

Appendix 4D

(Rule 4.2A.3)



Baby Bunting Group Limited

ABN 58 128 533 693

For the half-year ended: Period ended 29 December 2024

Previous corresponding period: Period ended 31 December 2023

Results for announcement to the market

Statutory Financial Results

	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000	Mvmt \$'000	up/(down) %
Revenue from ordinary activities	254,368	248,456	5,912	2.4%
Net profit from ordinary activities after tax (attributable to members)	3,892	2,679	1,213	45.3%
Net profit attributable to members	3,892	2,679	1,213	45.3%

Pro Forma Financial Results

	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000	Mvmt \$'000	up/(down) %
Revenue from ordinary activities	254,368	248,456	5,912	2.4%
Net profit from ordinary activities after tax (attributable to members)	4,816	3,521	1,295	36.8%
Net profit attributable to members	4,816	3,521	1,295	36.8%

Pro forma financial results have been calculated to exclude certain items contained in the following table that reconciles the statutory results to pro forma financial results for the period ended 29 December 2024 and provides further detail on pro forma adjustments. This has been done to more clearly represent the consolidated entity's underlying earnings (noting that this financial information has not been reviewed in accordance with Australian Auditing Standards).

Period ended 29 December 2024 \$'000	Sales	NPAT
Statutory results	254,368	3,892
Employee equity incentive expenses ¹	-	1,222
Tax impact from pro forma adjustments	-	(298)
Pro forma results	254,368	4,816

1. Expense (\$1.222 million) reflects the cost amortisation of performance rights (LTI) on issue in the current reporting period and the associated payroll tax costs of the plan.

Appendix 4D

Continued

The following table reconciles the statutory results to pro forma financial results for the period ended 31 December 2023 (noting that this financial information has not been reviewed in accordance with Australian Auditing Standards):

Period ended 31 December 2023 \$'000	Sales	NPAT
Statutory results	248,456	2,679
Employee equity incentive expenses ¹	–	(394)
Transformation project expenses ²	–	458
Restructuring costs ³	–	1,138
Tax impact from pro forma adjustments	–	(360)
Pro forma results	248,456	3,521

1. Expense reflects the cost amortisation of performance rights (LTI) on issue in the current reporting period (\$0.523 million). This also includes a recovery of prepaid payroll tax on the plans as the CAGR hurdles as defined under the LTI plan were not achieved.
2. The Company incurred (\$0.858 million) non-capital costs for transformation projects. This was offset by a \$0.400 million cash settlement received in December 2023 from the vendor of order management software following a dispute in relation to that software and its implementation.
3. The Company incurred restructuring costs (\$1.138 million) which included make good costs relating to the Camperdown store closure (\$0.186 million).

Dividends

	Amount per security (cps)	Franked amount
Dividends paid		
Final FY2024 dividend per share	Nil	–
Dividends determined		
Interim FY2025 dividend per share	Nil	–

The Company does not propose to pay an interim FY2025 dividend.

The Company does not currently offer a dividend reinvestment plan.

Commentary on results for the period

For further explanation of the statutory figures above refer to the accompanying Financial Report for the half-year ended 29 December 2024, which includes the Directors' Report. The Half Year Results Presentation released in conjunction with this Results Announcement provides further analysis of the results.

Net tangible assets per ordinary share

	29 December 2024 \$	31 December 2023 \$
Net tangible assets per ordinary share		
Net tangible assets per ordinary share	0.38	0.38

Other information

Independent Review by Auditor

This report is based on the consolidated financial statements which have been reviewed by Ernst & Young.



BabyBunting®

Financial Report

for the half-year ended
29 December 2024

Baby Bunting Group Limited
ABN 58 128 533 693

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Our Vision

The best
start for
the brightest
future



Directors' Report

The Directors of Baby Bunting Group Limited (the Company or Baby Bunting) submit the financial reports of the Company and its controlled entities (the consolidated entity) for the half-year ended 29 December 2024.

Directors

The names of the Directors of the Company during the half-year and up to the date of this report:

- Ms Melanie Wilson
- Mr Mark Teperson
- Mr Gary Levin
- Ms Donna Player
- Mr Gary Kent
- Ms Francine Ereira
- Mr Stephen Roche

The above-named Directors held office during the whole of the half-year.

Review of operations

Baby Bunting is Australia's largest specialty retailer of maternity and baby goods, primarily catering to parents with children from newborn up to three years of age and parents-to-be. Baby Bunting's mission is to support and inspire confident parenting, from newborn to toddler. It operates stores throughout Australia and an online store, babybunting.com.au.

Baby Bunting also has operations in New Zealand, with three stores in Auckland and one store in Christchurch and an online store, babybunting.co.nz.

The Company's principal product categories include prams, cots and nursery furniture, car safety, toys, babywear, feeding, nappies, manchester, associated accessories and consumables. Baby Bunting also provides services that are complementary to the products it sells, including car seat installation and hire services of certain nursery products.

Key operational achievements for the Company in 1H FY25 included:

- Opening two new stores, being Maroochydore (QLD) and Belmont (WA). The store at Mile End (SA) was relocated to Marleston (SA). At the date of this report, the store network consists of 75 stores across Australia and New Zealand noting that the Taylors Lakes (VIC) store was closed in January 2025 at the end of its lease;
- Strong progress made on gross margin improvement initiatives delivering 260 basis points of improvement relative to the prior comparable period;
- Significantly reduced aged inventory via a targeted clearance program while adding meaningful levels of new lines into the range;
- Introduction of same-day/next-day delivery with Uber, improving customer experience with take up being above expectation (since launch around 7% of all online orders fulfilled have utilised this service offer);
- Retail Media business launched ahead of Boxing Day, with further revenue growth expected to be realised as this offer is scaled;
- Net debt finishing at \$9.1 million compared to \$13.0 million at the end of FY24.

In addition, refurbishment has commenced for the first *Store of the Future* pilot store in Maribyrnong, with another two expected to be in market by Q4 2025.

Review of the Company's financial performance

The half-year statutory results for the period ended 29 December 2024 (1H FY24: period ended 31 December 2023) are summarised below:

- Total sales were \$254.368 million, an increase of 2.4% against the prior corresponding period;
- Gross profit of \$101.255 million, up 9.5% against the prior corresponding period. Gross margin was up 260 basis points against the prior corresponding period at 39.8%;
- Statutory net profit after tax (NPAT) of \$3.892 million, an increase of 45.3% against the prior corresponding period;
- Statutory basic earnings per share (EPS) of 2.9 cents, up 45.0% against the prior corresponding period;
- Net debt of \$9.136 million (versus net debt of \$6.161 million at the end of the prior corresponding period).

Pro forma financial results have been calculated to exclude the impact of employee equity incentive expenses and the income tax impact associated with this adjustment.

On a pro forma basis, the 1H FY25 financial results were:

- Total sales increased 2.4% to \$254.368 million with comparable store sales growth of 2.2%;
- Pro forma NPAT of \$4.816 million, an increase of 36.8% on the prior corresponding period;
- Pro forma cost of doing business was \$87.227 million or 34.3% of total sales, an increase of 136 basis points on the prior corresponding period (CODB 32.9% of sales in 1H FY24).

Sales increased by 2.4% to \$254.368 million (against the prior corresponding period). The total sales increase was driven by positive comparative store sales of 2.2%.

Sales from the store network represented around 78% of total sales, online delivery sales represented around 15% of total sales and click and collect represented around 7% of total sales. Online sales (including click and collect) grew 2.8% on the prior corresponding period. The growth in online sales was driven by a number of initiatives including increased investment in digital marketing, same-day / next-day delivery offers and an increase in the number of stores providing online fulfilment.

As a proportion of total sales, private label and exclusive products sales remained constant at around 46% of total sales (relative to the prior comparable period).

Gross margin increased to 39.8% (1H FY24: 37.2%) as the business made significant progress in a number of initiatives including changes to price architecture, improved trading term with suppliers, and changes to the loyalty program.

Pro forma Cost of Doing Business (CODB) expenses as a percentage of sales increased by 136 basis points to 34.3% of sales (1H FY24: 32.9%). Pro forma CODB expenses were \$87.227 million, representing a \$5.418 million increase to last year (1H FY24: \$81.809 million). The increase in business expenses primarily related to the opening of two new stores and annualising cost of stores opened in FY24 and wage inflation. The business also incurred \$0.408 million of restructuring costs in relation to changes to support office operations as well as increasing its investment in both Data & Analytics and advertising.

Dividends

Reflecting an approach to disciplined balance sheet management, the Board has determined that no interim dividend would be paid in respect of the period.

Non-IFRS measures

The consolidated entity uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as 'non-IFRS financial measures'. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with Australian Accounting Standards and are not a substitute for those measures. Underlying statutory and pro forma results and measures are intended to provide shareholders additional information to enhance their understanding of the performance of the consolidated entity.

Directors' Report

Continued

Non-IFRS financial measures that are referred to in this report are as follows:

Non-IFRS financial measure	Definition
Cost of doing business (CODB)	Includes store, administrative, marketing and warehousing expenses (excluding the impact of AASB 16 lease accounting).
EBIT	Earnings before interest and tax. EBIT eliminates the impact of the consolidated entity's capital structure and historical tax position when assessing profitability.
Operating EBIT	Excludes the effects of interest revenue, finance costs, income tax and other non-operating costs. The CEO assesses the performance of the operating segments (Australia and New Zealand) based on a measure of Operating EBIT.

Pro forma financial results have been calculated to exclude certain items contained in the following table that reconciles the statutory results to pro forma financial results for the period ended 29 December 2024 and provides further detail on pro forma adjustments. This has been done to more clearly represent the consolidated entity's underlying earnings (noting that this financial information has not been reviewed in accordance with Australian Auditing Standards).

Period ended 29 December 2024 \$'000

	Sales	NPAT
Statutory results	254,368	3,892
Employee equity incentive expenses ¹	–	1,222
Tax impact from pro forma adjustment	–	(298)
Pro forma results	254,368	4,816

1. Expense (\$1.222 million) reflects the cost amortisation of performance rights (LTI) on issue in the current reporting period and the associated payroll tax costs of the plan.

The following table reconciles the statutory results to pro forma financial results for the prior comparable period ended 31 December 2023 (noting that this financial information has not been reviewed in accordance with Australian Auditing Standards):

Period ended 31 December 2023 \$'000

	Sales	NPAT
Statutory results	248,456	2,679
Employee equity incentive expenses ¹	–	(394)
Transformation project expenses ²	–	458
Restructuring costs ³	–	1,138
Tax impact from pro forma adjustments	–	(360)
Pro forma results	248,456	3,521

1. Expense reflects the cost amortisation of performance rights (LTI) on issue in the current reporting period (\$0.523 million). This also includes a recovery of prepaid payroll tax on the plans as the CAGR hurdles as defined under the LTI plan were not achieved.

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3. The Company incurred restructuring costs (\$1.138 million) which included make good costs relating to the Camperdown store closure (\$0.186 million).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to this Directors' Report on page 6.

Rounding of amounts

The Company has taken advantage of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and Financial Statements. Amounts in these reports have been rounded off in accordance with that Instrument to the nearest thousand dollars or in certain cases, to the nearest dollar.

The Directors' Report is made in accordance with a resolution of Directors.

On behalf of the Directors



Melanie Wilson

Chair

Melbourne

18 February 2025

Auditor's Independence Declaration



Shape the future
with confidence

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Auditor's Independence Declaration to the Directors of Baby Bunting Group Limited

As lead auditor for the review of the half-year financial report of Baby Bunting Group Limited for the half-year ended 29 December 2024, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- (b) no contraventions of any applicable code of professional conduct in relation to the review; and
- (c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Baby Bunting Group Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Katie Struthers'.

Katie Struthers
Partner
18 February 2025

Financial Report

for the half-year ended 29 December 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 29 December 2024

	Notes	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000
Revenue	4	254,368	248,456
Cost of sales		(153,113)	(156,006)
Gross profit		101,255	92,450
Other income	5	798	400
Store expenses	6	(60,458)	(56,443)
Marketing expenses		(5,357)	(4,509)
Warehousing expenses	6	(6,225)	(5,727)
Administrative expenses	6	(18,607)	(15,757)
Transformation project expenses		–	(858)
Restructuring costs		(408)	(1,138)
Finance costs	6	(4,379)	(4,487)
Profit before tax		6,619	3,931
Income tax expense		(2,727)	(1,252)
Profit after tax		3,892	2,679
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		14	88
Net gain/(loss) on cash flow hedges		100	(296)
Income tax effect relating to the components of OCI		(30)	50
Net other comprehensive gain/(loss) that may be reclassified to profit or loss in subsequent periods		84	(158)
Net other comprehensive income/(loss) for the year, net of tax		84	(158)
Total comprehensive income for the year, net of tax		3,976	2,521
Profit for the period attributable to:			
Equity holders of Baby Bunting Group Limited		3,892	2,679
Total comprehensive income attributable to:			
Equity holders of Baby Bunting Group Limited		3,976	2,521
Earnings per share			
From continuing operations			
Basic (cents per share)		2.9	2.0
Diluted (cents per share)		2.8	1.9

Notes to the consolidated financial statements are included in pages 12 to 22.

Consolidated Statement of Financial Position

as at 29 December 2024

	Notes	Period ended 29 Dec 2024 \$'000	Period ended 30 Jun 2024 \$'000
Current assets			
Cash and cash equivalents		11,974	9,525
Other receivables	7	5,665	3,968
Inventories	8	97,681	94,414
Other financial assets		100	–
Other assets	9	4,928	3,575
Total current assets		120,348	111,482
Non-current assets			
Plant and equipment		26,119	27,148
Intangibles		8,748	7,772
Goodwill		45,321	45,321
Right of use assets		123,913	131,260
Deferred tax assets		9,857	9,222
Total non-current assets		213,958	220,723
Total assets		334,306	332,205
Current liabilities			
Trade and other payables	10	46,084	43,067
Other liabilities	11	5,458	4,659
Current tax liabilities		2,072	631
Lease liabilities		36,731	37,139
Provisions	12	6,269	5,730
Total current liabilities		96,614	91,226
Non-current liabilities			
Borrowings	13	21,110	22,570
Lease liabilities		108,800	115,704
Provisions	12	2,096	2,081
Total non-current liabilities		132,006	140,355
Total liabilities		228,620	231,581
Net assets		105,686	100,624
Equity			
Issued capital	14	88,695	87,650
Reserves	17	16,741	16,616
Retained earnings/(accumulated losses)		250	(3,642)
Total equity		105,686	100,624

Notes to the consolidated financial statements are included in pages 12 to 22.

Consolidated Statement of Changes in Equity

for the half-year ended 29 December 2024

	Issued Capital \$'000	Shares held in Trust \$'000	Share- based Payments Reserve \$'000	Share- based Payment Tax Reserve \$'000	Cash Flow Hedge Reserve \$'000	Foreign Currency Transaction Reserve \$'000	(Accumulated losses)/ Retained Earnings \$'000	Total Equity \$'000
Balance at 2 July 2023	88,695	–	15,531	2	129	11	3,566	107,934
Profit for the period	–	–	–	–	–	–	2,679	2,679
Other comprehensive income	–	–	–	–	(246)	88	–	(158)
Total comprehensive income for the period	–	–	–	–	(246)	88	2,679	2,521
Issue of shares (Note 14)	–	–	–	–	–	–	–	–
Purchase of shares in relation to equity incentive plan (Note 14)	–	(1,045)	–	–	–	–	–	(1,045)
Dividends (Note 15)	–	–	–	–	–	–	(6,476)	(6,476)
Share-based payment expense (Note 17)	–	–	285	–	–	–	–	285
Balance at 31 December 2023	88,695	(1,045)	15,816	2	(117)	99	(231)	103,219
Balance at 30 June 2024	88,695	(1,045)	16,694	2	–	(80)	(3,642)	100,624
Profit for the period	–	–	–	–	–	–	3,892	3,892
Other comprehensive income	–	–	–	–	70	14	–	84
Total comprehensive income for the period	–	–	–	–	70	14	3,892	3,976
Issue of shares (Note 14)	–	–	–	–	–	–	–	–
Allocation of shares to equity incentive plan participants (Note 14)	–	1,045	(1,045)	–	–	–	–	–
Dividends (Note 15)	–	–	–	–	–	–	–	–
Tax benefit arising on issue of shares to employees (Note 17)	–	–	–	3	–	–	–	3
Share-based payment expense (Note 17)	–	–	1,083	–	–	–	–	1,083
Balance at 29 December 2024	88,695	–	16,732	5	70	(66)	250	105,686

Notes to the consolidated financial statements are included in pages 12 to 22.

Consolidated Statement of Cash Flows

for the half-year ended 29 December 2024

	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000
Cash flows from operating activities		
Receipts from customers	278,778	272,196
Payments to suppliers and employees	(249,486)	(240,848)
Income tax paid	(1,974)	(934)
Finance costs paid	(3,903)	(4,490)
Net cash from operating activities	23,415	25,924
Cash flows from investing activities		
Payments for plant and equipment and intangibles	(4,373)	(4,945)
Net cash used in investing activities	(4,373)	(4,945)
Cash flows from financing activities		
Lease payments	(15,122)	(13,411)
Dividends paid	–	(6,476)
Net borrowings/(repayments)	(1,461)	1,724
Purchase of shares in relation to equity incentive plan	–	(1,045)
Net cash used in financing activities	(16,583)	(19,208)
Net increase/(decrease) in cash and cash equivalents	2,459	1,771
Net foreign exchange difference	(10)	3
Cash and cash equivalents at beginning of the period	9,525	4,997
Cash and cash equivalents at end of the period	11,974	6,771

Notes to the consolidated financial statements are included in pages 12 to 22.

Notes to the Consolidated Financial Statements

for the half-year ended 29 December 2024

Note 1: Reporting entity

Baby Bunting Group Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office and its principal place of business is 153 National Drive, Dandenong South, Victoria, 3175, Australia.

The consolidated financial statements of the Company as at and for the half-year ended 29 December 2024 comprise the Company and its subsidiaries (together referred to as the 'consolidated entity'). The consolidated entity is primarily involved in the retailing of baby merchandise.

The Company was admitted to the official list of the Australian Securities Exchange (ASX) on 14 October 2015 under the ASX code 'BBN'.

The Company has adopted a retail calendar for financial reporting purposes which ended on 29 December 2024. The prior half-year was a retail calendar which ended on 31 December 2023.

Note 2: Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report.

a. Statement of Compliance

The half-year financial report has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half-year financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This half-year financial report was authorised for issue by the Directors on 18 February 2025.

b. Basis of Preparation

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2024 annual financial report for the year ended 30 June 2024.

Comparative figures are shown in the statement of financial position for 30 June 2024.

The Company has taken advantage of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' and financial reports. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar.

Impact of change in accounting policy

Several amendments and interpretations apply for the first time effective 1 July 2024 but have no impact on the half-year consolidated financial statements of the Group.

Other Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the reporting period ended 29 December 2024.

Note 3: Accounting estimates and judgements

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this report the significant estimates and judgements applied in the consolidated entity's accounting policies were consistent with those applied to the consolidated financial statements as at and for the year ended 30 June 2024.

Note 4: Revenue

	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000
Revenue from contracts with customers ⁽ⁱ⁾	254,368	248,456

(i) Revenue from contracts with customers includes online revenue (including click & collect) \$56.866 million (31 December 2023: \$55.303 million).

Note 5: Other income

	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000
Other income ⁽ⁱ⁾	798	400

(i) The Company recorded compensation (\$0.798 million) from the South Australian government following the compulsory acquisition of the Mile End store.

Note 6: Profit for the period

	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000
<i>Profit before income tax expense includes the following expenses:</i>		
Interest and finance charges paid/payable:		
Interest on lease liabilities	3,351	3,625
Interest on borrowings	1,028	862
Depreciation and amortisation	4,350	4,147
Depreciation on right of use assets	15,278	14,919
Occupancy expenses	1,665	2,228
Employee benefits expense	49,124	43,948

Notes to the Consolidated Financial Statements

for the half-year ended 29 December 2024

Continued

Depreciation and amortisation

Depreciation and amortisation are disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under 'Store expenses', 'Warehousing expenses' and 'Administrative expenses' as detailed below:

Period ended 29 December 2024	As reported \$'000	Depreciation and amortisation on PPE and intangibles \$'000	Depreciation on right of use assets \$'000	Excluding Depreciation and amortisation \$'000
Store expenses	(60,458)	3,588	13,572	(43,298)
Warehousing expenses	(6,225)	76	1,547	(4,602)
Administrative expenses	(18,607)	686	159	(17,762)
Total	(85,290)	4,350	15,278	(65,662)

Period ended 31 December 2023	As reported \$'000	Depreciation and amortisation on PPE and intangibles \$'000	Depreciation on right of use assets \$'000	Excluding Depreciation and amortisation \$'000
Store expenses	(56,443)	3,263	13,200	(39,980)
Warehousing expenses	(5,727)	109	1,572	(4,046)
Administrative expenses	(15,757)	775	147	(14,835)
Total	(77,927)	4,147	14,919	(58,861)

Note 7: Trade and other receivables

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Current		
Trade receivables	47	133
Other receivables	5,618	3,835
	5,665	3,968

There are no material receivables past due date.

Note 8: Inventories

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Finished goods	98,964	96,196
Less: Provision for shrinkage, obsolescence and mark-down	(1,283)	(1,782)
	97,681	94,414

The cost of inventories recognised as an expense during the half-year in respect of continuing operations was \$153.113 million (31 December 2023: \$156.006 million).

Note 9: Other assets

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Prepayments	3,658	2,424
Right of return	1,270	1,151
	4,928	3,575

Note 10: Trade and other payables

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Trade payables	33,191	28,131
Sundry payables and accruals	12,893	14,936
	46,084	43,067

Note 11: Other liabilities

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Unredeemed gift cards and vouchers	3,375	2,791
Refund liability and security deposit	2,083	1,868
	5,458	4,659

Notes to the Consolidated Financial Statements

for the half-year ended 29 December 2024

Continued

Note 12: Provisions

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Current		
Employee benefits	6,179	5,730
Make-good provision	90	–
	6,269	5,730
Non-Current		
Employee benefits	1,298	1,262
Make-good provision	798	819
	2,096	2,081

Note 13: Borrowings

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Non-Current – Secured		
Bank Loan	21,110	22,570

The ongoing funding requirements of the consolidated entity are provided by the National Australia Bank ('NAB'). The capital market loan facility matures on 30 September 2027. Security consists of a Deed of Charge over the assets of Baby Bunting Pty Ltd. The Company and Baby Bunting NZ Limited are guarantors to the facility.

The total facility limit at balance date was \$78,000,000, consisting of \$70,000,000 Corporate Market Loan ('CML') facility and \$8,000,000 bank guarantee facility. The CML facility can be drawn to the lesser of \$70,000,000 or 2.5 times the last 12 months historical rolling EBITDA. Interest on the facility is charged at a variable rate.

The consolidated entity was in compliance with the facility agreement at 29 December 2024. The facility does not require the consolidated entity to amortise borrowings.

Note 14: Issued capital

	29 Dec 2024		30 Jun 2024	
	No. of shares	\$'000	No. of shares	\$'000
Fully paid ordinary shares				
Balance at beginning of the period	134,906,489	88,695	134,906,489	88,695
Issue of shares				
- Vesting of LTI Plans	13,474	-	-	-
Balance at end of the period	134,919,963	88,695	134,906,489	88,695
Shares held in trust				
Balance at beginning of the period	(467,289)	(1,045)	-	-
Purchase of shares in relation to equity incentive plan	-	-	(467,289)	(1,045)
Allocation of shares to equity incentive plan participants	467,289	1,045	-	-
Balance at end of the period	-	-	(467,289)	(1,045)
Total Issued Capital	134,919,963	88,695	134,439,200	87,650

The Company has previously established an employee share plan trust, of which Baby Bunting EST Pty Ltd is the trustee. Shares held in trust are ordinary shares that have been purchased on-market by the trustee and held to satisfy potential future obligations to provide shares to share plan participants in the future.

In the financial period ended 29 December 2024, 480,763 rights vested and were exercised. The Company arranged for the transfer of 467,289 existing and unallocated fully paid ordinary shares held by the trustee of the Baby Bunting Employee Share Plan Trust. The balance of the shares required upon exercise of the rights were provided upon the issue of 13,474 shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Note 15: Dividends

	29 Dec 2024		30 Jun 2024	
	\$ per ordinary share	\$'000	\$ per ordinary share	\$'000
Recognised amounts				
Final prior year dividend	-	-	0.048	6,476
Unrecognised amounts				
Interim dividend	-	-	0.018	2,428

No interim dividend will be paid in respect of the financial period ended 29 December 2024.

Notes to the Consolidated Financial Statements

for the half-year ended 29 December 2024

Continued

Note 16: Segment information

Management has determined the operating segments based on the reports reviewed by the CEO (the chief operating decision maker as defined under AASB 8) that are used to make strategic and operating decisions. The CEO considers the business primarily from a geographic perspective. On this basis management has identified two reportable segments, Australia and New Zealand.

The following is an analysis of the consolidated entity's revenue and results by reportable segment:

	Australia		New Zealand		Total	
	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000	Period ended 29 Dec 2024 \$'000	Period ended 31 Dec 2023 \$'000
Revenue	246,467	244,514	7,901	3,942	254,368	248,456
Operating EBIT	13,111	9,373	(1,689)	(1,749)	11,422	7,624
Total segment assets	310,185	323,157	24,121	27,698	334,306	350,855
Additions to plant and equipment and intangibles	4,236	2,007	137	2,952	4,373	4,959
Depreciation and amortisation	18,044	18,139	1,584	927	19,628	19,066
Total non-current assets ¹	187,739	209,998	16,362	19,229	204,101	229,227
Total segment liabilities	204,694	224,546	23,926	23,090	228,620	247,636

1. Non-current assets exclude net deferred tax assets.

Revenue reported above represents revenue generated from external customers.

The CEO assesses the performance of the operating segment based on a measure of Operating EBIT. This measurement basis excludes the effects of interest revenue, finance costs, income tax, equity expenses, other non-operating and associated indirect tax costs.

Operating EBIT

A reconciliation of Operating EBIT to profit before tax is provided as follows:

	Australia		New Zealand		Total	
	29 Dec 2024 \$'000	31 Dec 2023 \$'000	29 Dec 2024 \$'000	31 Dec 2023 \$'000	29 Dec 2024 \$'000	31 Dec 2023 \$'000
Operating EBIT	13,111	9,373	(1,689)	(1,749)	11,422	7,624
Finance costs	(4,003)	(4,292)	(376)	(195)	(4,379)	(4,487)
Other income	798	400	–	–	798	400
Employee share-based payments (inclusive of payroll tax)	(1,222)	394	–	–	(1,222)	394
Profit/(loss) before tax	8,684	5,875	(2,065)	(1,944)	6,619	3,931

Segment assets and liabilities

The amounts provided to the CEO with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. The reportable segments' assets and liabilities are reconciled to the Consolidated Statement of Financial Position as follows:

	Australia		New Zealand		Total	
	29 Dec 2024 \$'000	30 Jun 2024 \$'000	29 Dec 2024 \$'000	30 Jun 2024 \$'000	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Total segment assets	310,185	306,529	24,121	25,676	334,306	332,205
Total segment liabilities	204,694	208,557	23,926	23,024	228,620	231,581

Note 17: Reserves

a. Share-based payments

	29 Dec 2024 \$'000	30 Jun 2024 \$'000
Share-based payments		
Balance at beginning of period	16,694	15,531
Allocation of shares to equity incentive plan participants (Note 14)	(1,045)	–
Performance rights – expense (Note 17(b))	1,083	1,163
Balance at end of period	16,732	16,694

b. Performance rights

The Company has previously established a Long Term Incentive Plan (LTI Plan) involving the grant of performance rights. Upon vesting, each right entitles the participant to one fully paid ordinary share in the Company. No dividends or voting rights are attached to performance rights prior to vesting. The number of rights that vest, across various grants, will be determined by reference to certain performance conditions that include:

- Earnings per share (EPS) growth;
- Total shareholder return (TSR) growth;
- Return on funds employed (ROFE); and
- Service condition (Sign-on rights, EPS, TSR, ROFE).

Notes to the Consolidated Financial Statements

for the half-year ended 29 December 2024

Continued

Fair value of performance rights granted

The fair value of the performance rights TSR component granted during the reporting period under the LTI Plan is \$0.97 for the CEO and \$1.05 for other participants (31 December 2023: \$0.83). The fair value of the TSR component of performance rights is determined at grant date using a Monte Carlo simulation. The fair value of the non-market component (ROFE) granted during the reporting period under the LTI Plan is \$1.67 (31 December 2023: nil). This has been determined at grant date using a Black Scholes model.

Performance rights series	Grant date	Grant date fair value	Exercise price	Expiry date
2023 – (TSR CAGR)	21 November 2022	\$0.45	nil	(1)
2023 – (EPS CAGR)	21 November 2022	\$2.56	nil	(1)
2024 – (TSR CAGR)	15 December 2023	\$0.83	nil	(1)
2024 – (EPS CAGR)	15 December 2023	\$1.83	nil	(1)
2024 – (Service rights)	15 December 2023	\$1.83	nil	(1)
2025 – (TSR CAGR)	29 October 2024	\$1.05	nil	(1)
2025 – (TSR CAGR) – CEO	15 October 2024	\$0.97	nil	(1)
2025 – (ROFE CAGR)	29 October 2024	\$1.67	nil	(1)

(1) These performance rights vest and can be exercised at the end of the relevant service and performance period, subject to meeting the relevant performance condition. The Board determines whether vesting occurs or not. Any performance rights that have not vested following the final applicable performance period lapse.

	2025 – TSR	2024 – TSR
Grant date share price	\$1.90	\$1.83
Exercise price	Nil	Nil
Expected volatility	50%	45%
Expected life (years)	3.80	2.70
Dividend yield	3.50%	4.00%
Risk-free interest rate	4.00%	3.79%

	2025 – ROFE	2024 – ROFE
Grant date share price	\$1.90	–
Exercise price	Nil	–
Expected volatility	50%	–
Expected life (years)	3.70	–
Dividend yield	3.50%	–
Risk-free interest rate	4.00%	–

The performance rights series 2025 was the first time that the performance condition based on ROFE was used. In previous years, an EPS performance condition had been used.

Movements in performance rights during the period

The consolidated entity recorded a share-based payments expense for performance rights of \$1.083 million (31 December 2023: \$0.285 million) disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under 'Administrative expenses'.

The following reconciles the performance rights outstanding at the beginning and end of the period:

	26 weeks ended 29 December 2024			
	TSR Number of rights	EPS Number of rights	ROFE Number of rights	Sign-On Number of rights
Balance at beginning of the period	2,372,842	1,581,894	–	1,117,289
Granted during the period	3,209,580	–	2,139,719	–
Forfeited during the period	(57,363)	(34,480)	–	–
Exercised during the period	–	–	–	(480,763)
Lapsed during the period	(655,316)	(436,876)	–	–
Balance at end of period	4,869,743	1,110,538	2,139,719	636,526
Exercisable at end of period	–	–	–	–

	52 weeks ended 30 June 2024		
	TSR Number of rights	EPS Number of rights	Sign-On Number of rights
Balance at beginning of the period	2,611,000	2,134,000	–
Granted during the period	1,106,842	737,894	1,117,289
Forfeited during the period	(165,000)	(110,000)	–
Lapsed during the period	(1,180,000)	(1,180,000)	–
Balance at end of period	2,372,842	1,581,894	1,117,289
Exercisable at end of period	–	–	–

c. Shared-based payments tax reserve

	29 Dec 2024 \$'000	30 June 2024 \$'000
Share-based payment tax reserve		
Balance at beginning of period	2	2
Tax effect of share-based payments ¹	3	–
Balance at end of period	5	2

1. \$0.003 million tax effect of share-based payments line represents an increase in future income tax benefits recognised in the share-based payment tax reserve that is in excess of any future benefits relating to the cumulative share-based payment expense recognised in profit or loss.

Notes to the Consolidated Financial Statements

for the half-year ended 29 December 2024

Continued

Note 18: Related party transactions

The immediate parent and ultimate controlling party of the consolidated entity is Baby Bunting Group Limited (incorporated in Australia).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the consolidated entity and other related parties are disclosed below.

Loans to and from key management personnel and directors

As at the end of the current reporting period, no loans were outstanding to or from key management personnel or directors of the consolidated entity (31 December 2023: nil).

Note 19: Subsequent events

There have been no other events subsequent to the date of this report which would have a material effect on the half-year financial report of the consolidated entity as at 29 December 2024.

Directors' Declaration

The Directors declare that:

- a. in their opinion, the financial statements and notes of the Company and its subsidiaries (collectively the Group) for the half-year ended 29 December 2024 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's financial position as at 29 December 2024 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. in their opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Board.



Melanie Wilson

Chair

Melbourne

18 February 2025

Independent Auditor's Review Report



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Independent auditor's review report to the members of Baby Bunting Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Baby Bunting Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 29 December 2024, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 29 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 29 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young
Ernst & Young

A handwritten signature in black ink, appearing to read 'Katie Struthers'.

Katie Struthers
Partner
Melbourne
18 February 2025

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Ernst & Young

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Securities Exchange Listing

Baby Bunting Group Limited shares are listed on the Australian Securities Exchange (ASX) (ASX code: BBN)

Investor website

investors.babybunting.com.au

Online store

babybunting.com.au
babybunting.co.nz

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