a law or prospective law, or any new regulation is made under any statute, or a Government Authority adopts a policy, or there is any announcement that such a law, prospective law or regulation may be introduced or policy may be adopted;
- there being a disruption in trading in all securities quoted on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange for at least 1 day (or a substantial part of 1 day) on which that exchange is open for trading;
- any hostilities (whether war is declared or not) involving certain countries, or the declaration by any of those countries of a new national emergency or war, or a major escalation of a national emergency by any of those countries, or a significant terrorist attack is perpetrated in any of those countries or any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
- a general moratorium on commercial banking activities in Australia, the United States, the United Kingdom or Hong Kong or there being a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
- any adverse change, disruption or escalation of disruptions to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States, the United Kingdom, New Zealand, Japan, South Korea, a member state of the European Union, a member of the North Atlantic Treaty Organization, Ukraine, Russia, the People's Republic of China, Hong Kong or Singapore, or the international financial markets.

If the Underwriters terminate their underwriting commitments, the Equity Raising may not raise the full amount proposed to be raised and Bubs may be required to review growth initiatives and/or seek alternative sources of funding to achieve those growth initiatives.

Shortfall

The Underwriting Agreement also provides that an Underwriter will not be issued any shares if the Underwriter would be prohibited or restricted by:

- a) an obligation to notify the Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cth);
- b) the application of published Foreign Investment Review Board policy; or
- c) the application of the 20% takeover threshold contained in Chapter 6 of the Corporations Act 2001 (Cth).

UNDERWRITING AGREEMENT

The issue size is approximately 121.2 million shares or 19.8% of the existing shares on issue. If an Underwriter is required to take up shares on issue which would otherwise cause it to breach or notify under these provisions then, for the purposes of ASIC Report 612 (March 2019):

- a) it will still fund its respective proportion of the underwritten proceeds in accordance with and subject to the terms of the Underwriting Agreement and the timetable;
- b) the number of excess shortfall shares would be up to its respective proportion of the number of shares to be issued under the Placement and Entitlement Offer pursuant to the terms of the Underwriting Agreement less the number of shares that have been pre-committed or sub-underwritten and the number of shares that the Underwriter is able to take up without causing it to breach or notify under these provisions when aggregated with any additional interests the Underwriter and its affiliates hold at the relevant settlement dates other than through its underwriting commitment; and
- c) it must continue its best efforts to procure subscribers for those excess shortfall shares and it would enter into an arrangement for any excess shortfall shares to be issued to it, or to third party investors, after close of the Placement and Entitlement Offer at the same price as the Offer Price.

No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement under the Entitlement Offer or under the Placement and Entitlement Offer where there is an excess shortfall.

The directors of Bubs reserve the right to issue any shortfall (including any excess shortfall) under the Placement and Entitlement Offer at their discretion. Any excess shortfall may, subject to the terms of the Underwriting Agreement, be allocated to the Underwriters or to third party investors as directed by the Underwriters. The basis of allocation of any other shortfall will be determined by the directors of Bubs at their discretion, taking into account whether investors are existing shareholders, Bubs' register and any potential control impacts.

INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of new ordinary shares ("**New Shares**") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

INTERNATIONAL OFFER RESTRICTIONS

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

INTERNATIONAL OFFER RESTRICTIONS

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority ("FINMA"). Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

ASX: BUB

Bubs Australia



bubs®

Growing Generation Joy

CORPORATE DIRECTORY

BUBS AUSTRALIA LIMITED

ACN 060 094 742 (ASX Code: BUB)

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PAC Partners
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REGISTRY

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Abbotsford VIC 3067

WEBSITE

<https://www.bubsaustralia.com/>

ENTITLEMENT OFFER INFORMATION LINE

Australia: 1300 850 505
International: +61 3 9415 4000

Open between 8:30 am and 5:00 pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

OFFER WEBSITE

<https://bubsretailentitlementoffer.thereachagency.com>

BUB

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

12 July 2022

Dear Sir/Madam,

\$63.0 million accelerated non-renounceable entitlement offer and institutional placement - Notification to ineligible shareholders

On Tuesday, 5 July, 2022, Bubs Australia Limited (ASX: BUB) ("**Bubs**" or the "**Company**") announced its intention to raise approximately \$63.0 million through an underwritten¹ capital raise of new fully paid ordinary shares in the Company ("**New Shares**") at an offer price of \$0.52 per New Share.

The Equity Raising (defined below) is comprised of:

- an institutional placement of New Shares to raise approximately \$32.4 million (utilising ASX Listing Rule 7.1) ("**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**").

The Equity Raising is underwritten² by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832) and Bell Potter Securities Limited (ABN 25 006 390 772) (together, the "**Joint Lead Managers**"). The Equity Raising is also co-managed by PAC Partners Securities Pty Ltd.

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

² As above.

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.

More detail is provided in Bub Australia's Investor Presentation lodged with the Australian Securities Exchange ("**ASX**") on Tuesday, 5 July, 2022.

The Entitlement Offer consists of an institutional and a retail component ("**Institutional Entitlement Offer**" and "**Retail Entitlement Offer**" respectively). The Institutional Entitlement Offer and the Institutional Placement raised approximately \$40.1 million and it is expected that the Retail Entitlement Offer will raise approximately \$22.9 million.

The Retail Entitlement Offer is only available to Eligible Retail Shareholders (as defined below). **Eligible Retail Shareholders** are registered holders of existing shares in the capital of Bubs as at 7.00pm (AEST) on the Record Date, being Thursday, 7 July, 2022 who:

1. as at the Record Date, have a registered address in Australia or New Zealand as recorded on Bubs' share register;
2. are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding shares for the account or benefit of such person in the United States);
3. are not eligible institutional shareholders and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
4. are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus, product disclosure statement or offer document to be lodged or registered.

As you do not satisfy the criteria above, you are deemed not to be an Eligible Retail Shareholders for the purposes of the Retail Entitlement Offer. Pursuant to section 9A(3)(a) of the Corporations Act 2001 (Cth) ("**Corporations Act**") and ASX Listing Rule 7.7.1(a), Bubs considers it generally unreasonable on this occasion to extend the Retail Entitlement Offer to shareholders with a registered address outside of Australia or New Zealand having regard to the small number of those shareholders, the relatively small number and value of New Shares that would be issued to those shareholders under the Retail Entitlement Offer and the costs of complying with the legal and regulatory requirements in each overseas jurisdiction.

Accordingly, the Company is unfortunately unable to extend to you the opportunity to participate in the Retail Entitlement Offer. Under the terms of the Retail Entitlement Offer, you are not eligible to apply for New Shares and you will not be sent a copy of the offering materials relating to the Retail Entitlement Offer.

Notwithstanding the above, Bubs may (in its absolute discretion) agree to extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the Institutional Entitlement Offer, subject to compliance with applicable laws.

You are not required to do anything in response to this letter. This letter is to inform you about the Retail Entitlement Offer and is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. Entitlements in respect of New Shares you would have been entitled to if you were an Eligible Retail Shareholder will lapse. As the Retail Entitlement Offer is non-renounceable, you will not receive any value for these entitlements and will be diluted as a result of the Equity Raising.

Thank you for your continued support of Bubs and I trust you understand the Company's position on this matter.

If you have any queries regarding the Retail Entitlement Offer, please contact your professional adviser or the Bubs Offer Information Line on 1300 850 505 (within Australia) or + 61 3 9415 4000 (from outside Australia) from 8.30am to 5.00pm (AEST) during the Retail Entitlement Offer period. For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

Yours sincerely

Dennis Lin
Executive Chairman

This announcement is authorised by the Board of Bubs.

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

www.bubsaustralia.com   /bubsaustralia

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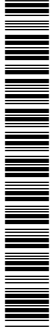
This letter is issued by Bubs. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any New Shares in Bubs in any jurisdiction. This letter does not constitute financial product advice and has been prepared without taking into account of the investment objectives, financial situation or needs of any particular investor. This letter does not and will not form part of any contract for the acquisition of shares.

Nothing contained in this document constitutes investment, legal, tax or other advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Any investment decision should be made solely on the basis of your own enquiries. If you are unsure of your position, please seek professional advice from your stockbroker, solicitor, accountant or other professional adviser.

Forward-looking statements

This letter 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 letter 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.

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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 their related bodies corporate and affiliates, and each of their respective officers, directors, partners, employees, consultants, contractors, agents and advisers ("**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 retail 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).