

Annual Report

2025

bübs®



bubsaustralia.com



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01 FY25 Review



Bubs' Strategic Pillars

USA GROWTH ENGINE

The US delivered record growth in FY25, with revenue increasing 52% to \$53.1M, where Bubs continued to sell under the FDA's enforcement discretion.

Bubs' revenue growth in the US market has been fueled by a combination of strong premium goat segment growth of 124%¹, strategic partnerships with major retailers and continuous investment in our brand through healthcare professionals and social media. Bubs is available in 5,725 brick & mortar retailers and major e-commerce platforms.

Bubs formally lodged its New Infant Formula submission (NIFS) with the US FDA in June 2025, a critical milestone in the FDA's formal regulatory pathway, with notification expected by the end of 2025. A total of 478 infants were enrolled in the US-based study over 16 months, in what is understood to be the largest single clinical infant milk formula trial in the US².

CHINA RESET

The China reset strategy has been successful, with revenue growing 22% to \$21.1M, driven through sales of Bubs Supreme and adult goat formula, in addition to Bubs' core infant goat portfolio.

Bubs performed strongly in the Cross-Border e-Commerce (CBEC) channel, with Goat IMF CBEC category share increasing from 14% to 20% on major Ecommerce retailers³ with gross merchandise value (GMV) up 15% YoY, outperforming the category which declined 22%.

Online to offline (O2O) sales expansion has progressed very well, with Bubs' products now stocked in 1,276 stores through 93 cities in 21 of China's provinces. Focus will continue to grow our footprint in the coming years.

PORTFOLIO OPTIMISATION

Bubs has streamlined its portfolio around core infant goat and bovine formulas, as well as optimising adult goat portfolio, driving strong gross profit percentage. Refreshed packaging design and pack sizing has been launched across all markets.

SWEAT THE ASSETS

Bubs' manufacturing facility in Victoria is well positioned to support our growth objectives over the coming period. We are comfortably meeting the global demand for Bubs' products with our current two shift operation, with a third shift able to be deployed if required.

WORKING CAPITAL

Net operating cash inflow for FY25 was \$6.1M, a significant improvement from an outflow of -\$26.3M in FY24. Bubs achieved positive operating cash flow for three consecutive quarters during FY25. This represents a pleasing turnaround in our cash generation capability.

As at 30 June 2025 Bubs had \$17.4M cash on hand with an undrawn debt facility of \$10.0M with NAB.

¹ Source: Circana Mulo+ Year ending 7/13/2025 moving annual total (MAT).
² Review based on 5 published, recently completed, and in progress growth monitoring studies (July 2025).
³ Source: Metricko.com, Tmall & JD.com Goat IMF GMV (CBEC) as at 30/06/2025. \$ AUD

Year at a Glance

Bubs delivered on its FY25 commitments, in a challenging operating environment

**Gross profit %
> than 40%**

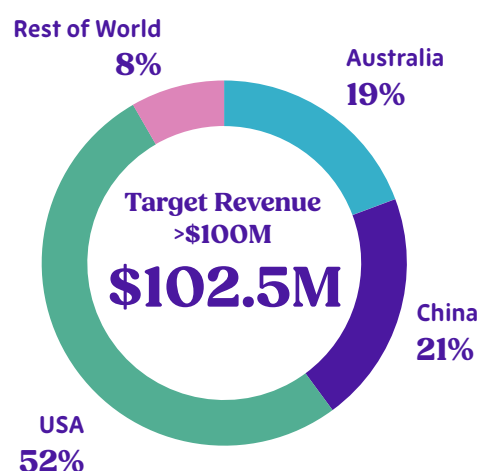
47.8%

**Positive
Underlying
EBITDA¹**

\$0.6M

**Positive
operating
cash flow**

\$6.1M



Revenue by market

USA

\$53.1M

Up 52% pcp
(FY24: \$35.0M)

- 5,725 bricks and mortar stores through 2,156 cities in all 50 states of the USA
- No.1 position for Goat IMF on Amazon
- Lodged New Infant Formula Submission with the FDA with notification expected by the end of 2025.

China

\$21.1M

Up 22% pcp
(FY24: \$17.3M)

- Established O2O channel, reaching 1,276 stores through 93 cities in 21 provinces
- Bubs Goat IMF CBEC category scan sales up 15% YoY on major Ecommerce retailers²

Australia

\$19.8M

Down 8% pcp
(FY24: \$21.6M)

- Underlying revenue³ grew 10% to \$19.2M (FY24: \$17.5M)
- Australia's No.1 Goat IMF with 53.5% share of sub-category
- Launch of Bubs Essentials marks strategic expansion into mainstream infant nutrition segment

Rest of World

\$8.5M

Up 44% pcp
(FY24: \$5.9M)

- Rest of World comprises mainly Japan at 50% and Vietnam at 28% of total revenue
- Bubs Supreme, Goat & Organic products key growth drivers

¹ Underlying Earnings before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

² Source: Metricko.com, Tmall & JD.com Goat IMF GMV (CBEC) as at 30/06/2025.

³ Underlying Revenue is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review. Based on Net Revenue excluding canning services and ingredient sales of \$0.6M in FY25 (FY24: \$4.1M).

From the Chair and CEO

FY25 has been an important year for Bubs as we broke through a milestone of \$100M of sales, improved profitability, and positioned Bubs for long-term growth in our key markets. I want to thank all our shareholders for your continued support for Bubs and of our mission to grow happy, healthy families through clean nutrition.



A YEAR OF HISTORIC ACHIEVEMENT

We were pleased to report FY25 net profit after tax of \$5.5M, up from a net loss of \$21M in FY24. The maiden profit reported by Bubs marks a fundamental shift in our company's trajectory. The Board is committed to continuing its focus on realising Bubs' potential and the creation of value for all our shareholders.

In 2023 we set out our five-pillar strategic plan, USA as our growth engine, a reset in China, optimisation of our portfolio, sweating our assets, and a focus on working capital management. We continue to track well against this plan and now look forward to building on the foundation established.

USA: OUR GROWTH ENGINE

The USA remains our most exciting growth opportunity, and I'm pleased to report exceptional progress on multiple fronts.

From a standing start during Operation Fly Formula only two years ago, our USA revenue for FY25 is A\$53.1M. Bubs is now stocked in 5,725 stores across the USA, including our new range in 1,745 Target stores, Walmart and Kroger. We have also been steadily building our online capability, and we have been the #1 goat infant milk formula on Amazon.com during FY25.

The USA infant milk formula (IMF) is a highly attractive market. The total IMF category in the USA is \$8B and is growing at 5% YoY. Bubs focus market segments are the Premium Natural IMF segment worth \$770M, growing at 47% YoY and the Goat IMF segment worth \$189M growing at 124% YoY. Bubs has a 23% market share of the Goat IMF segment¹.

Importantly, Bubs was pleased to lodge our New Infant Formula Submission (NIFS) with the US FDA (FDA) in June 2025, seeking permanent access to the USA market. The submission covers all three Bubs infant milk formulas; our goat, 365 day grass fed, and Essential which are all currently sold in the USA under a temporary discretion obtained in 2023. Bubs expects formal notification from the FDA on permanent access to the USA by the end of this calendar year.

¹ Source: Circana Mulo+ Year ending 6/29/2025 moving annual total (MAT).
\$ AUD



CHINA: RESET STRATEGY DELIVERING RESULTS

In FY25, Bubs' China achieved net revenue of \$21.1M, an increase of 22% on FY24.

Our focus is on the Cross Border E-Commerce (CBEC) channel where our Online to Offline (O2O) strategy has delivered strong results, and we now have distribution in 21 provinces and 93 cities across China, particularly in the growing tier 2-4 cities. We now have over 1,300 stores in the O2O channel selling our product.

Through the major E-Commerce retailers TMall and JD.com the Bubs market share of the Goat IMF CBEC segment increased from 14% to 20% during the year².

At the Maternity and Baby Category Awards in Shanghai in January 2025 Bubs was recognised winning the "Annual Goat Milk Potential Product" and the "Annual New Consumer Choice" awards.

AUSTRALIA: MAINTAINING MARKET LEADERSHIP

In our home market, Bubs Australia achieved net revenues of \$19.8M down 8% on FY24. However, on a like for like basis, infant milk formula (IMF) net revenue increased by 23% in the period. In FY24 Australian net revenue included sales of excess raw materials and canning services.

Bubs continues to be the dominant player in the goat IMF market, with 53% market share and continues to be one of the fastest growing infant formula manufacturers in the category and the fastest growing premium brand³.

We maintain our market leadership position in our hero goat formulation, which has won the Clean Label Project Purity Award for the 5th year in a row and is certified pesticide free.

Bubs brands are stocked in Woolworths, Coles, Metcash and specialty stores throughout Australia. Our new competitively priced brand Essentials has been ranged in Woolworths.

REST OF WORLD, A GROWTH OPPORTUNITY

The Rest of World (ROW) achieved net revenue of \$8.5M, an increase of 44% on FY24.

Japan and Vietnam were the leading countries making up over 75% of the ROW sales. Malaysia, Saudi Arabia and Singapore markets were the other contributors.

² Source: Metrico.com, Tmall & JD.com Goat IMF GMV (CBEC) as at 30/06/2025. \$ AUD

³ Circana Scan Dollars (\$000's), Coles, Woolworths and AU My Chemist Group only – Goat IMF Only. Combined to MAT 29/06/2025

OPERATIONAL EXCELLENCE AND FINANCIAL DISCIPLINE

Our operational improvements have been notable. Bubs achieved positive operating cash flow for three consecutive quarters, delivering \$6.1M in positive operating cashflow for the year, an underlying Gross Profit Margin of 48% and an underlying positive EBITDA of \$0.6M.

As at 30 June 2025 we had \$17.4M in cash and a further \$10M cash available in an undrawn bank facility, totalling \$27.4M of available cash.

With growth in the demand for Bubs products in all of our key markets, our Deloraine manufacturing facility is well positioned to support our growth objectives over the coming period. We are meeting the global demand for Bubs' products with our current two-shift operation, and we have the capability to transition to a third shift, when required.

The Board appointed Mr Joe Coote as our new CEO with effect from 28 July 2025. As we enter the next stage of our development, we believe Joe's extensive industry and international experience will assist us in capturing growth opportunities for the business.

Finally, I was humbled to be named Chair of the Year - Small Company at the inaugural Australian Financial Review Boss Director Awards in June 2025. I would like to thank the Board, our CEO, Executive Leadership Team, employees for their valuable contributions to Bubs and thank our shareholders for their continued support.

Yours sincerely



Katrina Rathie

Chair



Australian Financial Review (AFR) BOSS Director Awards - June 2025

Dear Shareholders,

As I complete my first 50 days as CEO of Bubs, I want to share an update on our focus and how we are positioning the business for the future.



My immediate priorities have been centred on People, Partners, and Performance. We are building alignment and energy across our team, strengthening relationships with customers and stakeholders, and ensuring that every decision is grounded in delivering results.

Over the past six weeks, I have travelled to our key markets - the USA, China, and here in Australia. These visits have been invaluable in deepening relationships with customers, partners, and regulators, as well as seeing firsthand how our products are being represented in stores and received by families. These insights are shaping how we continue to improve service, responsiveness, and execution.

Operationally, we are focused on delivering high-quality service to customers while meeting our short-term growth and profit targets. We are maintaining close attention on the FDA permanent market access submission, which remains a critical pathway for our future success in the USA.

At the same time, we have commenced work on a strategy refresh, which we look forward to sharing with you in late November. This will outline our Purpose, Vision, and Values, and set out how we intend to build deeper customer trust, sharpen our go-to-market model, strengthen our supply chain, and work closely with our stakeholders to create long-term shareholder value.

I am excited about the road ahead. We are a business with strong foundations, a clear mission, and significant market opportunity. With disciplined execution and a focus on data driven decision making, I am confident we will deliver sustainable growth and enhanced shareholder value.

Thank you for your ongoing support.

Joe Coote

CEO



China O2O General Trade Store - August 2025



Target store - Los Angeles, USA

Risk Statement

BUSINESS RISKS

Bubs has identified certain risks with the potential to materially impact the Group's performance and prospects, and has implemented measures to manage those risks, as summarised below:

USA Regulatory Approval/ Non Compliance with US FDA Audit and Regulations	There is a risk that the FDA may not approve Bubs' application for permanent access to the US infant formula market, which would impact future operational and financial performance. Bubs is constantly monitoring and addressing this risk through the use of external expert resources in the United States, as well as its own industry-leading in-house regulatory and compliance specialists. Bubs maintains ongoing communications with the US FDA to ensure that any of the US FDA's questions or requests arising from Bubs' permanent regulatory approval application are addressed appropriately.
Product contamination, recall & food safety	As with all food businesses, Bubs faces ongoing risks of contamination and product recalls. To manage this risk, the Group has implemented robust approved supplier programs, quality and environmental testing and end-product testing which is well in excess of regulatory requirements and industry standards. The Group also demands a strong food safety culture, and continues to be at the forefront of improvements in food safety management.
Reliance on third party suppliers	The Group is exposed to an ongoing risk of disruption or failures of third party suppliers. The Group mitigates this inherent supply chain risk by entering contracts with multiple suppliers for important classes of production inputs, auditing suppliers and by ongoing consideration and assessment of the security of the Groups' supply chains generally.
Major Retailer Product Deletion	There is a risk that one of Bubs' customers (e.g., an e-commerce platform or one of our retailers) may delete one or more of Bubs' products from its website or product range offering across their retail network. To manage this risk, the Group continually monitors developments in key markets, conducts regular major account reviews, and places a high importance upon the maintenance of strong relationships with key suppliers.
Fraud	Theft or dishonest activity resulting in loss or misappropriation of organisation's resources has the potential to adversely affect the Group's operations and financial position. The Group manages this risk through the implementation of appropriate policies and procedures, authority limits, software, and segregation of duties, all of which is overseen by the Group's Chief Financial Officer and finance team.
Day to Day operational risk	The Group is subject to a range of operational risks including of damage to operating assets and equipment, equipment failure or breakdowns, human error or accidents, IT system failures, external services failures, industrial action or disputes, and natural disasters. This risk is managed through the formulation of business continuity plans and the maintenance of appropriate policies of insurance.
Slow moving and obsolete stock	The generation of slow-moving or obsolete inventory represents a financial risk with the potential to dilute gross margin and overall profitability. The Group manages this risk by observing rigorous supply & demand forecasting processes together with careful inventory management. The maintenance of strong supplier & customer relationships also provides the Group with further protection against this risk.



Capital Adequacy

Due to rapid growth in the US market, Bubs has a relatively high working capital requirement which needs to be carefully managed to ensure that the business operates at an appropriate level. Bubs manages this risk through monthly cashflow forecasting and active management of debtors, creditors and inventory. Bubs also has access to a trade finance facility with the NAB.

Employee Retention

The loss of key personnel or high staff turnover could lead to the loss of valuable corporate knowledge, negatively impacting the Group's operational and financial performance in the short to medium term. Bubs mitigates this risk through a robust employee engagement program, a positive company culture and a commitment to core values. This includes implementing annual performance reviews, individual development plans, salary benchmarking, and offering share-based retention incentives.

Other than as described above, the Group does not consider that it faces any material exposure to social or environmental risks that would materially impact the Group's ability to create or preserve value for security holders over the short, medium or longer term.





02

Review of Operations & Directors' Report

Review of Operations and Financial Results

REVENUE

The Group delivered revenue of \$102.5m in FY25, up 29% year on year. Notably, revenue for the sale of Bubs' infant formula totalled \$88.4m (FY24 \$62.4m).

UNITED STATES

Our best performing market, the USA, delivered growth for Bubs, with revenue of \$53.1m, an increase of 52% on FY24 of \$35.0m, by capitalizing on the growing premium and goat IMF segments.

CHINA

China achieved revenue of \$21.1m, a 22% increase on \$17.3m in FY24. The growth was driven by strong CBEC sales of Goat IMF and Supreme IMF and Bubs' successful expansion into the O2O channel, where Bubs is now stocked in 1276 stores. Revenue for adult goat dairy products, which is predominantly sold in China, was \$12.4m for the year, an increase of 10% on \$11.3m in FY24.

AUSTRALIA

Australia achieved revenue of \$19.8m¹, a decrease on \$21.6m in FY24. Bubs continues to be the dominant player in the domestic goat IMF market.

REST OF WORLD

Rest of World markets are also performing strongly with revenue of \$8.5m (FY24 \$5.9m) and growth of 44% on FY24 with strong performances from the Japan and Vietnam markets.

GROSS MARGIN

The Group maintained a similar gross profit margin of 47.8% for FY25, compared to 48.6% in FY24. The reduction in inventory provisions to \$2.6m from \$4.6m in the previous year, reflects continued focus on enhanced inventory management processes by the Group.

OPERATING EXPENSES

Operating expenses as a percentage of revenue² decreased to 44%, from 73% in FY24. Operating expenses include the following:

- Legal and accounting costs of \$2.0m.
- Marketing and promotional costs of \$12.4m.
- Consulting fees of \$1.7m.
- FDA costs of \$1.6m.
- Credit recoveries due to legal settlement of \$3.0m.

STATUTORY RESULTS

Underlying EBITDA³ was \$0.6m (FY24 loss: \$20.3m) and the reconciliation to the statutory profit before tax is set out in the table below.

	FY25 \$	FY24 \$
Profit / (Loss) before tax	5,543,841	(20,488,985)
Less: Net Finance Income	(1,031,699)	(662,479)
Underlying EBIT⁴	4,512,142	(21,151,464)⁵
Less: Proceeds from insurance claim	(1,259,338)	-
Less: Credit recoveries & legal settlements	(3,639,565)	-
Add: Depreciation and amortisation	734,963	878,634
Add: Restructuring costs	213,327	-
Underlying EBITDA	561,529	(20,272,830)⁵

¹ FY24 included sale of raw materials and canning services of \$4.1m versus \$0.6m in FY25. Infant formula sales in Australia increased from \$12.0m in FY24 to \$14.8m in FY25, an uplift of 23%.

² Operating expenses to revenue ratio excludes Depreciation & Amortisation and Share Based payments expense and is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

³ Underlying Earnings before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

⁴ Underlying Earnings Before Interest and Tax (Underlying EBIT) is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

⁵ The Group has reclassified FY24 foreign exchange gains of \$569,036 from "Administrative and other costs" to "Finance Income" to reflect more appropriately the financing nature of the underlying transactions.

GOING CONCERN BASIS OF ACCOUNTING

The Group have prepared the consolidated financial statements for the year ended 30 June 2025 on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

FINANCIAL RESULTS

On 30 June 2025, the Group is in a net current asset position of \$37.0m (2024: \$31.1m). At 30 June 2025, the Group has \$17.4m in available cash and cash equivalents and \$10.0m in committed un-drawn bank facilities (Note C8).

The Group made a profit after tax of \$5.5m (FY24 loss: \$21.0m). During FY25, the Group extended the \$10.0m facility with National Australia Bank until 31 August 2026. (Note C8). Net cash inflows from operating activities in FY25 were \$6.1m (FY24 net cash outflows: \$26.3m).

FUTURE FINANCIAL PERFORMANCE

The directors have considered the Group's revenue projections and cash flow forecasts based on current market conditions and business plans to determine the appropriateness of preparing the financial report on a going concern basis.

The Group acknowledges the inherent uncertainty in their earnings forecast, which includes assumptions such as:

- Attainment of the permanent U.S. Food and Drug Administration approval to continue operating in the USA. The Group is currently operating under discretionary approval until permanent approval is expected by the end of 2025. FDA approval to sell in the US market beyond the current temporary approval period to 31 December 2025 is an assumption underpinning this assessment.
- Increased customer base, ranging of products, number of stores for each product in the USA and achieving projected sales volumes in FY26.
- A 10% Import Tariff under the US Trade Policy in effect for FY26.
- Continuing the revenue growth in China through the success of the CBEC and O2O strategy.
- Reduction of FY26 operating expenses across all major areas by \$2.3m through internal cost optimization work as part of the budget process. Marketing expenses are forecast to increase to continue driving growth in our core USA market.

The Directors are confident that the Group will secure permanent FDA approval or obtain a further extension to the discretionary approval. The cash flow forecasts prepared assume that FDA approval will be granted or extended. Should these forecasts not be achieved there is a material uncertainty regarding the appropriateness of the going concern basis of accounting and the Group may not be able to realize its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Notwithstanding the above, based on the current information and actions being taken, the Directors consider that it is appropriate for the financial report to be prepared on a going concern basis.

The Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

Directors' Report

Board of Directors

The directors present their report together with the consolidated financial statements of Bubs Australia Limited as a consolidated entity consisting of Bubs Australia Limited (the "Company") and the entities it controlled ("the Group") for the financial year ended 30 June 2025 and the auditor's report thereon.

DIRECTOR PROFILES

The names of the directors in office at any time during and since the end of the financial year are:



MS KATRINA RATHIE

B Com (Accounting & Financial Management)
/ LLB UNSW Sydney, FAICD

Independent Chair / Non-Executive Director
(appointed 21 July 2021)

Ms Katrina Rathie BCom/LLB FAICD is the Independent Chair and a Non-Executive Director of Bubs Australia Limited (ASX: BUB). Katrina is Chair of the Nominations and Remuneration Committee and a member of the Finance Audit & Risk Committee. She was appointed to the Board of Directors in July 2021 and appointed Chair in April 2023.

In recognition of her leadership and governance contribution to Bubs, Katrina was honoured to be named as Chair of the Year (Small Company) in the Australian Financial Review Boss Director of the Year Awards in May 2025.

Katrina is a Non-Executive Director of Special Broadcasting Service, Australia's multi-cultural broadcaster and digital platform. In 2025, Katrina was appointed as a Non-Executive Director of Asia Society Australia, whose mission is to advance Australia's prosperity and security in Asia. She has extensive cross-border experience doing international business between Australia, China, Asia and the USA, which are Bubs' major export markets.

Before commencing her full time Board career, Katrina had a distinguished 35-year career in the law, including as Partner in Charge, Sydney at law firm King & Wood Mallesons (2014 – 2021) where she acted as a trusted advisor to many companies in the infant formula, food and beverage, FMCG, retail and e-commerce industries.

Katrina is a Fellow of the Australian Institute of Company Directors and a Member of Chief Executive Women. She holds Bachelor of Commerce (Accounting & Financial Management) and Law degrees from UNSW Sydney.

**MR PAUL JENSEN**

B Com (Commerce & Administration —
University of Victoria, Wellington NZ),
FAICD

Independent Non-Executive Director
(appointed 20 March 2023)

Mr Paul Jensen joined the Bubs Board as Non-Executive Director and Independent Chair of the Audit and Risk Committee in April 2023 and brings perspectives drawn from his extensive professional career. Paul is based in Sydney, Australia.

Paul has more than 20 years' Board experience as a professional director with both ASX listed, public and private corporations across consumer goods, equity capital markets, banking, government, philanthropy, and indigenous affairs.

He brings an international perspective gained from an executive career working in New Zealand, Australia, and the United Kingdom. In both his executive and non-executive career Paul has been focused on shareholder value creation. Paul is a critical thinker and highly proficient in financial disciplines to manage risk, drive growth and create sustainable value. He is deeply committed to ensuring strong governance, risk management and compliance principles are actively exhibited, and that a constructive culture is present.

He currently holds the position of Non-Executive Director and Treasurer for the Australia Made Campaign Limited, which on behalf of the Australian Government administers the highly recognised and trusted Australian Made and ReMade in Australia trademarks, he is a Director of Alterra Limited and GNS Wholesale Limited. Paul is a Fellow of The Australian Institute of Company Directors.

**MR STEVE LIN**

Non-Executive Director
(appointed 18 April 2019)

Mr Steve Lin has been a Director on the Bubs board since 2019 and is based in the USA. Steve represents Bubs' largest shareholder, C2 Capital's holding of 8.54% and is deeply committed to contributing to Bubs' shareholder value creation. C2 Capital's major investors include Alibaba, owner of the Tmall platform in China and Hema Fresh Foods.

Steve currently serves on the Board of three North American consumer products companies, Stella & Chewy's, a leading pet food company in the US, Petcurean a leading pet food company in Canada and China and KDC/ONE, one of the world's largest OEM/ODM manufacturers in beauty, personal care and home care.

A highly experienced board director, Steve has been doing business in China for 30 years including serving on company and university boards. More broadly, Steve also has more than 25 years of investment, operations, and management experience in Asia and the US. For the last 7 years Steve has been Managing Partner for C2 Capital, a private equity firm focused on investing in leading consumer products to provide growth capital to scale in the China market.

Prior to joining C2 Capital, Steve worked for Morgan Stanley, Goldman Sachs, GMAC Commercial Holding Corp (subsequently, Capmark Financial Group) and Laureate Education in New York, Hong Kong and Tokyo. Steve co-founded a non-profit organisation, Hands On Tokyo, and previously served on the Board of Directors of Xi'an Jiaotong-Liverpool University and Hunan International Economics University.

Steve has a bachelor's degree in economics from Harvard College.



MR REG WEINE

Managing Director &
 Chief Executive Officer
 (appointed on 28 August 2023,
 tenure ended on 28 July 2025)

Mr Reg Weine joined the Bubs Board in April 2023 as an independent Non- Executive Director and was subsequently appointed Managing Director & CEO on 28 August 2023 (tenure ended on 28 July 2025).

Reg is an executive with over 25 years' experience in fast moving consumer goods (FMCG) and agri-food and more than 15 years working in international markets and trade. Reg was previously Managing Director of SPC Ardmona (Coca-Cola Amatil), CEO of Australia's largest and oldest privately-owned dairy business – Bulla Dairy Foods, and Director of Sales and International at Blackmores Limited.

Reg has a Bachelor of Business from Monash University, is a graduate of the Australian Institute of Company Directors and is a Certified Practicing Marketer and Fellow of the Australian Marketing Institute. In 2019 Reg completed the AGSM@UNSW Business School Governance for Social Impact certificate and completed the Wharton Executive Education – Venture Capital program.



MR PETER COPE

BSc, BCom, LLB, LLM, CA,

Company Secretary
 (appointed 1 January 2025)
 General Counsel
 (appointed 18 January 2022)

Mr Peter Cope is a highly experienced lawyer and general counsel, having spent 20 years in the legal profession. Peter commenced his legal career in private practice with Hall & Wilcox before moving to in-house roles in the energy, dairy foods and aviation sectors, including with Ausnet Services, Murray Goulburn and Melbourne Airport. Peter is also a Chartered Accountant having worked with the global professional services firm Deloitte prior to qualifying as a lawyer.

Peter joined Bubs as General Counsel on 18 January 2022 and was appointed Company Secretary on 1 January 2025.

Peter holds undergraduate degrees in science, commerce and law, and a Master of Laws at the University of Melbourne.

RECORD OF ATTENDANCE AT THE BOARD MEETINGS

Director attendance at Board and Committee meetings during the year is set out below.

	Board Meetings		Nomination & Remuneration Committee		Audit and Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
K Rathie (Non-Executive Director/ Chairman)	12	12	4	4	5	5
P Jensen (Non-Executive Director)	12	12	4	4	5	5
S Lin (Non-Executive Director)	12	12	4	4	5	5
R Weine (Managing Director & Chief Executive Officer)	12	12	N/A	N/A	N/A	N/A

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no significant change in the state of affairs of the Group during the financial year.

PRINCIPAL ACTIVITIES

The Group offers a significant range of goat milk infant formula products, adult goat milk powder products, organic baby food and fresh dairy products. There was no significant change in the nature of the Group's principal activities during the financial year.

ENVIRONMENTAL REGULATIONS

The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 28 July 2025, the Group appointed Mr. Joe Coote as the new Chief Executive Officer, taking over from Mr. Reg Weine.

As of 28 July 2025, Mr Reg Weine has completed his tenure with the company and the following LTI sign-on retention rights and performance rights have been forfeited:

- 1,000,000 sign-on retention rights issued in FY24
- 4,786,885 LTI performance rights issued in FY24 (2,393,443 remaining on foot)
- 11,185,289 LTI performance rights issued in FY25

There have been no other subsequent events since 30 June 2025 that have significantly affected or could significantly affect the reported results from operations or the Company's financial position for the year then ended.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year (2024: Nil).

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Group has paid insurance premiums in respect of Directors' and Officers' liability insurance for current and past Directors and Officers. Insurance does not indemnify the Directors and Officers where there is conduct involving lack of good faith.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer, director or auditor of the Group against a liability incurred as such an officer, director or auditor.

PROCEEDINGS ON BEHALF OF THE GROUP

During the year the Group has been involved in legal proceedings with its former customers - Alice Trading Ltd ("Alice") and Willis Trading Ltd ("Willis"). Alice and Willis are both wholly owned subsidiaries of Alpha Professional Holdings Limited, a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange.

On 28 April 2025, the Australian Centre for International Commercial Arbitration handed down its awards in the arbitration proceedings brought against each of Alice and Willis by The Infant Food Co. Pty Ltd ("IFC") after the cases were commenced in July 2023 and heard in Sydney in late November/early December 2024. IFC was awarded \$22.9m in the proceeding against Alice and \$2.6m in the proceeding against Willis on account of debt, breach of contract, and damages claims. Enforcement orders have subsequently been granted against each of Alice and Willis by the High Court of the Hong Kong Special Administrative Region, and also against Willis by the Federal Court of Australia.

As a result of the arbitration award against Alice, the Company has recognised a non-cash benefit of \$3.6m in the Company's consolidated statement of profit and loss and other comprehensive income. This is a result of an existing \$3.6m amount payable by IFC to Alice being offset against the arbitration award amounts owed to IFC by Alice. The Company is otherwise continuing its efforts to recover the awarded amounts from each of Alice and Willis but the prospect of making further recoveries is currently uncertain.

The directors have given consideration to such other matters which are or may be subject to claims, penalties and litigation as of the reporting date and are of the opinion that any litigation arising from such action would not have a material effect on the Group's financial performance.

ROUNDING

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

GENDER DIVERSITY

The Group has a strong commitment to diversity and recognises the value of attracting and retaining employees with different backgrounds, gender, culture, knowledge, experience, and abilities. Diversity contributes to the Group's business success and benefits individuals, clients, teams, shareholders, and stakeholders. The Group's business policies, practices and behaviours promote diversity and equal opportunity and creates an environment where individual differences are valued, and all employees have the opportunity to realize their potential and contribute to the Group's success.

	As at 30 June 2025				As at 30 June 2024			
	Male	Percentage Male (%)	Female	Percentage Female (%)	Male	Percentage Male (%)	Female	Percentage Female (%)
Board	3	75	1	25	3	75	1	25
Senior management	5	71	2	29	5	83	1	17
Employees	32	46	37	54	36	47	41	53
Total	40	50	40	50	44	51	43	49

UNISSUED SHARES

At the date of this report, the Group has no unissued shares under option.

NON-AUDIT SERVICES

No non-audit services were provided by KPMG during the year ended 30 June 2025.

Details of amounts paid or payable to the auditor during the year are outlined in Note G3 to the financial statements. A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is attached to this financial report.

Remuneration Report

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2025.

The Nomination and Remuneration Committee (the Committee) advises the Board on the policies and practices of the Company regarding the remuneration of Non-Executive Directors, the Executive Leadership Team (ELT) and other senior leaders of the Group and reviews all components of the Group's remuneration practices relevant to its employees. The Committee Charter sets out the objectives, responsibilities and authority of the Committee in relation to remuneration matters.

Robust processes are in place for supporting and evaluating the performance of the CEO, ELT and other senior leaders. The Board and CEO determine and agree annual targets and objectives for the Company based on the Company's strategic plan, supported by comprehensive and collaborative operational planning and financial budgeting processes. The CEO is accountable to the Board for the delivery of the agreed targets and objectives. The targets and objectives agreed between the Board and the CEO are discussed with, and cascaded to, each member of the ELT and captured in individual performance plans. The CEO uses the performance plans to facilitate individual conversations with each member of the ELT. The performance discussions are documented and form the basis of the annual performance review that each ELT member undertakes with the CEO at the end of the performance period.

The Board's policy for remunerating the CEO, ELT and other senior leaders is to provide market-based remuneration packages comprising a blend of fixed and variable at-risk incentive-based remuneration, with clear links between individual and Company performance and individual reward. The Committee reviews the remuneration of the CEO, ELT and, as an aggregate, all other employees at least annually.

The Committee seeks external professional advice from time to time on remuneration matters. During FY25, external consultants Godfrey Remuneration Group Pty Ltd (GRG) were engaged to provide market practice information, benchmarking data and make remuneration recommendations regarding fixed remuneration and variable rewards including short term incentives (STI) and long-term incentives (LTI) for the CEO, ELT and selected senior leaders. Any recommendations provided by GRG in relation to remuneration of Key Management Personnel of Bubs were made free from undue influence by any Key Management Personnel to whom the recommendations related to. Bubs paid GRG \$67,500 for the benchmarking, STI plan design, LTI plan design, and services rendered.

The outcome of the ELT's performance over the course of the year is one factor considered when any changes to fixed annual remuneration or any award of variable remuneration and incentives are determined.



Katrina Rathie

Independent Chair / Non-Executive Director

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2025 forms part of the Directors' Report. It has been prepared in accordance with the Corporations Act 2001 (Cth) (the Act), the Corporations Regulations 2001 (Cth) and AASB124 Related Party Disclosures and audited as required by the Act. It also includes additional information and disclosures that are intended to enable a deeper understanding by shareholders of Bubs' remuneration governance and practices.

KEY MANAGEMENT PERSONNEL

The term key management personnel (KMP) refers to those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly and includes any Director of the Group. The disclosures in this report have been audited.

The KMP of the Group for the year ended 30 June 2025 were:

- Katrina Rathie (Independent Chair and Non-Executive Director, Chair of the Nominations and Remuneration Committee)
- Steve Lin (Non-Executive Director)
- Paul Jensen (Non-Executive Director, Independent Chair of the Audit and Risk Committee)
- Reg Weine (Managing Director and Chief Executive Officer – appointed on 28 August 2023, tenure ended effective 28 July 2025)
- Richard Paine (Chief Operating Officer)
- Robin Johnston (Chief Financial Officer – resigned effective 27 September 2024)
- Aaliyah Nyathi (Interim Chief Financial Officer – appointed on 1 October 2024, resigned 10 February 2025)
- Naomi Verloop (Chief Financial Officer – appointed on 10 February 2025)

REMUNERATION STRUCTURE

The Nomination and Remuneration Committee (the Committee) was established on 1 February 2022 and advises the Board on the policies and practices employed in the remuneration of the KMP. The Committee is also responsible for reviewing all components of the Group's remuneration practices pertinent to its employees. The Committee makes recommendations to the Board however, all decision-making authority in relation to remuneration remains with the Board.

In consultation with external remuneration consultants, the Board's policy for remunerating executives is to provide market-based remuneration packages comprising a blend of fixed and variable at-risk incentive- based remuneration with clear links between Group and individual employee performance and reward.

The Board seeks to set aggregate compensation at a level that provides the Group with the ability to attract and retain KMP of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate compensation sought to be approved by the Nominations and Remuneration Committee and the manner in which it is apportioned amongst the KMP is reviewed annually. The overall level of other KMP compensation takes into consideration the performance of the Group over multiple years.

The following table provides the summary of Group's earnings for the five years to 30 June 2025:

	2025 \$	2024 \$	2023 \$	2022 \$	2021 \$
Revenue	102,544,417	79,703,759	60,110,627	89,297,324	39,312,738
Underlying EBIT ⁶	4,512,142	(21,151,464) ⁸	(107,551,051)	(10,445,126)	(76,515,692)
Underlying EBITDA ⁷	561,529	(20,272,830) ⁸	(105,230,779)	(7,751,929)	(73,110,674)
Share price at year end	0.170	0.130	0.180	0.595	0.435
Basic earnings (loss) per share	0.01	(0.03)	(0.15)	(0.02)	(0.12)
Total dividend (cents per share)	—	—	—	—	—

⁶ Underlying Earnings Before Interest and Tax (Underlying EBIT) is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

⁷ Underlying Earnings before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) is a non-IFRS measure. Non-IFRS measures have not been subject to audit or review.

⁸ The Group has reclassified FY24 foreign exchange gains of \$569,036 from "Administrative and other costs" to "Finance Income" to reflect more appropriately the financing nature of the underlying transactions.

FIXED REMUNERATION

Key Management Personnel's fixed remuneration is based on a matrix of an individual qualifications, skills and experience, their individual performance and their current level of remuneration relative to the market. Fixed remuneration is reviewed on an annual basis, and where appropriate, is adjusted based on consideration of individual performance and market remuneration movement. The overall level of KMP reward takes into account the performance of the Group over a number of years. This ensures that the Group attracts, motivates, and retains high calibre executives so they can deliver on the Group's business strategy and contribute to the Group's ongoing financial performance.

Total fixed remuneration (TFR) comprises of base salary, superannuation in accordance with the statutory rates and allowances. The Board reviews and approves all changes to fixed remuneration.

VARIABLE REMUNERATION

Short term incentive (STI)

The STI focuses on performance goals which align with the Group's direction, driving outcomes, and rewarding high performance over the financial year. STI values are generally calculated as a percentage of fixed remuneration. STI values and performance targets are approved by the Board annually.

STI payments are determined and paid annually following the finalisation of audited Group results and are contingent on the achievement of Group financial targets and specific agreed personal objectives.

Any FY25 STI awards can be paid in either cash or equity at the discretion of the Board.

The Link Between Performance and Reward in FY25

Each element of remuneration should be designed to work with the other elements of remuneration to produce an appropriate range of remuneration outcomes linked to performance, market benchmarks and the Company's strategy, as well as working together to incentivise and reward an appropriate range of behaviours.

SHARE RIGHTS ISSUED TO CEO

On 31 August 2023, Bubs issued Shares Rights to Mr Reg Weine, Chief Executive Officer & Managing Director (CEO/MD,) and was subject to Shareholder approval. The framework of the approach to the STI award for the CEO/MD is set based on achievement against an EBITDA financial KPI.

The following performance rights were issued:

Sign-on retention rights (SOR Rights)

SOR Rights have "time-based" vesting conditions where period held determines the number of shares that will vest.

- 1,000,000 share rights - These rights vested upon completion of the service period on 30 June 2024;
- 1,000,000 share rights - These rights vested upon completion of the service period on 30 June 2025;
- 1,000,000 share rights are scheduled to vest on 30 June 2026⁹.

FY24 Long term incentives (LTI)

LTI Performance rights

The LTI program provides the potential for the CEO to receive payment over and above fixed remuneration and short-term incentive. These programs are discretionary, appropriate to the results delivered by the Group, and based on the principle of reward for performance. The purpose of a LTI is to focus the KMP's efforts on the achievement of sustainable long-term shareholder value creation and the long-term financial success of the Group

The following Long Term performance rights (LTI rights) were issued to Reg Weine (CEO/MD):

- No Rights will vest if the share price is less than \$0.35; or
- 1,795,082 Rights will vest if the share price is at least \$0.35 (Threshold LTI); or
- 3,590,164 Rights will vest if the share price is at least \$0.50 (Target LTI); or
- 7,180,328 Rights will vest if the share price is at least \$1.00 (Stretch LTI).

If the Company's performance is between Threshold LTI and Target LTI, or Target LTI and Stretch LTI, a pro-rata amount of the LTI Performance Rights will lapse so that the participant will receive a pro-rata amount of the relevant award on a straight-line basis.

The Company's share price will be measured by reference to the average of the 5-day VWAP (Volume-weighted average price) immediately after the date the Company's FY26 audited financial results are released to the ASX (Review Date).

The LTI rights were granted on 14 November 2023 and valued at \$0.05. The rights are scheduled to vest following the release of the Company's FY26 audited financial results to the ASX⁹.

⁹ Refer to Subsequent Events Note G4 for additional information relating to these share rights.

Share rights issued to CEO, COO and CFO

LTI Performance Rights

During FY25 Bubs issued the following share rights which are subject to an indexed total shareholder return (TSR) vesting condition:

- 11,185,289 share rights⁹ issued to Reg Weine (CEO/MD) scheduled to vest on 30 June 2027. This was subject to Shareholder approval on 21 November 2024 and valued at \$0.062.
- 2,325,371 share rights were issued to Richard Paine (COO) vesting on 30 June 2027 valued at \$0.076.
- 2,169,421 share rights were issued to Naomi Verloop (CFO) vesting on 30 June 2027 valued at \$0.076.

The vesting of the Rights will be determined by comparing the Company's TSR against the TSR of the S&P/ASX Small Ordinaries Index from 1 July 2024 to 30 June 2027 (the Measurement Period). The number of rights that will vest is dependent on the following vesting schedule:

Performance Level	Bubs TSR relative to S&P/ASX Small Ordinaries Index	% of Rights which vest
Stretch	≥ index TSR + 5% TSR CAGR	100%
Between target and stretch	> index TSR & < index TSR + 5% TSR CAGR	Pro-rata
Target and threshold	≥ index TSR	50%
Below threshold	< index TSR	0%

EXECUTIVE CONTRACTS

The remuneration and other terms of employment for KMP executives are covered in formal employment contracts. The Group may terminate an executive immediately for cause, in which case the executive is not entitled to any payment other than the value of total fixed remuneration (and accrued entitlements) up to the termination date.

KMP executive	Notice period by the Group	Notice period by Executive	Payment in lieu of notice
Reg Weine (Chief Executive Officer and Managing Director) Appointed on 28 August 2023, tenure ended on 28 July 2025	6 months	6 months	Yes
Richard Paine (Chief Operating Officer) Interim Chief Executive Officer to 28 August 2023	3 months	3 months	Yes
Naomi Verloop (Chief Financial Officer) Appointed on 10 February 2025	3 months	3 months	Yes
Aaliyah Nyathi (Interim Chief Financial Officer) Appointed on 1 October 2024, resigned effective 10 February 2025	3 months	3 months	Yes
Robin Johnston (Chief Financial Officer) Resigned on 26 June 2024, effective post the release of FY24 annual report	3 months	3 months	Yes

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Group's remuneration policy for Non-Executive Directors aims to ensure that the Group can attract and retain suitably qualified and experienced Directors having regard to:

- the level of fees paid to Non-Executive Directors of other comparable Australian listed companies.
- the growing size and complexity of the Group's operations.
- the responsibilities and work requirements of Board members; and
- the skills and diversity of Board members.

Under the ASX Listing Rules, the total amount paid to all Non-Executive Directors in any financial year must not exceed the amount fixed in a general meeting of the Group.

This amount is currently \$500,000 (2024: \$500,000) as determined by Shareholders at the AGM held on 14 November 2023. The Board's present policy for Non-Executive Directors, the Chair of the Nominations and Remuneration Committee and the chair of the Audit and Risk Committee is set out below.

The annual remuneration rate for the year ended 30 June 2025 and exclusive of superannuation.

Position	Annual remuneration
Chair of the Board	\$175,100
Non-Executive Director	\$103,000
Chair of Nomination and Remuneration Committee & Chair of the Audit & Risk Committee	\$20,600
Committee member	\$10,300

OTHER RELATED PARTY TRANSACTIONS WITH KMP

No key management personnel or any other related party has entered into any other contracts with the Group since the end of the previous financial year. All of the above transactions were considered to be on an arms' length basis.

DETAILS OF THE NATURE AND AMOUNT OF EACH ELEMENT OF THE REMUNERATION

Table A(1): Remuneration for Executive KMP

	Year	Short Term			Post Employment	Other Long Term		Total	Performance related %
		Salary & fees \$	Annual Leave \$	Short-term incentive \$	Superannuation \$	Long service leave \$	Share Based Payments - Share rights \$		
Reg Weine ^[1]	2025	738,629	55,536	676,710	29,932	12,024	343,619	1,856,450	47%
	2024	608,366	42,550	-	34,385	9,212	296,127	990,640	2%
Richard Paine ^[2]	2025	409,360	28,617	213,037	29,932	6,196	20,351	707,493	33%
	2024	367,782	24,255	105,000	46,420	5,251	-	548,708	0%
Robin Johnston ^[3]	2025	66,277	6,872	-	6,867	-	-	80,016	0%
	2024	330,441	11,392	-	13,213	-	-	355,046	0%
Aaliyah Nyathi ^[4]	2025	98,200	6,354	-	9,669	-	-	114,223	0%
	2024	-	-	-	-	-	-	-	0%
Naomi Verloop ^[5]	2025	136,258	10,209	76,233	12,472	2,204	18,986	256,362	37%
	2024	-	-	-	-	-	-	-	0%
	2025	1,448,724	107,588	965,980	88,872	20,424	382,956	3,014,544	
	2024	1,306,589	78,197	105,000	94,018	14,463	296,127	1,894,395	

[1] STI and LTI share rights issued to the CEO and approved by the AGM on 14 November 2023. Refer to Subsequent Events Note G4 for additional information relating to these share rights.

[2] STI and LTI share rights issued to the COO 27 March 2025.

[3] Robin Johnston resigned as CFO on 26 June 2024, effective 27 September post the release of FY24 annual report and was no longer deemed a KMP from this date.

[4] Aaliyah was appointed as Interim CFO on 1 October 2024, resigned effective 10 February 2025 and was no longer deemed a KMP from this date.

[5] Naomi Verloop was appointed as CFO on 10 February 2025 and was deemed a KMP from this date. STI and LTI share rights were issued to the CFO 27 March 2025.

Table A(2): Remuneration for Non-Executive Directors

	Year	Short Term		Post Em- ployment	Other Long Term		Total	Perfor- mance related %
		Director fees \$	Non- monetary \$	Superannu- ation \$	Long service leave \$	Share Base Payments- options \$		
Katrina Rathie	2025	206,000	-	23,690	-	-	229,690	-
	2024	197,744	-	34,952	-	-	232,696	-
Steve Lin ⁽¹⁾	2025	-	-	-	-	-	-	-
	2024	-	-	-	-	-	-	-
Paul Jensen	2025	149,300	-	-	-	-	149,300	-
	2024	141,525	-	-	-	-	141,525	-
Reg Weine ⁽²⁾	2025	-	-	-	-	-	-	-
	2024	20,000	-	2,200	-	-	22,200	-
Total	2025	355,300	-	23,690	-	-	378,990	
	2024	359,269	-	37,152	-	-	396,421	

[1] Steve Lin's services were remunerated by C2 Capital Partners in FY24 and FY25.

[2] Reg Weine ceased being a Non-Executive Director in August 2023 when he was appointed as the Chief Executive Officer and Managing Director.

FULLY PAID ORDINARY SHARES OF BUBS AUSTRALIA LIMITED

Table B: Movement in the shares of Bubs held, directly, indirectly or beneficially, by each KMP, including their related parties.

	Year	At the beginning of the year	Purchase of shares	Other change	Shares disposed	At the end of the year
Katrina Rathie ⁽¹⁾	2025	1,335,970	-	-	-	1,335,970
	2024	1,095,970	240,000	-	-	1,335,970
Steve Lin ⁽²⁾	2025	-	-	-	-	-
	2024	-	-	-	-	-
Paul Jensen ⁽³⁾	2025	460,000	40,000	-	-	500,000
	2024	100,000	360,000	-	-	460,000
Reg Weine ⁽⁴⁾	2025	600,000	1,200,000	-	-	1,800,000
	2024	-	600,000	-	-	600,000
Robin Johnston	2025	250,000	-	-	(250,000)	-
	2024	-	250,000	-	-	250,000
Richard Paine ⁽⁵⁾	2025	561,967	-	-	-	561,967
	2024	228,391	333,576	-	-	561,967

[1] Shares are held by Rathie Superannuation Pty Limited.

[2] On 30 June 2024 and 30 June 2025, 76,288,510 shares were held by C2 Capital Partners, of which Steve Lin is the Managing Director.

[3] Shares are held by Taranaki Holdings Pty Ltd.

[4] Shares are held by Barnbougale Investments Pty Limited and Muirfield Securities Pty Ltd. Reg Weine converted 1,000,000 share rights following the release of FY24 accounts into ordinary shares.

[5] In FY24, Richard Paine converted 333,576 share rights following the release of FY23 accounts into ordinary shares.

SHARE BASED PAYMENTS

Table C: Share-based payments granted as remuneration to KMP STI Share rights

		Number of share rights held at the beginning of the year	Grant date	Number of share rights granted	Fair Value of share rights granted	Vesting date	Number vested	Number Exercised	Number Expired	Number lapsed	Number of share rights held at the end of the year
Reg Weine ^[1]	2025	1,000,000	-	-	-	-	1,000,000	(1,000,000)	-	-	-
	2024	-	14-Nov-23	3,887,574	660,888	30-Jun-24	-	-	-	(3,887,574)	-
	2024	-	14-Nov-23	1,000,000	170,000	30-Jun-24	1,000,000	-	-	-	1,000,000
Richard Paine ^[2]	2025	-	-	-	-	-	-	-	-	-	-
	2024	333,576	-	-	-	-	333,576	(333,576)	-	-	-

[1] Reg Weine converted 1,000,000 STI share rights following the release of FY24 accounts into ordinary shares.

[2] Richard Paine converted 333,576 STI share rights following the release of FY23 accounts into ordinary shares.

LTI SHARE RIGHTS

LTI Share rights granted to KMP

Movement in the LTI share rights granted to KMP during the year

		Number of share Rights held at the beginning of the year	Grant date	Number of share rights granted	Fair Value of share rights Granted at grant date	Vesting date	Number vested	Number Exercised	Number Expired	Number lapsed	Number of share rights held at the end of the year
Reg Weine	2025	-	21-Nov-24	11,185,289	693,488	30-Jun-27	-	-	-	-	11,185,289 ^[2]
	2025	7,180,328	14-Nov-23	-	359,016	Note ^[3]	-	-	-	-	7,180,328 ^[2]
	2025	1,000,000	14-Nov-23	-	170,000	30-Jun-25	1,000,000 ^[1]	-	-	-	1,000,000
	2025	1,000,000	14-Nov-23	-	170,000	30-Jun-26	-	-	-	-	1,000,000 ^[2]
	2024	-	14-Nov-23	7,180,328	359,016	Note ^[3]	-	-	-	-	7,180,328 ^[2]
	2024	-	14-Nov-23	1,000,000	170,000	30-Jun-25	-	-	-	-	1,000,000
	2024	-	14-Nov-23	1,000,000	170,000	30-Jun-26	-	-	-	-	1,000,000 ^[2]
Richard Paine	2025	-	27-Mar-25	2,325,371	176,728	30-Jun-27	-	-	-	-	2,325,371
	2024	-	-	-	-	-	-	-	-	-	-
Naomi Verloop	2025	-	27-Mar-25	2,169,421	164,876	30-Jun-27	-	-	-	-	2,169,421
	2024	-	-	-	-	-	-	-	-	-	-

[1] Reg Weine met his service condition at 30 June 2025, therefore his 2nd tranche of sign-on rights vested.

[2] Refer to Subsequent Events Note G4 for additional information relating to these share rights.

[3] Rights are scheduled to vest following the release of the Company's FY26 audited financial results to the ASX.

LTI OPTIONS

No LTI options were granted in FY25.

Movement in the LTI options granted to KMP during the year

		Number of options held at the beginning of the year	Number of options granted	Number exercised	Number expired	Number forfeited	Number cancelled	Number of options held at the end of the year	Number vested and exercisable at the end of the year
Richard Paine	2025	-	-	-	-	-	-	-	-
	2024	400,000	-	-	(400,000)	-	-	-	-

This Directors' report is signed in accordance with a resolution of the board of Directors:



Katrina Rathie
Independent Chair and Non-Executive Director
Melbourne
Dated: 29 August 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Bubs Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Bubs Australia Limited for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'J. Carey'.

Julie Carey

Partner

Melbourne

29 August 2025

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03 Financial Statements



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Revenue	B2	102,544,417	79,703,759
Cost of sales	B3	(53,487,740)	(41,006,176)
Gross profit		49,056,677	38,697,583
Other Income	B6	1,960,542	273,334
Distribution and selling costs		(7,371,787)	(7,223,888)
Marketing and promotion costs		(12,428,338)	(13,876,131)
Administrative and other costs	B3	(29,778,616)	(38,141,834) ¹⁰
Credit recoveries / (Expected credit losses)	B3	3,073,664	(880,529)
Operating profit / (loss)		4,512,142	(21,151,465)
Interest income		342,359	334,827
Interest expense	B3	(487,264)	(241,384)
Finance income		1,176,604 ¹⁰	569,036 ¹⁰
Net Finance income		1,031,699	662,479
Profit / (loss) before tax		5,543,841	(20,488,986)
Income tax expense	B5	-	(500,072)
Profit / (loss) for the year after tax		5,543,841	(20,989,058)
Other comprehensive income			
Exchange difference on translation of foreign operations		(373,929)	(330,577)
Other comprehensive income / (loss) for the year, net of tax		(373,929)	(330,577)
Total comprehensive profit / (loss) for the year		5,169,912	(21,319,653)
Profit / (loss) per share			
Basic profit / (loss) per share (dollars)	B4	0.01	(0.03)
Diluted profit / (loss) per share (dollars)	B4	0.01	(0.03)

The accompanying notes form part of these consolidated financial statements.

10 The Group has reclassified \$1,176,604 foreign exchange gains in FY25 to reflect more appropriately the financing nature of the underlying transactions. Comparative amounts in the consolidated statement of profit and loss and other comprehensive income were reclassified for consistency. As a result, \$569,036 has been reclassified from "Administrative and other costs" to "Finance income" in FY24.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	2025 \$	2024 \$
Assets			
Current Assets			
Cash and cash equivalents	D3	17,426,313	17,523,474
Trade and other receivables	C1	10,607,740	9,323,240
Inventories	C2	20,060,471	28,225,946
Other assets	C3	2,797,859	4,548,035
Total Current Assets		50,892,383	59,620,695
Non-Current Assets			
Plant and equipment	C4	3,730,969	4,038,370
Right of use assets	C7	762,897	1,335,400
Intangible assets	C5	1,217,095	1,201,444
Other assets	C3	567,738	558,442
Total Non-Current Assets		6,278,699	7,133,656
Total Assets		57,171,082	66,754,351
Liabilities			
Current Liabilities			
Trade and other payables	C6	10,293,763	17,720,241
Contract liabilities		-	2,663
Lease liabilities	C7	670,709	727,432
Borrowings	C8	-	5,283,866
Provisions	C9	2,964,962	4,795,933
Total Current Liabilities		13,929,434	28,530,135
Non-Current Liabilities			
Lease liabilities	C7	296,791	986,325
Provisions	C9	468,300	366,191
Total Non-Current Liabilities		765,091	1,352,516
Total Liabilities		14,694,525	29,882,651
Net Assets		42,476,557	36,871,700
Equity			
Issued capital	D5	356,757,916	356,757,916
Share based payments reserve	D6	12,690,977	12,256,032
Foreign currency translation reserve		(999,276)	(625,347)
Accumulated losses		(325,973,060)	(331,516,901)
Total Equity		42,476,557	36,871,700

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

2025		Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2024		356,757,916	12,256,032	(625,347)	(331,516,901)	36,871,700
Comprehensive income						
Profit for the year		-	-	-	5,543,841	5,543,841
Other comprehensive loss		-	-	(373,929)	-	(373,929)
Total comprehensive income		-	-	(373,929)	5,543,841	5,169,912
Other equity transactions:						
Issue of shares	D5	-	-	-	-	-
Capital raising costs, net of tax	D5	-	-	-	-	-
Share based payment expense	D6	-	434,945	-	-	434,945
Balance at 30 June 2025		356,757,916	12,690,977	(999,276)	(325,973,060)	42,476,557

The accompanying notes form part of these consolidated financial statements.

2024		Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2023		340,568,767	11,934,065	(294,770)	(310,527,844)	41,680,218
Comprehensive income						
Loss for the year		-	-	-	(20,989,058)	(20,989,058)
Other comprehensive loss		-	-	(330,577)	-	(330,577)
Total comprehensive loss		-	-	(330,577)	(20,989,058)	(21,319,635)
Other equity transactions:						
Issue of shares	D5	17,375,750	-	-	-	17,375,750
Capital raising costs, net of tax	D5	(1,186,601)	-	-	-	(1,186,601)
Share based payment expense	D6	-	321,967	-	-	321,967
Balance at 30 June 2024		356,757,916	12,256,032	(625,347)	(331,516,901)	36,871,700

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers		103,749,841	77,687,943
Payments to suppliers, employees and government		(97,473,016)	(104,109,086)
Interest received		342,359	334,827
Interest paid		(487,264)	(241,384)
Net cash from / (used in) operating activities	D4	6,131,920	(26,327,700)
Cash flows from investing activities			
Purchases of plant and equipment		(83,014)	(174,241)
Purchases of intangible assets		(35,096)	(15,583)
Net cash (used in) investing activities		(118,110)	(189,824)
Cash flows from financing activities			
Proceeds from borrowings		2,000,000	4,800,000
Repayment of borrowings		(7,283,866)	(1,800,000)
Proceeds from share issue		-	17,375,750
Transaction costs relating to issue of shares		-	(1,695,145)
Payment of lease liabilities		(746,257)	(692,130)
Net cash (used in) / from financing activities		(6,030,123)	17,988,475
Net increase / (decrease) in cash and cash equivalents		(16,313)	(8,529,049)
Effect of exchange rate changes on cash		(80,848)	-
Cash and cash equivalents at the beginning of the financial year		17,523,474	26,052,523
Total cash and cash equivalents at the end of the year		17,426,313	17,523,474

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

A. BASIS OF PREPARATION

CORPORATE INFORMATION

The consolidated financial statements cover Bubs Australia Limited as a consolidated entity consisting of Bubs Australia Limited and the entities it controlled ("the Group") for the year ended 30 June 2025. The financial report is presented in Australian dollars, which is Bubs Australia Limited's functional and presentational currency.

The Group is a for-profit entity that is a listed public company limited by shares, incorporated and domiciled in Australia. The Group's principal activity is the manufacturing and sale of infant formula products, adult goat milk powder, fresh dairy products and sale of organic baby food.

BASIS OF PREPARATION

The consolidated financial statements are general-purpose financial statements, which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements, apart from the cash flow information and deferred consideration payable, have been prepared on an accruals basis and are based on historical costs.

GOING CONCERN BASIS OF ACCOUNTING

The Group have prepared the consolidated financial statements for the year ended 30 June 2025 on a going concern basis, which assumes continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business.

FINANCIAL RESULTS

On 30 June 2025, the Group is in a net current asset position of \$37.0m (2024: \$31.1m). At 30 June 2025, the Group has \$17.4m in available cash and cash equivalents and \$10.0m in committed un-drawn bank facilities (Note C8).

The Group made a FY25 profit after tax of \$5.5m (FY24 loss: \$21.0m). During FY25, the Group extended the \$10.0m facility with National Australia Bank until 31 August 2026 (Note C8). Net cash inflows from operating activities in FY25 were \$6.1m (FY24 outflows: \$26.3m).

FUTURE FINANCIAL PERFORMANCE

The directors have considered the Group's revenue projections and cash flow forecasts based on current market conditions and business plans to determine the appropriateness of preparing the financial report on a going concern basis.

The Group acknowledges the inherent uncertainty in their earnings forecast, which includes assumptions such as:

- Attainment of the permanent U.S. Food and Drug Administration approval to continue operating in the USA. The Group is currently operating under discretionary approval until permanent approval is expected by the end of 2025. FDA approval to sell in the US market beyond the current temporary approval period to 31 December 2025 is a key assumption underpinning this assessment.
- Increased customer base, ranging of products, number of stores for each product in the USA and achieving projected sales volumes in FY26 with the smaller tin sizes.
- A 10% Import Tariff under the US Trade Policy in effect for FY26.
- Continuing the revenue growth in China through the success of the CBEC and O2O strategy.
- Reduction of FY26 operating expenses across all major areas by \$2.3m through internal cost optimization work as part of the budget process. Marketing expenses are forecast to increase to continue driving growth in our core USA market.

The Directors are confident that the Group will secure permanent FDA approval or obtain a further extension to the discretionary approval. The cash flow forecasts prepared assume that FDA approval will be granted or extended. Should these forecasts not be achieved there is a material uncertainty regarding the appropriateness of the going concern basis of accounting and the Group may not be able to realize its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Notwithstanding the above, based on the current information and actions being taken, the Directors consider that it is appropriate for the financial report to be prepared on a going concern basis.

The Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

Amendments to *AASB 107 Statement of Cashflow* and *AASB 7 Financial Instruments* introduce requirements to disclose information that enables users to:

- a) assess how supplier finance arrangements affect an entity's liabilities and cash flows; and
- b) understand the effect of supplier finance arrangement on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The amendment is applicable for annual periods beginning on or after 1 January 2024 and has been adopted by the Group for the financial year ending 30 June 2025.

The amendment has had an impact on the Group's disclosure of supplier financing arrangements within the Consolidated Statement of Cashflows and Consolidated Balance Sheet, but not on the measurement or recognition of any items in the Group's Consolidated Financial Statements.

Several other amendments and interpretations were applied for the first time in the 2025 financial period, but do not have a material impact on the consolidated financial statements of the Group.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting year ended 30 June 2025.

IFRS 18 was issued in April 2024 and replaces IAS 1 Presentation of Financial Statements. The new standard introduces new requirements for the Statement of Profit or Loss, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows.

The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The Group is in the process of assessing the impact of the new standard.

MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions. The most material use of judgements and estimates has been applied to the following areas. Refer to the respective notes for additional details.

	Reference
Recoverability of trade and other receivables	Note C1
Valuation of inventory	Note C2

B. GROUP PERFORMANCE

This section explains the results and performance of the Group for the year, including segment information, earnings per share and taxation.

B1. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Board) in order to allocate resources to the segment and assess its performance.

In FY24 and FY25, the Group had identified a single operating segment being the sale of nutritional food and adult powder. Accordingly, the financial information presented in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position was the same as that presented to the chief operating decision maker.

B2. REVENUE

GEOGRAPHIC INFORMATION

	2025 \$	2024 \$
Australia ¹¹	19,781,900	21,560,307
China	21,090,653	17,330,158
USA	53,147,521	34,956,864
Rest of World	8,524,343	5,856,430
Total	102,544,417	79,703,759

The revenue information above is based on the locations of the customers. The Group had two external customers who generated greater than 10 percent of the Group's revenue at 30 June 2025 amounting to \$29,789,454 (2024: one customer amounting to \$19,995,645).

99.6% of the Group's fixed assets are located in Australia.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2025 \$	2024 \$
Sale of Infant Formula	88,424,783	62,434,749
Sale of Nutritional Products	1,142,900	1,888,457
Sale of Adult Goat Dairy Products	12,410,116	11,324,488
Sale of Raw Materials	566,618	3,431,854
Canning services	-	624,211
Total revenue from contracts with customers	102,544,417	79,703,759

¹¹ FY24 included sale of raw materials and canning services of \$4.1m versus \$0.6m in FY25. Infant formula sales in Australia increased from \$12.0m in FY24 to \$14.8m in FY25, an uplift of 23%.

RECOGNITION AND MEASUREMENT

Under AASB 15 Revenue from Contracts with Customers, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Sale of products

The Group has identified the following revenue streams by product type:

- Infant Formula
- Nutritional Products
- Adult Goat Dairy Products
- Raw materials

For all revenue streams, the Group's contracts with customers for the sale of products include one performance obligation. For most customers the Group has concluded that revenue from the sale of products should be recognised at the point in time when the products are transferred to the customer, generally on delivery of the products or when the goods are picked up at the Group's warehouse. Customers obtain control of products when the goods are delivered to and have been accepted by the customer. If the order is requested for pickup, control passes when the goods are picked up by the customer.

For customers where there is a right of return, the performance obligation is seen to have been met when the risks and rewards are transferred, where revenue is recognised when the goods are sold to the end customer. Invoices are generated at that point in time and are usually payable within 30 - 90 days.

Some contracts contain trade spend terms, early payment discounts and may permit the customer to return an item for replacement or refund.

The Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns, volume rebates and marketing contribution.

For the year ended 30 June 2025, the Group has not recognised any right to recover or refund liability as there is no expectation for goods to be returned.

Rebates and marketing contribution

Rebates and marketing contribution with customers are recognised as a reduction of revenue. Under AASB 15 Revenue from Contracts with Customers, marketing contributions give rise to variable consideration. To estimate the variable consideration to which it is entitled, the Group applies the 'most likely amount method' for contracts with marketing contribution. The selected method that best predicts the amount of variable consideration is primarily driven by the marketing contribution agreed with the customers. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

KEY ESTIMATE AND JUDGEMENT

The Group estimates variable consideration to be included in the transaction price for the sale of products with rebates and market contribution.

The Group estimates the expected volume based on customer forecasts and accumulated purchases to date.

B3. EXPENSES

	2025 \$	2024 \$
Cost of sales		
Production costs	55,566,760	61,598,495
Net inventories provision / (reversal)	(2,079,020)	(20,592,319)
Total	53,487,740	41,006,176

Included in administrative and other expenses are the following:

Accountancy and legal fees	2,039,079	4,905,082
Insurance	1,381,043	1,250,479
Travel costs	555,802	787,526
Consultancy fees	1,665,879	2,936,851
Occupancy costs	761,120	850,853
Depreciation and amortisation	734,963	878,634
Implementation of Enterprise Resource Planning	-	980,027
Total	7,137,886	12,589,452

Employee costs

Wages and salaries	15,437,497	13,198,871
Superannuation	1,019,504	1,042,756
Share based payments	434,945	321,967
Total	16,891,946	14,563,594

Interest expense

Interest expense	426,564	187,412
Interest expense on lease liabilities	60,700	53,972
Total	487,264	241,384

B3. EXPENSES (CONTINUED)

	2025 \$	2024 \$
Credit recoveries / (Expected Credit Losses)		
Credit recoveries due to legal settlement	2,987,588	-
Other credit recoveries / (expected credit losses)	86,076	(880,529)
Total	3,073,664	(880,529)

As a result of the arbitration award against Alice Trading Ltd (Alice), the Company has recognised a credit recovery of \$3.0m.

B4. EARNINGS PER SHARE (EPS)

	2025 \$	2024 \$
Profit / (Loss) attributable to the Group used in calculating basic and diluted EPS / (LPS)	5,543,841	(20,989,058)
Weighted average number of ordinary shares for basic EPS	892,957,435	832,289,946
Basic EPS / (LPS) (dollars)	0.01	(0.03)
Diluted EPS / (LPS) (dollars)	0.01	(0.03)

RECOGNITION AND MEASUREMENT

Basic EPS is calculated as net profit attributable to the Group divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

B5. INCOME TAXES

	2025 \$	2024 \$
Consolidated profit or loss		
Income tax expense/(benefit) reported in the statement of profit or loss	-	500,072
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Accounting profit / (loss) before income tax	5,543,841	(20,488,985)
Income tax expense / (benefit) calculated at 30% (2024 30%)	1,663,152	(6,146,696)
Tax effect of amounts not taxable in calculating income tax benefit		
Share based payments	130,484	96,590
Non-deductible costs	56,893	35,602
Income tax losses not recognized	342,061	11,832,932
Temporary difference not recognised	(2,192,590)	(5,318,356)
Income tax expense / (benefits)	-	500,072

Deferred tax assets/(liabilities) arise from the following:

2025	Opening Balance	Recognised in Profit or Loss	Recognised in equity	Closing Balance
Trade and other receivables	(2,837,901)	1,260,683	-	(1,577,218)
Inventories	(1,364,407)	667,767	-	(696,640)
Intangible assets	360,433	(4,507)	-	355,926
Plant and equipment	(93,278)	3,300	-	(89,978)
Right of use assets	400,620	(171,751)	-	228,869
Lease liabilities	(514,127)	223,877	-	(290,250)
Trade and other payables	(86,129)	(206,024)	-	(292,153)
Provisions	(403,586)	(225,958)	-	(629,544)
Carried forward tax losses	4,990,629	(1,542,928)	-	3,447,701
Capital raising costs	(452,254)	(4,459)	-	(456,713)
	-	-	-	-

2024	Opening Balance	Recognised in Profit or Loss	Recognised in equity	Closing Balance
Trade and other receivables	-	(2,837,901)	-	(2,837,901)
Inventories	-	(1,364,407)	-	(1,364,407)
Intangible assets	(361,434)	721,867	-	360,433
Plant and equipment	(226,914)	133,636	-	(93,278)
Right of use assets	(579,073)	979,693	-	400,620
Lease liabilities	-	(514,127)	-	(514,127)
Trade and other payables	-	(86,129)	-	(86,129)
Provisions	422,270	(825,856)	-	(403,586)
Carried forward tax losses	-	4,990,629	-	4,990,629
Capital raising costs	745,151	(1,697,478)	500,072	(452,254)
	-	(500,072)	500,072	-

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Bubs Australia Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group ('TCG') and Bubs Australia Limited is the head entity of the tax consolidated group.

KEY ESTIMATE AND JUDGEMENT

Recovery of deferred tax assets

Judgement is required to be made by the Group in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the consolidated statement of financial position. As detailed above, in the year ended 30 June 2025, Bubs has recognised deferred tax assets up to the carrying amount of deferred tax liabilities. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Probable is considered more likely than not.

Judgement is required when deferred tax assets are reviewed at each reporting date. Deferred tax assets may be reduced to the extent that it is no longer probable that future taxable profits will be available.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

Changes in expectations for the future performance of the business may impact the amount of deferred tax assets recoverable and recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised.

At 30 June 2025, the Group had \$47,222,892 (2024: \$45,927,048) of unrecognised tax losses.

B6. OTHER INCOME

	2025 \$	2024 \$
Proceeds from insurance claim	1,259,338	-
Other income	701,204	273,334
Total	1,960,542	273,334

In December 2025 the Group reached a settlement agreement with its insurers for losses relating to quality issues identified on some raw materials. The proceeds from the settlement were received in January 2025.

C. OPERATING ASSETS AND LIABILITIES

This section provides details of the Group's operating assets, and liabilities incurred as a result of trading activities, used to generate the Group's performance.

C1. TRADE AND OTHER RECEIVABLES

	30/06/2025 \$	30/06/2024 \$
Trade debtors	13,390,267	15,256,411
Allowance for credit losses	(3,004,187)	(7,051,338)
Other receivables	221,660	1,118,167
Total	10,607,740	9,323,240

The following table details trade receivables at risk based on the Group's provision matrix.

30/06/2025	Not past due	<30 days	31–60 days	61–90 days	91–120 days	>120 days	Total
Gross carrying amount	9,892,260	567,490	140,541	60,102	28,432	2,701,442	13,390,267
Loss allowance	(301,569)	(10,345)	(2,392)	(2,077)	(1,194)	(2,686,610)	(3,004,187)
Trade debtors less allowance for credit losses							10,386,080

30/06/2024	Not past due	<30 days	31–60 days	61–90 days	91–120 days	>120 days	Total
Gross carrying amount	2,438,324	2,975,910	463,417	812,055	220,391	8,346,314	15,256,411
Loss allowance	(170,207)	(92,464)	(25,682)	(117,243)	(12,350)	(6,633,392)	(7,051,338)
Trade debtors less allowance for credit losses							8,205,073

The Group's exposure to credit risks related to trade and other receivables are disclosed in Note D2 Financial risk management.

RECOGNITION AND MEASUREMENT

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under AASB 15 Revenue from Contracts with Customers. Further details are disclosed in Note B2 Revenue.

Financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The Group's trade and other receivables and financial assets are measured at amortized cost that are held within a business model with the objective of holding the financial assets to collect contractual cash flows that meet the SPPI criterion.

The Group adopted a forward-looking expected credit loss (ECL) approach for impairment losses for ECLs for financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

KEY ESTIMATE AND JUDGEMENT

For trade receivables, the Group has applied the standard simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

C2. INVENTORIES

	30/06/2025 \$	30/06/2024 \$
Raw materials	6,903,284	15,714,241
Finished goods	13,157,187	12,511,705
Total	20,060,471	28,225,946

The amount of inventory that was written off during the year was \$nil (2024: \$243,739).

Having regard to the inventories on hand at 30 June 2025, the expiry dates of the inventory and sales forecasts, management has recognised an inventory obsolescence provision of \$2,555,585 (2024: \$4,634,605). The cost of inventories recognised as an expense during the year was \$ 55,566,760 (2024: \$61,598,495).

RECOGNITION AND MEASUREMENT

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the standard costing method. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

KEY ESTIMATES AND JUDGEMENTS

Recovery of inventory

Estimation of net realisable value includes assessment of expected future turnover of inventory held for sale and the expected future selling price of such inventory. Management assessed the recoverability of inventories based on changes in trading and economic conditions, and changes in country specific regulations that may impact these estimations in future periods. This expected turnover method is also used to determine the realizable use of ingredients, including powder.

C3. OTHER ASSETS

	30/06/2025 \$	30/06/2024 \$
Current		
Prepayments and other assets	959,472	1,200,147
Deposits paid	1,490,220	1,187,604
Prepayment for purchase of raw materials	348,167	2,160,284
Total Current	2,797,859	4,548,035
Non-current		
Security bond	567,738	558,442
Total Non-current	567,738	558,442

RECOGNITION AND MEASUREMENT

Prepayment for purchase of raw materials

Prepayment for purchase of raw materials represent payments for purchases of raw materials prior to ownership passing to the Group.

Deposits paid

Deposits paid represent payments to suppliers in relation to goods not received or services not rendered. These deposits are refundable to the Group.

Security bond

Security bond represents payments to the landlord securing the obligations of the Group under the lease contract of the Deloraine Dairy site.

C4. PLANT AND EQUIPMENT

RECOGNITION AND MEASUREMENT

	Building and improvements \$	Production equipment \$	Office equipment \$	Total \$
Cost				
As at 30 June 2023	1,707,703	4,078,359	501,418	6,287,480
Additions	43,984	14,660	115,596	174,240
Disposals	(16,454)	(32,552)	(94,282)	(143,288)
As at 30 June 2024	1,735,233	4,060,467	522,732	6,318,432
Additions	5,968	62,163	14,366	82,497
Disposals	-	-	-	-
As at 30 June 2025	1,741,201	4,122,630	537,098	6,400,929
Accumulated depreciation and impairment				
As at 30 June 2023	(470,356)	(1,182,384)	(196,301)	(1,849,041)
Depreciation	(106,128)	(268,627)	(183,659)	(558,414)
Disposals	16,454	8,978	101,959	127,391
As at 30 June 2024	(560,030)	(1,442,033)	(278,001)	(2,280,064)
Depreciation	(93,222)	(245,490)	(51,184)	(389,896)
Disposals	-	-	-	-
As at 30 June 2025	(653,252)	(1,687,523)	(329,185)	(2,669,960)
Net book value				
As at 30 June 2024	1,175,203	2,618,434	244,731	4,038,370
As at 30 June 2025	1,087,949	2,435,107	207,913	3,730,969

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Building and improvements	15–20 years
Production equipment	12–19 years
Motor Vehicle	10 years
Office equipment	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

C5. INTANGIBLE ASSETS

	Goodwill	Brand Name	Patents, trademarks & Software	Other Intangibles	Total
Cost					
As at 30 June 2023	90,614,673	4,691,634	116,080	47,096,599	142,518,986
Additions	-	-	15,600	-	15,600
Disposals	-	-	(715)	-	(715)
As at 30 June 2024	90,614,673	4,691,634	130,965	47,096,599	142,533,871
Additions	-	-	35,096	-	35,096
Disposals	-	-	-	-	-
As at 30 June 2025	90,614,673	4,691,634	166,061	47,096,599	142,568,967
Accumulated depreciation and impairment					
As at 30 June 2023	(90,040,602)	(4,100,000)	(77,006)	(47,096,599)	(141,314,207)
Amortisation	-	-	(18,935)	-	(18,935)
Disposals	-	-	715	-	715
As at 30 June 2024	(90,040,602)	(4,100,000)	(95,226)	(47,096,599)	(141,332,427)
Amortisation	-	-	(19,445)	-	(19,445)
Disposals	-	-	-	-	-
As at 30 June 2025	(90,040,602)	(4,100,000)	(114,671)	(47,096,599)	(141,351,872)
Net book value					
As at 30 June 2024	574,071	591,634	35,739	-	1,201,444
As at 30 June 2025	574,071	591,634	51,390	-	1,217,095

Goodwill

Goodwill is recognised on business acquisitions, representing the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the business recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

Brand names

Brand names in Infant Food Co and Nulac Foods CGUs are considered to have an indefinite life and are not amortized. As at 30 June 2025, these assets were tested for impairment.

Other Intangibles

Included in Other Intangibles are:

- CNCA (Certification and Accreditation Administration of the People's Republic of China) licence held by Deloraine Dairy. The licence was fully impaired in FY23.
- Customer contract/lists acquired in a business combination that were fully impaired in FY23.

IMPAIRMENT TESTING FOR CASH GENERATING UNITS (CGUS) INCLUDING GOODWILL

Goodwill, brand names and intangible asset allocation

For the purposes of impairment testing, goodwill, brand names and other intangible assets with an indefinite useful life are allocated to the Group's CGUs which represent the lowest level within the Group at which goodwill and brand names are monitored by internal management and are no higher than an operating segment.

Goodwill, brand names and intangible assets with an indefinite useful life are allocated to the Group's CGUs as follows:

	2025 \$	2024 \$
Infant Food Co	1,165,705	1,165,705

RECOGNITION AND MEASUREMENT

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Nulac and DLD CGUs do not carry any goodwill or indefinite life intangible assets as at 30 June 2025 (FY24: \$Nil) and there are no material indicators of impairment that would necessitate further impairment testing at year end.

For the Infant Food Co CGU, the recoverable amount has been calculated based on the value in use, using a discounted cash flow (DCF) approach. The DCF uses post-tax cash flow projections that are based on the most recent budget/forecast and growth through the forecast period of 5 years. Discount rates has been updated to reflect the current market conditions.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

	30/06/2025 \$	30/06/2024 \$
Infant Food Co		
Compound annual growth rate in revenue (years 1–5)	14.66%	6.25%
Compound annual growth rate in expenses (years 1–5)	(6.19%)	(2.93%)
Discount rate (post tax)	9.76%	9.76%
Discount rate (pre-tax)	13.94%	13.94%
Terminal growth	2.50%	2.50%
Headroom	\$250.6m	\$169.8m

The impairment assessment concluded that the recoverable amount exceeds the carrying amount for The Infant Food Co CGU at 30 June 2025. As a result, no impairment of goodwill and intangible assets has been recognised for this CGU.

SENSITIVITY ANALYSIS

The calculation of value in use for the CGUs is most sensitive to the following assumptions:

- Revenue growth
- Expense growth

Revenue Growth

Revenue projections have been constructed with reference to the FY25 results and five-year forward-looking plans with the earlier years being estimated through specific volume assumptions based on known opportunities, while years thereafter are adjusted for performance trends across the particular regions. The five-year revenue growth forecast assumes that full FDA registration will be obtained in FY26 for the US market. Should the registration be unsuccessful and the shortfall in revenue cannot be substantiated by other opportunities, further impairment on intangible and other assets may be required.

Expenses

Management forecasts operating costs based on the current structure of the business, adjusting for inflationary increases but not reflecting future restructuring and cost-saving measures.

Having regard to the current business performance, holding all other assumptions constant, Management has determined that a 10% annual decrease in revenue or a 10% annual increase to expenses would not result in an impairment loss.

C6. TRADE AND OTHER PAYABLES

	30/06/2025 \$	30/06/2024 \$
Trade payables	7,434,137	11,606,070
Other payables	2,329,564	500,950
Customer deposits	242,028	5,613,221
Supplier financing	288,034	-
Total	10,293,763	17,720,241

RECOGNITION AND MEASUREMENT

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently carried at amortized cost due to their short-term nature, and they are not discounted. They represent liabilities recognised when the Group becomes obligated to make future payments resulting from the purchase of goods and services. The amounts are unsecured.

The carrying value of trade and other payables approximates their fair value.

Customer Deposits

Customer deposits are cash considerations received from customers, for which the Group has not yet provided goods or services in exchange.

Supplier Financing

On 30 November 2024, the Group entered into a supplier financing arrangement to fund the Group's general insurance premiums. Under the arrangement, the financier agreed to pay the insurer \$1.4m upfront on behalf of the Group and receive settlement from the Group over 10 monthly instalments to be repaid in full by 31 August 2025.

C7. LEASES

RIGHT OF USE ASSETS

	Buildings \$	Equipment \$	Total \$
Cost			
As at 30 June 2023	3,791,601	115,385	3,906,986
Additions	-	-	-
As at 30 June 2024	3,791,601	115,385	3,906,986
Additions	-	-	-
As at 30 June 2025	3,791,601	115,385	3,906,986
Accumulated depreciation and impairment			
As at 30 June 2023	(1,901,518)	(75,224)	(1,976,742)
Depreciation	(569,431)	(25,413)	(594,844)
As at 30 June 2024	(2,470,949)	(100,637)	(2,571,586)
Depreciation	(557,755)	(14,748)	(572,503)
As at 30 June 2025	(3,028,704)	(115,385)	(3,144,089)
Net book value			
As at 30 June 2024	1,320,652	14,748	1,335,400
As at 30 June 2025	762,897	-	762,897

The Group leases several assets including buildings and IT equipment. The lease terms range from 2–10 years (2024: 1.2–10 years).

Extension options are included in a number of leases across the group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of extension options held are exercisable only by the group and not by the respective lessor.

AMOUNTS RECOGNISED IN PROFIT AND LOSS

	30/06/2025 \$	30/06/2024 \$
Depreciation expense on right-of-use assets	572,503	594,844
Interest expense on lease liabilities	60,700	53,972
Expense relating to short-term leases	467,310	407,396

The total cash outflow for leases amount to \$746,257 (2024: \$692,130).

LEASE LIABILITIES

	30/06/2025 \$	30/06/2024 \$
Current	670,709	727,432
Non-current	296,791	986,325
	967,500	1,713,757
Maturity analysis		
Year 1	697,509	806,050
Year 2	298,515	681,537
Year 3	1,496	298,515
Year 4	-	1,496
Year 5 and onwards	-	-
	997,520	1,787,598
Less Interest	30,020	73,841
Total	967,500	1,713,757

The Group does not face a significant liquidity risk with regard to its lease liabilities. All lease obligations are denominated in Australian dollars.

RECOGNITION AND MEASUREMENT

Applying *AASB 16 Leases*, for all leases, the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments.
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.
- Lease incentives (e.g., rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities

Under AASB 16, right-of-use assets are tested for impairment in accordance with *AASB 136 Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'Administrative and other costs' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying AASB 16:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

C8. BORROWINGS

The Group has a \$10m committed un-drawn bank facility with National Australia Bank as at 30 June 2025 (2024: \$5m). This security is categorized as a level 2 security within the fair value hierarchy.

During FY25, the facility has been renewed until 31 August 2026, refer to going concern disclosures in Note A.

RECOGNITION AND MEASUREMENT

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method. The carrying value of borrowings approximates their fair value due to relatively short-term maturity.

C9. PROVISIONS

	30/06/2025 \$	30/06/2024 \$
Current		
Annual leave and long service leave	800,848	766,823
Other provisions	2,164,114	4,029,110
	2,964,962	4,795,933
Non-Current		
Long service leave	344,630	248,433
Make good provision	123,670	117,758
	468,300	366,191

RECOGNITION AND MEASUREMENT

Annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Other provisions

Provisions made for financial obligations including legal costs and credit notes to customers.

CAPITAL AND FINANCIAL RISK MANAGEMENT

This section outlines how the Group manages its capital structure and its exposure to financial risk and provides details of its balance sheet liquidity and access to financing facilities.

D1. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern so that in due course it can provide returns for stakeholders and maintain an optimum capital structure.

In order to maintain or adjust the capital structure, the Group manages the level of debt such that it remains prudent and facilitates the execution of the operational plan and provides flexibility for growth.

D2. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, foreign currency risk and liquidity risk arises in the normal course of the Group's business.

The Group's financial risk management processes and procedures seek to minimize the potential adverse impacts that may arise from the unpredictability of financial markets.

Policies and procedures are reviewed periodically to reflect both changes in market conditions and changes in the nature and volume of Group activities.

As at 30 June 2025 there were no derivative financial instruments in place. Specific risk management objectives and policies are set out below.

The Group uses various methods to measure different types of risk exposures. These methods include ageing analysis for credit risk, and sensitivity analysis in the case of foreign exchange risks and equity price risk.

CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss to the Group if a customer or the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

	30/06/2025 \$	30/06/2024 \$
Cash and cash equivalent (counterparty risk)	17,426,313	17,523,474
Trade receivables (customer credit risk)	10,386,079	8,205,074
Other receivables	221,660	1,118,166
Prepayment for purchase of raw materials	348,167	2,160,284
Deposits paid	2,057,959	1,746,046
	30,440,178	30,753,044

Counterparty risk

At balance date, the Group's bank accounts were held with National Australia Bank Limited, Australia and New Zealand Bank Limited, Commonwealth Bank of Australia and Bank of the West. The Group does not have any other concentrations of counterparty credit risk.

Customer credit risk

The Group's exposure to customer credit risk is influenced mainly by the individual characteristics of each customer. The majority of sales are to major retailers with established creditworthiness and minimum levels of default.

New customers are analyzed individually for creditworthiness, taking into account credit ratings where available, financial position, previous trading experience and other factors.

In monitoring customer credit risk, customers are assessed individually by their debtor ageing profile. Monitoring of receivable balances on an ongoing basis minimizes the exposure to bad debts.

For trade receivables and contract assets, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

Ageing of trade receivables at the reporting date:

	30/06/2025 \$	30/06/2024 \$
Neither past due nor default	9,590,691	2,268,118
Past due but not impaired		
Past due up to 30 days	557,145	3,285,643
Past due 31 to 60 days	138,149	437,735
Past due 61 to 90 days	58,025	694,811
Past due more than 90 days	42,070	1,518,767
	10,386,080	8,205,074

Movement in allowance for doubtful debts

	30/06/2025 \$	30/06/2024 \$
Allowance of doubtful debts		
Balance at beginning of the year	7,051,338	6,776,007
Amounts (recovered) / charged to the statement of profit or loss and other comprehensive income	(3,073,664)	880,529
Provision provided/(utilised)	(973,487)	(605,198)
	3,004,187	7,051,338

Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings in financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates to the AUD dollar.

Market risk exposures are monitored by management on an ongoing basis and there has been no change during the year to the Group's exposure to market risks or the manner in which it manages and measures risk.

FOREIGN CURRENCY RISK MANAGEMENT

The Group enters into the transactions in Australia, New Zealand, China, USA and Europe and is exposed to currency risk arising from movements in the currencies of those countries against the AUD dollar. Expressed in AUD dollars, the table below indicates material exposure and sensitivity to movements in exchange rates on the profit or loss of the Group based on closing exchange rates as at 30 June, applied to the Group's financial assets/(liabilities) at 30 June.

Exchange rates and assets and liabilities held in foreign currencies will fluctuate over the course of normal operations. The analysis is performed consistently from year to year.

	Net exposure on reporting date		
	(Payable)/Receivable	Impact on pre-tax profit/(loss)	
		+10%	-10%
2025	\$	\$	\$
Movement on exchange rate			
NZ Dollar	119,305	(10,846)	13,256
USD Dollar	5,255,720	(477,793)	583,969
RMB Dollar	(63,206)	5,746	(7,023)
Euro Dollar	(18,964)	1,724	(2,107)
Net Exposure	5,292,855	(481,169)	588,095

	Net exposure on reporting date		
	(Payable)/Receivable	Impact on pre-tax profit/(loss)	
		+10%	-10%
2024	\$	\$	\$
Movement on exchange rate			
NZ Dollar	(252,672)	22,970	(28,075)
USD Dollar	2,046,036	(186,003)	227,337
RMB Dollar	(131,780)	11,980	(14,642)
Euro Dollar	(51,025)	4,639	(5,669)
Net Exposure	1,610,559	(146,414)	178,951

INTEREST RISK MANAGEMENT

The Group's main interest rate risk arises from borrowings, which expose the Group to cash flow interest rate risk. The risk is considered immaterial.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. This risk is managed by establishing a target minimum liquidity level, ensuring that ongoing commitments are managed with respect to forecast available cash inflows.

The Group holds significant cash reserves which enable it to meet its obligations as they fall due, and to support operations in the event of unanticipated external events.

The Group has a \$10,000,000 facility limit, \$nil drawn at 30 June 2025 (30 June 2024: \$5.0m drawn). During FY25, the facility has been renewed until 31 August 2026, refer to going concern disclosures in Note A.

Contractual undiscounted maturities of financial liabilities:

Contractual cash flows

2025	Carrying amount	Total	2 months or less	2-12 months	1-2 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Lease liability	950,990	997,520	116,251	581,258	298,515	1,496	-
Trade and other payables	10,005,729	10,005,729	10,005,729	-	-	-	-
Supplier financing	288,034	288,034	288,034	-	-	-	-
Net Exposure	11,244,753	11,291,284	10,410,014	581,258	298,515	1,496	-

Contractual cash flows

2024	Carrying amount	Total	2 months or less	2-12 months	1-2 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Lease liability	1,704,212	1,787,597	134,341	671,708	681,537	300,011	-
Trade and other payables	17,720,241	17,720,241	17,720,241	-	-	-	-
Borrowings	5,283,866	5,283,866	-	5,283,866	-	-	-
Net Exposure	24,708,319	24,791,704	17,854,582	5,955,574	681,537	300,011	-

D3. CASH AND CASH EQUIVALENTS

	30/06/2025 \$	30/06/2024 \$
Cash at bank	17,426,313	17,523,474
	17,426,313	17,523,474

Interest is earned at floating rates based on daily bank deposit rates.

RECOGNITION AND MEASUREMENT

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents approximates their fair value.

D4. CASH FLOW INFORMATION

Reconciliation of after-tax profit with net cash flows from operating activities

	30/06/2025 \$	30/06/2024 \$
Profit / (Loss) after income tax expense for the year	5,543,841	(20,989,058)
Income tax benefit/(expense)	-	500,072
Share-based payments	434,945	321,967
Depreciation and amortisation	982,364	1,173,363
Impairment of Investments in Associates	-	116,907
Foreign exchange translation	(293,081)	(330,577)
Loss on disposal of plant and equipment	-	23,181
Decrease / (increase) in trade and other receivables	(1,284,500)	(1,408,653)
Decrease / (increase) in inventories	8,165,475	(7,458,454)
Decrease / (increase) in other assets	1,740,879	(1,648,986)
Increase / (decrease) in trade and other payables	(7,429,141)	924,833
Increase / (decrease) in provisions	(1,728,862)	2,447,705
Net cash outflow from / (used in) operating activities	6,131,920	(26,327,700)

D5. SHARE CAPITAL

	30/06/2025		30/06/2024	
	Shares	\$	Shares	\$
Movement in share capital				
Balance at the beginning of the year	892,130,038	356,757,916	751,357,408	340,568,767
Placement of Shares	-	-	139,006,000	17,375,750
Share Issue transaction costs (net of tax)	-	-	-	(1,186,601)
Share issue to employees	1,000,000	-	1,766,630	-
Balance at the end of the period	893,130,038	356,757,916	892,130,038	356,757,916

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Fully paid ordinary shares have no par value.

Share issue to employees

Exercise of share rights granted to employees and key management personnel in FY23 and valued at \$0.17 per right vested at the date of release of the Group's FY24 audited results to ASX. These rights did not have a performance hurdle and were exercised in FY25.

D6. SHARE BASED PAYMENTS RESERVE

	30/06/2025 \$	30/06/2024 \$
Balance at the beginning of the year	12,256,032	11,934,065
Share based payment expense	434,945	321,967
Balance at the end of the period	12,690,977	12,256,032

SHARE BASED PAYMENTS RESERVE

The equity settled payments reserve is used to record the value of share-based payments.

D7. CONTINGENT LIABILITIES

From time-to-time entities within the Group are party to various legal actions as well as enquiries from regulators and government bodies that have arisen in the normal course of business.

The outcome of the currently pending and potential future legal actions, of a legal nature cannot be predicted with certainty. Such matters can raise complex legal issues and are subject to many uncertainties including but not limited to the facts and circumstances of each matter.

The Group has given consideration to such matters which are or may be subject to claims, penalties and litigation as of the reporting date and are of the opinion that any litigation arising from such action would not have a material effect on the Group's financial performance.

E. ASSOCIATES

As at 30 June 2025 the Company has the following associate entities:

	Country of incorporation	Principal Activity	Class of Shares	% Owned 2025	% Owned 2024
Capela Dairy Nutrition Co. Pty Ltd	Australia	Non-trading	Ordinary	20%	20%
Bubs Supreme Partner Pty Ltd	Australia	Non-trading	Ordinary	51%	51%

The above associates are carried at \$Nil carrying amount as at 30 June 2025 (2024: \$Nil).

F. GROUP STRUCTURE

F1. PARENT ENTITY

Bubs Australia Limited is the ultimate parent of the Group.

F2. SUBSIDIARIES

	Country of incorporation	Principal Activity	Class of Shares	% Owned 2025	% Owned 2024
The Infant Food Holding Co. Pty Limited	Australia	Non-trading	Ordinary	100%	100%
The Infant Food Co. Pty Limited	Australia	Trading Company	Ordinary	100%	100%
Bubs IP Pty Ltd (formerly Bubs Australia Pty Limited)	Australia	Holder of IP and Trademarks	Ordinary	100%	100%
Nulac Foods Pty Ltd	Australia	Trading Company	Ordinary	100%	100%
Bubs New Zealand Pty Limited	New Zealand	Trading Company	Ordinary	100%	100%
Australia Deloraine Dairy Pty Ltd	Australia	Trading Company	Ordinary	100%	100%
Aussie Bubs Inc	USA	Trading Company	Ordinary	100%	100%
Bubs (Shanghai) Trading Co. Ltd	China	Non-trading	Ordinary	100%	100%

F3. PARENT ENTITY INFORMATION

Set out below is the supplementary information of the legal parent entity.

	2025 \$	2024 \$
Result of parent entity		
Profit/(Loss) for the year	(2,289,096)	(5,371,743)
Other comprehensive income	-	-
Total comprehensive loss for the year	(2,289,096)	(5,371,743)
Financial position of parent entity at year end		
Current assets	1,569,866	5,971,352
Total assets	108,261,057	107,903,652
Current liabilities	(1,227,806)	(660,439)
Total liabilities	(10,494,666)	(8,307,153)
Net assets	97,766,391	99,596,499
Issued share capital	384,756,709	384,756,709
Reserves	12,690,977	12,231,989
Accumulated losses	(299,681,295)	(297,392,199)
Total Equity	97,766,391	99,596,499

OTHER DISCLOSURES

G1. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having significant authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel compensation:

Key management personnel disclosures	30/06/2025 \$	30/06/2024 \$
Short-term employee benefits	2,877,592	1,849,055
Post-employment benefits	112,562	131,170
Long-term benefits	20,423	14,463
Share-based payments	382,955	296,127
Key management personnel disclosures	3,393,532	2,290,815

G2. SHARE BASED PAYMENTS

OPTIONS

No share based payments expense was recognised in relation to options exercisable for the year ended 30 June 2025 (2024: \$Nil)

The movements in the options are as follows:

	Number of Options
Balance at 1 July 2023	1,200,000
Options granted to employees during the year	-
Options exercised during the year	-
Options lapsed during the year (Exercisable at \$0.65)	(1,200,000)
Balance at 30 June 2024	-
Options granted to the employees during the year	-
Options exercised during the year	-
Options lapsed during the year	-
Balance at 30 June 2025	-

SHARE RIGHTS

Share based payments expense in relation to the share rights granted in FY25 is as follows:

	30/06/2025 \$	30/06/2024 \$
Share rights issued to CEO	343,618	321,967
Share rights issued to KMP	39,337	-
Share rights issued to employees	51,990	-
	434,945	321,967

SHARE RIGHTS ISSUED

On 31 August 2023, Bubs issued Employee Shares Rights to Reg Weine (CEO&MD). The following Rights were issued:

I. Sign-on retention rights (SOR Rights)

SOR Rights have "time-based" vesting conditions where period held determines the number of shares that will vest.

- 1,000,000 share rights vest on 30 June 2024 - These rights vested upon completion of the service period on 30 June 2024.
- 1,000,000 share rights vest on 30 June 2025 – These rights vested upon completion of the service period on 30 June 2025.
- 1,000,000 share rights are scheduled to vest on 30 June 2026¹²

The sign-on retention rights were approved by shareholders and granted on 14 November 2023 and valued at \$0.17 per share.

II. Long Term performance rights (LTI rights)

The purpose of a LTI is to focus the KMP's efforts on the achievement of sustainable long-term shareholder value creation and the long-term financial success of the Group.

The framework of the approach to the LTI award for Reg Weine (CEO/MD) is set as below:

- No Rights scheduled to vest if the share price is less than \$0.35; or
- 1,795,082 Rights scheduled to vest if the share price is at least \$0.35 (Threshold LTI); or
- 3,590,164 Rights scheduled to vest if the share price is at least \$0.50 (Target LTI); or
- 7,180,328 Rights scheduled to vest if the share price is at least \$1.00 (Stretch LTI).

If the Company's performance is between Threshold LTI and Target LTI, or Target LTI and Stretch LTI, a pro-rata amount of the LTI Performance Rights will lapse so that the participant will receive a pro-rata amount of the relevant award on a straight-line basis.

The Company's share price will be measured by reference to the average of the 5-day VWAP immediately after the date the Company's FY26 audited financial results are released to the ASX (Review Date).

The LTI rights were granted on 14 November 2023 and valued at \$0.05. The rights are scheduled to vest following the release of the Company's FY26 audited financial results to the ASX¹².

III. Long Term Performance rights (LTI performance rights)

During FY25 Bubs issued the following share rights which are subject to an indexed total shareholder return (TSR) vesting condition:

- 11,185,289 share rights¹² issued to Reg Weine (CEO/MD) scheduled to vest on 30 June 2027. This was subject to Shareholder approval on 21 November 2024 and valued at \$0.062.
- 2,325,371 share rights were issued to Richard Paine (COO) vesting on 30 June 2027. This was subject to the Nomination and Remuneration Committee and Director approval on 27 March 2025 and valued at \$0.076.
- 2,169,421 share rights were issued to Naomi Verloop (CFO) vesting on 30 June 2027. This was subject to the Nomination and Remuneration Committee and Director approval on 27 March 2025 and valued at \$0.076.

The vesting of the rights will be determined by comparing the Company's TSR against the TSR of the S&P/ASX Small Ordinaries Index from 1 July 2024 to 30 June 2027 (the Measurement Period).

The number of rights that will vest is dependent on the following vesting schedule:

Performance Level	Bubs TSR relative to S&P/ASX Small Ordinaries Index	% of Rights which vest
Stretch	≥ index TSR + 5% TSR CAGR	100%
Between target and stretch	> index TSR & < index TSR + 5% TSR CAGR	Pro-rata
Target and threshold	≥ index TSR	50%
Below threshold	< index TSR	0%

At 30 June 2025, 30,695,285 share rights were outstanding (FY24: 14,067,902).

¹² Refer to Subsequent Events Note G4 for additional information relating to these share rights

RECOGNITION AND MEASUREMENT

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted over the period to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met but is not adjusted when market performance conditions are not met.

Expected volatility has been based on an evaluation of the historical volatility of the Group's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

The fair value of share rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at share price on the grant date. The amount recognised as an expense is adjusted over the period to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met but is not adjusted when market performance conditions are not met.

KEY ESTIMATE AND JUDGEMENT

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

G3. AUDITORS REMUNERATION

During the financial year the following fees were paid or payable for services provided by the auditor of the Group:

	2025 \$	2024 \$
Audit services		
Audit or review of the financial statements	623,716	708,850
	623,716	708,850

G4. SUBSEQUENT EVENTS

On 28 July 2025, the Group appointed Mr. Joe Coote as the new Chief Executive Officer, taking over from Mr. Reg Weine.

As of 28 July 2025, Mr Reg Weine has departed from the Company and the following LTI sign-on retention rights and performance rights have been forfeited:

- 1,000,000 sign-on retention rights issued in FY24
- 4,786,885 LTI performance rights issued in FY24 (2,393,443 remaining on foot)
- 11,185,289 LTI performance rights issued in FY25

There have been no other subsequent events since 30 June 2025 that have significantly affected or could significantly affect the reported results from operations or the Company's financial position for the year then ended.

G5. ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bubs Australia Limited ('company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Bubs Australia Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, and unrealized gains on transactions between entities in the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2025

In the opinion of the directors of Bubs Australia Limited (the 'Company'):

The consolidated financial statements and notes that are set out on pages 34 to 67 and the Remuneration report on pages 24 to 30 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The Consolidated entity disclosure statement as at 30 June 2025 set out on page 69 is true and correct.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the CEO, COO and CFO for the financial year ended 30 June 2025.

The directors draw attention to Note A to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Katrina Rathie

Independent Chair / Non-Executive Director

Dated at Melbourne this 29th day of August 2025.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2025

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the Corporation Acts 2001 (S. 295 (3A)(a)):

	Body Corporate, partnership, or Trust	Place incorporated	% held directly or indirectly by the Company in the Body Corporate	Australia or foreign tax resident	Jurisdiction for foreign residents
Parent entity:					
Bubs Australia Limited	Body Corporate	Australia	-	Australian	N/A
Subsidiaries:					
The Infant Food Holding Co. Pty Limited	Body Corporate	Australia	100%	Australian	N/A
The Infant Food Co. Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Australia Deloraine Dairy Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bubs IP Pty Ltd (formerly Bubs Australia Pty Limited)	Body Corporate	Australia	100%	Australian	N/A
Nulac Foods Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bubs New Zealand Pty Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
Aussie Bubs Inc	Body Corporate	USA	100%	Foreign	USA
Bubs (Shanghai) Trading Co. Ltd	Body Corporate	China	100%	Foreign	China

BASIS OF PREPARATION

DETERMINATION OF TAX RESIDENCY

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

- (a) an Australian resident (within the meaning of the Income Tax Assessment Act 1997) at that time; or
- (b) a partnership, with at least one partner being an Australian resident (within the meaning of the Income Tax Assessment Act 1997) at that time; or
- (c) a resident trust estate (within the meaning of Division 6 of Part III of the Income Tax Assessment Act 1936) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency
The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.



Katrina Rathie
Independent Chair / Non-Executive Director
Dated at Melbourne this 29th day of August 2025.



Independent Auditor's Report

To the shareholders of Bubs Australia Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Bubs Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of Financial Position as at 30 June 2025;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note A. Basis of preparation, “Going Concern basis of accounting” in the financial report. The conditions disclosed in Note A. Basis of preparation, indicate a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group’s assessment of going concern. This included:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group’s intentions, and past results and practices;
 - Assessing the planned levels of operating cash inflows and outflows, including capital expenditures, for feasibility, timing and consistency of relationships to the Group’s historical results, particularly in light of historic loss making operations, results since year end, assumptions around attainment of the permanent U.S. Food and Drug Administration approval, impact of US tariffs, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant forecast cash inflows and outflows including the impact of key markets for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading correspondence with existing financiers to understand the terms of current financing arrangements and assessing the level of associated uncertainty; and
- Evaluating the Group’s going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group’s plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.



Valuation of inventory (\$20.0m)	
Refer to Note C2 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Valuation of inventory is a key audit matter due to the:</p> <ul style="list-style-type: none"> • size of the inventory balance relative to the Group's financial position (35% of total assets); and • extent of judgement involved by the Group in determining the net recoverable value. Such judgements may have a significant impact on the Group's provision and therefore the overall carrying value of inventories, necessitating additional audit effort. <p>The most significant areas of judgement we focused on was in assessing the Group's:</p> <ul style="list-style-type: none"> • expected selling price of inventory; and • future usage of inventory. <p>We involved our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • assessing the appropriateness of inventory valuation accounting policies applied by the Group against the requirements of accounting standards and our understanding of the business; • obtaining an understanding of the Group's processes relating to inventory provisioning and valuation; • attending a sample of year end inventory counts across the Group including inventory held at third-party locations. We observed the Group's process which included identifying slow moving and potentially obsolete inventory, and performed sample counts ourselves comparing count results to the Group's testing the existence and condition of inventory; • assessing the integrity of the inventory valuation models used, including the mathematical accuracy of the underlying calculations; • comparing a sample of individual inventory carrying values against current selling prices (as a proxy for expected selling price of inventory and net realisable value) to identify individual products at risk of being recorded in excess of their net realisable value; • challenging the Group's judgements relating to inventory sales forecast in the provision for slow moving inventory. For inventory items identified as slow moving or aged we compared the inventory items to the Group's inventory provision; • assessing the disclosures in the Group's financial report against the requirements of accounting standards.



Other Information

Other Information is financial and non-financial information in Bubs Australia Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Review of Operations and Financial Results and the Director's Report (including the Remuneration Report). The Bubs Strategic Update, Year at a Glance, From our Chair and CEO, and Risk Statement are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Bubs Australia Limited for the year ended 30 June 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 24 to 30 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'J. Carey'.

Julie Carey

Partner

Melbourne

29 August 2025

OTHER INFORMATION

1. SHAREHOLDING AS AT 30 JUNE 2025

(a) Distribution of shareholders

Range	Total holders	Units	% Units
1–50,000	21,023	158,626,120	17.76
50,001–200,000	1,574	158,799,705	17.78
200,001–500,000	343	109,013,006	12.21
500,001–2,500,000	162	161,109,494	18.04
2,500,001–10,000,000	23	97,922,865	10.96
10,000,001–100,000,000	6	207,658,848	23.25
100,000,001 Over	0	0	0.00
Rounding			0.00
Total	23,131	893,130,038	100.00

(b) Unmarketable parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.1800 per unit	2,778	9,617	11,693,633

(c) Voting rights

The voting rights attached to each class of equity security are as follows: Ordinary shares: each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands

(d) Top 20 shareholders – Ordinary Shares

Rank	Name	Units	%Units
1	C2 CAPITAL GLOBAL EXPORT-TO-CHINA FUND	76,288,510	8.54
2	ATATURK INVESTMENTS PTY LTD	37,758,682	4.23
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,607,079	3.43
4	CITICORP NOMINEES PTY LIMITED	26,964,550	3.02
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,044,000	2.13
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	16,996,027	1.90
7	MR JIANLIN ZHOU	7,058,000	0.79
8	MR BENJAMIN PAUL LANDON	7,001,271	0.78
9	BOOM SECURITIES (HK) LIMITED <CLIENTS ACCOUNT>	6,732,561	0.75
10	KEONG LIM PTY LIMITED <SK LIM FAMILY A/C>	5,346,000	0.60
11	COSTA ASSET MANAGEMENT PTY LTD <COSTA ASSET MGMT UNIT A/C>	5,200,000	0.58
12	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	4,778,012	0.53
13	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	4,674,559	0.52
14	STABLE CHARTER LIMITED	4,615,385	0.52
15	MR XIN FAN	4,400,000	0.49
16	MS LIYING WANG	4,200,000	0.47
17	INTERCONTINENTAL PTY LIMITED	4,000,000	0.45
18	MR JUN HUA CHEN	4,000,000	0.45
19	MS ZHAOCHU YUAN	3,982,846	0.45
20	MR XI LIU	3,977,363	0.45
Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		277,624,845	31.08
Total Remaining Holders Balance		615,505,193	68.92

CORPORATE DIRECTORY

Registered office

23 Nina Link, Dandenong South, VIC 3175 Australia

Principal office

23 Nina Link, Dandenong South, VIC 3175 Australia

Registers of securities

Computer Investor Services Pty Ltd

Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all member exchanges of the Australian Securities Exchange Limited

Unquoted securities

Share rights over unissued shares -
The Group has 30,695,285 share rights.

DIRECTORS

Steve Lin
Katrina Rathie
Paul Jensen

COMPANY SECRETARY

Peter Cope

REGISTERED OFFICE AND DOMICILE

Bubs Australia Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
23 Nina Link, Dandenong South VIC 3175 Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building 45
St George's Terrace Perth WA 6000

AUDITORS

KPMG
Tower Two, Collins Square 727 Collins Street
Melbourne VIC 3008

AUSTRALIAN STOCK EXCHANGE

ASX Code: BUB

CORPORATE GOVERNANCE STATEMENT

The Group's corporate governance statement sets out the key features of the Group's governance framework and practices. The Group has adopted corporate governance policies and practices which are designed to support and promote the responsible management and conduct of the Group. The Group's corporate governance statement can be found at

<https://investor.bubsaustralia.com/about/#corporate-governance>



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