



ASX ANNOUNCEMENT

Bubs Australia's 1HY26 results

Strong half year result, upgraded earnings guidance

27 February 2026, Melbourne: Bubs Australia Limited (ASX: BUB) ("**Bubs**" or "**the Company**") today reports its financial results for the six months ended 31 December 2025.

Highlights

- **1HY26 underlying EBITDA of \$4.4m, up from \$0.5m in 1HY25**
- **1HY26 group revenue of \$55.5m, up from \$48.5m in 1HY25**
- **\$9.9m in cash and cash equivalents plus \$20.0m in undrawn debt facilities available as at February 2026**
- **Gross margin remains steady at 48%, down from 49% in 1HY25**
- **Bubs upgrades its outlook guidance to group revenue of \$120-\$125m and EBITDA of \$4.0m to \$6.0m. Gross profit at 40-45%**

Financial Performance

Revenue for the half was \$55.5 million for 1HY26, up 14% on 1HY25 (\$48.5 million). This growth was driven by strong demand in the US, where revenue increased 48% (\$34.2m) over the prior corresponding period (pcp), reflecting growing revenues in the US market. From a product category perspective, total IMF sales grew 16% to \$48.6 million compared to 1HY25 (\$41.8 million), underpinned by effective sales execution and continued delivery against our strategic priorities.

Underlying EBITDA increased to \$4.4 million for the half (1HY25: \$0.5 million), reflecting higher-margin US revenue, and a favourable channel mix.

Operating expenses improved 3%, primarily due to the completion of the FDA growth study and ongoing cost management initiatives.

Inventory levels of \$28.5 million reflects inventory rebuild to support revenue growth.

The Group closed the half with \$9.9 million in cash, and \$20.0 million in undrawn debt facilities.

Bubs Chief Executive Officer, Joe Coote said: "We're pleased with the strong first half momentum and are on track to exceed our FY26 commitments. Our revenue and gross profit growth highlight the strength of our brands and the diversity of our business model, with the US our main growth engine as major retailers expand store counts and instore ranging."

"We have continued to invest in rightsizing our inventory in market to meet demand and respond quickly to market opportunities, particularly in the US and China, where momentum continues to build. Our Australia and Rest of World (ROW) markets are stabilising."

"Concurrently, we have strengthened our leadership capability with further key appointments and undertaken a rationalisation of our product portfolio."



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Working capital

The Company's balance sheet remains strong, with \$9.9 million in available cash and cash equivalents at 31 December 2025 (and an additional \$20 million in committed undrawn bank facilities). The Company recorded negative operating cash flow (OCF) of \$5.7 million due to buildup of inventory to support US demand growth and consistent supply across all markets.

Performance by region

US

The US remains Bubs' largest and most profitable market, driven by strong revenue growth, recording \$34.2 million in total group revenue, up 48% on the pcp. Momentum continues to build through category expansion in Goat infant formula, supported by ranging expansion across major retailers. Increasing store counts and broader instore distribution are driving sustained sales growth into the second half.

China

Bubs continues to see strong underlying demand for premium, natural formula in China driven by growth in combined CBEC (+30% on pcp) and O2O channels (+50% on pcp). Revenue of \$7.5 million reflected temporary in-market inventory effects and short-term supply shortages. Ageing stock has now been fully cleared, and in-market inventory levels are healthy, positioning the business for normalised sales in the second half.

Bubs continues to strengthen offline penetration through ongoing O2O expansion and the introduction of its China-label goat adult milk powder. Bubs' expanded its market reach with products now listed in 1,752 stores across 97 cities, up 77% on pcp.

Australia

Revenue of \$9.5 million reflected stock constraints in a competitive retail landscape, highlighting gaps in activation, reduced brand visibility, and supply-driven market-share pressure.

Rest of World

The ROW segment recorded revenue of \$4.2 million, led by Japan and Vietnam. Performance was impacted by complex regulatory requirements, rationing due to low product availability, and delays in regulatory access.

The release of this announcement was authorised by the Board.

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ABOUT BUBS AUSTRALIA LIMITED (ASX: BUB)

Founded in 2006 in Australia, Bubs' purpose is to grow happy, healthy families through clean nutrition. Bubs® A2 Beta-Casein Protein, Bubs Organic® Grass-fed, and Easy-Digest Goat Milk Infant Formula, along with Bubs Organic® baby food range, cater for all feeding occasions and stages of a child's development during their first 1,000 days of life.

Bubs® products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to ten markets across China, Southeast Asia, the Middle East, and US.

Consumer Website: bubsaustralia.com

Investor Centre: investor.bubsaustralia.com

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