



Bubs Australia Limited
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BUBS AUSTRALIA LAUNCHES FAMILY NUTRITION RANGE

Extending Bubs® trusted nutrition brand awareness to the whole family



- **Continuous innovation with complementary range of Bubs® milk powder products for the whole family.**
- **Portfolio expansion to stretch Bubs® consumer lifecycle in an adjacent growth category.**
- **Facilitates new market access and widespread jurisdiction reach with less regulatory barriers to entry.**
- **Taps into global US\$15.7bn market¹ for whole milk powder, supporting business diversification strategy.**
- **Q2 opening orders to be shipped to China, Malaysia, Singapore, Vietnam, Pacific Islands and East Africa.**
- **Seamless integration into existing business model with manufacture at own infant-grade Deloraine facility.**

Melbourne, 28 October 2021: Bubs Australia (ASX: **BUB**), producer of Bubs® Australian made specialty Infant Formula and children's nutrition products, and a leading producer of Australian goat dairy products, today announces an important strategic development with the extension of the Bubs® brand portfolio into an adjacent growth category with a complementary range of cow's milk powder products for the whole family.

Announcing the launch of the new range of Bubs® Family Nutrition, Bubs Founder and CEO Kristy Carr said: "The extension of Bubs® portfolio into Family Nutrition allows Bubs to tap into the US\$15.7 billion¹ global cow's milk powder market, leveraging our extensive dairy expertise and manufacturing capabilities.

"The established familiarity of Bubs® as a trusted nutrition brand will be stretched to cater for the whole family, providing a broader opportunity to introduce consumers in the Mother and Baby segment to Bubs® premium quality brand attributes. This expanding pantry presence and brand awareness will increase the shopping basket opportunity, making it the perfect complement to our 'hero' range of infant formula.

"Although Bubs® Infant Nutrition range will continue to be our core margin driver, Bubs® Family Nutrition facilitates new market access points to introduce Bubs® brand to a significantly larger and growing category with less complex regulatory compliance than infant formula, expanding jurisdiction reach and catalysing value creation across the business," Mrs Carr said.



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The Company has entered into Supply Agreements with multiple new distribution and retail partners in key international markets, with opening orders due to be shipped to China, Malaysia, Singapore, Vietnam, Pacific Islands and East Africa in the second quarter of FY22.

Bubs Australia is already a significant player in the adult goat milk powder market in China with CapriLac®, the leading goat milk brand on Tmall Global. China is a large consumer of milk powder, accounting for an estimated 20 percent of global market demand, worth US\$3.3b in 2021 and forecast to rise to US\$3.8 billion by 2025¹. China is an excellent starting point given the Bubs® brand has strong recognition across key channels and even though China is the world's third-largest cow's milk producer, it only meets approximately 70 percent of its everyday domestic dairy needs².

Bubs Chief Operating Officer Fabrizio Jorge said: "Bubs has developed an enormous amount of dairy supply chain and manufacturing intellectual property. Coupled with Bubs® trusted brand equity, developing a range of milk powder products for the whole family was a natural portfolio extension. The range includes a variety of packaging formats tailored to suit the different consumption needs for multiple international markets.

"We expect Bubs® Family Nutrition will broaden the footprint among young families and support market diversification, while strengthening the foundations of continued business growth. This portfolio expansion will have the consequent effect of increasing utilisation of our Deloraine manufacturing facility, thereby providing cost efficiencies across our entire business," Mr Jorge said.

Initial production of the Bubs Family Nutrition range will commence in November, with revenue recognition in Q2 FY22.

This release is approved by the Board of Directors.

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FOOTNOTES

¹ Euromonitor data, Global Market Whole Milk Powder, 2016-2025.

² <https://www.reuters.com/world/americas/china-seeks-milk-market-doesnt-have-enough-cows-2021-06-02/>