BabyBunting

1H FY25 Investor Presentation

Mark Teperson Chief Executive Officer

Darin Hoekman Chief Finance Officer

18 February 2025

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Pro forma financial information

Pro forma financial results have been calculated to exclude certain items. Details of the adjustments and a reconciliation are contained in the Directors' Reports for the relevant financial years (available at investors.babybunting.com.au/reports-announcements).

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Baby Bunting considers that this non-IFRS financial information is important to assist in evaluating Baby Bunting's performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business.

All dollar values are in Australian dollars (A$) unless otherwise stated.

Our Vision

The best start for the brightest future

Our Mission

To support & inspire confident parenting, from newborn to toddler

1H FY25 Financial Highlights

Strategic initiatives driving positive earnings growth

1H FY25 results

- **Pro Forma[1] NPAT $4.8m, up 37% vs pcp**
- Sales of $254.4m, up 2.4% on pcp
- Comparable store sales growth[2] up 2.2% (up 4.5% in Q2)
- Gross margin of 39.8%, up 260 bps vs pcp
- CODB increased to $87.2m driven by strategic investment and store expenses

Disciplined capital management

- Cash conversion from operations 63%
- Inventory productivity
  Further $2.6m reduction in comparable stores' inventory vs pcp
- Net Debt of $9.1m at 29 Dec 2024 (vs $13.0m end of FY24)
- Given near-term growth strategy, no interim dividend will be paid

2H FY25 trading update – First 7 weeks

- First 7 weeks Comp sales growth of **2.8%**, cycling changed promotional offers vs pcp, with year-to-date comp sales growth of **2.3%**
- January 2025 gross margin of 39.4%, 570 bps above pcp
- PLEX at 48.4% of sales in first 7 weeks of 2H (45.1% LY), driven by significant number of exclusive products launching in key categories
- **FY25 outlook maintained**
  - FY25 pro forma NPAT expected to be in the range of $9.5m to $12.5m

1. Pro Forma financial results have been calculated to exclude certain items, which are set out in the Appendix in this document and the Directors' Report (dated 18 February 2025).
2. Refer to Glossary for definition of comparable store sales growth

1H results and progress into 2H

Executing on our strategy and returning to growth

	1H FY25	2H FY25 actions
Grow Sales	• **Comp growth up** from +0.6% (1 Jul-13 Oct) to +4.5% in Q2 • **New customer acquisition** up 12% vs pcp • **Marketplace** delivered $2.5m in GMV from 3P orders, up 184% vs pcp	• **Newness** flowing into 2H, across key categories, including car seats, prams, highchairs • Transitioning further brands from **Marketplace** 3P to 1P (feeding & toys)
Grow Gross Margin	• **Simplification of price architecture** • **Trading terms** significantly progressed through 1H • **Supply chain** initiatives	• Further margin benefit from **reset trading terms** • Growth in **retail media** income (neutral 2H, accretive FY26) • Further **freight optimisation** initiatives
Store Network expansion	• **75 stores** in total (71 AU, 4 NZ) • **2 new stores** opened in Maroochydore (QLD) and Belmont (WA) • **Relocation** of Mile End store to Marleston (SA) • Design of new large format store complete	• **Maribyrnong store refurbishment** commenced January – new store format to open April 2025 • **2 further refurbishments** to be completed by end of Q4 FY25 • **Network optimisation: Taylors Lakes (VIC) closed** in Jan 2025
Private Label & Exclusive Brands	• 46% of sales for the half (flat vs pcp) • Nuna (AU) and Bugaboo (NZ) **exclusivity arrangements** embedded during 1H	• New 5-year exclusivity arrangement with Edwards & Co (AU) • Strong pipeline of exclusive products coming in 2H • Babywear private label expansion

New Zealand	• **New Zealand** sales of $7.8m (up from $3.9m in 1H FY24)
	• Pre-tax loss of $2.1m ($1.9m loss in 1H FY24)
	• Review completed of **New Zealand supply chain** and distribution network
		• From Q4 FY25, lower annual supply chain costs of circa $1m
		• Focussed on three key priorities in NZ:
		  ◦ Supply chain
		  ◦ Brand Awareness
		  ◦ Go-to-market
		• **New store** in Auckland (in new store format) anticipated to open in Q4 FY25

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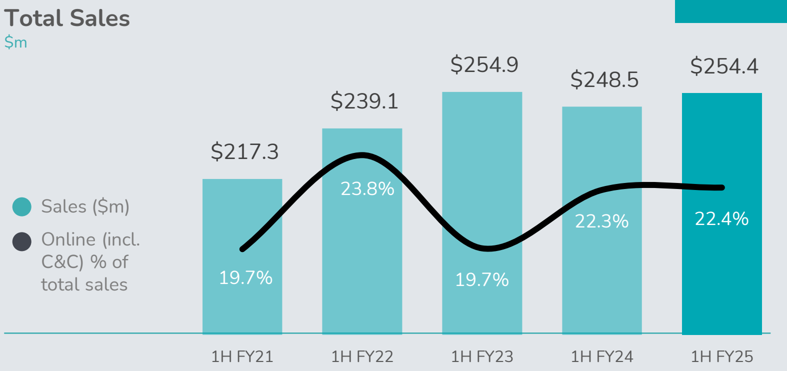
Financial Summary

FY25 Half Year Investor Presentation

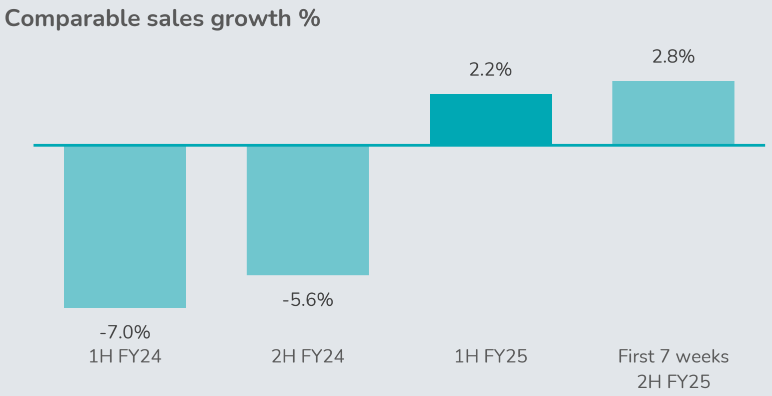
Sales performance

Range innovation and new customer acquisition driving sales growth

- 1H comparable store sales growth of 2.2% with Q2 comp store sales growth of 4.5%
- Range innovation driving sales growth in Top 7 categories (accounting for ~80% of sales)
- Online sales (including Click & Collect) grew 2.8%, contributing to 22.4% of total sales:
    - Introduction of on-demand delivery services (Uber)
        - ~7% of online delivery orders with a lower cost to serve and improved customer experience
    - Marketplace delivered $2.5m in GMV from 3P orders, up 184%; capital-efficient and effective incubation channel for new brands and categories
- New Zealand sales of $7.8m (up from $3.9m in 1H FY24)



	1H FY21	1H FY22	1H FY23	1H FY24	1H FY25
Comp Growth	15.0%	6.8%	0.4%	-7.0%	2.2%
No. of Stores	59	64	69	74	76 [1]



1. 76 stores open and trading through the period, Taylors Lakes was closed at the end of its lease in January 2025 bringing the total number of stores open to 75 as at 18 February 2025

Gross margin performance

On track to deliver our FY25 gross margin target of 40%

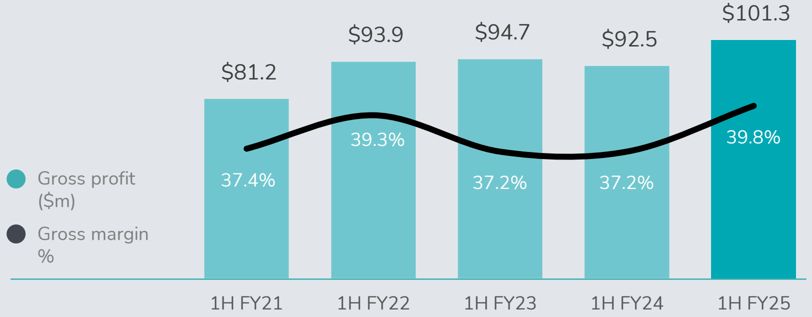
Strong progress made on gross margin initiatives through 1H with **gross margin of 39.8%,** up 260 bps vs pcp driven by:

- **Supplier trading terms re-set** significantly progressed through 1H, in line with management expectations
- **Simplification of price architecture** including removal of Spend & Earn loyalty mechanism and removal of Price Beats on items under $50 (Q1 FY25)
- **Supply chain** initiatives

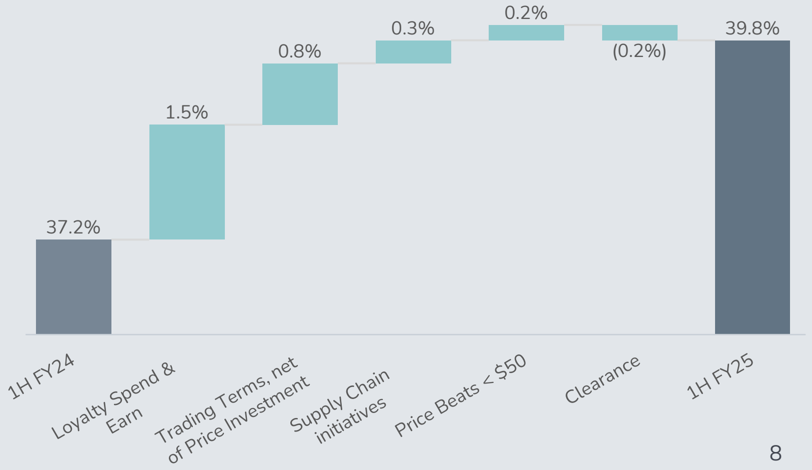
Private label & exclusive sales of 46.1% (1H FY24: 46.2%)

- Private label sales were 9.5% of sales (9.9% pcp)
- Exclusive sales 36.6% of sales (36.4% pcp)
- PLEX at 48.4% of sales in first 7 weeks of 2H (45.1% LY), driven by significant number of exclusive products launching in key categories

Gross Margin
$m



1H Gross Margin bridge



Profit & loss

1H FY25 Pro Forma Income Statement

$ million	Pro Forma 1H FY25	Pro Forma 1H FY24	Change
Sales	**254.4**	**248.5**	**2.4%**
Comp growth %	*2.2%*	*(7.0%)*	
Cost of sales	(153.1)	(156.0)	(1.9%)
Gross Profit	**101.3**	**92.5**	**9.5%**
Gross Profit Margin	*39.8%*	*37.2%*	
Cost of doing business[1]	**(87.2)**	**(81.8)**	**6.6%**
Cost of doing business %	*34.3%*	*32.9%*	
EBITDA[1]	**14.0**	**10.6**	**31.8%**
EBITDA margin %	*5.5%*	*4.3%*	
Impact of AASB 16 application			
- Reverse operating leases expenses	17.8	18.0	
- Add ROU Asset Depreciation & Interest	(18.6)	(18.5)	
Depreciation - Plant & Equipment	(4.4)	(4.1)	
Finance costs - Borrowings	(1.0)	(0.9)	
Profit before tax	**7.8**	**5.1**	
Income tax expense	(3.0)	(1.6)	
Net profit after tax[2]	**4.8**	**3.5**	**36.8%**
Net profit after tax margin %	*1.9%*	*1.4%*	

Notes: 1. Pre AASB 16 application (ie. excluding the impact of lease accounting). 2. Post AASB 16 application

Commentary

Total sales of $254.4m, up 2.4% vs pcp, driven by comparable store sales growth of 2.2%

Gross margin % of 39.8%, improved by 260 bps vs pcp driven by simplification of price architecture and re-negotiation of trading terms with suppliers

CODB[1] $87.2m, increased by $5.4m vs pcp (now 34.3% of sales):

- **Store expenses** up $3.3m vs pcp driven by new and annualising stores and 3.75% wage inflation
- **Marketing expenses** up $0.8m focused on new customer acquisition and performance marketing during critical promotional events
- **Administrative expenses** up $1.3m vs pcp driven by wage inflation and investment in Data & Analytics capability platform

Financial position

$3.9m improvement in net debt from June 2024

$ million	Statutory 1H FY25	Statutory FY24	Statutory 1H FY24
Cash & cash equivalents	12.0	9.5	6.8
Inventories	97.7	94.4	98.7
Plant and equipment	26.1	27.1	29.8
Goodwill & Intangibles	54.1	53.1	52.7
Right of Use assets	123.9	131.3	146.7
Other assets	20.5	16.8	16.1
Total Assets	**334.3**	**332.2**	**350.9**
Payables	51.5	47.7	56.5
Borrowings	21.1	22.6	12.9
Lease liability	145.5	152.8	168.6
Provisions	8.4	7.8	8.3
Income Tax Payable	2.1	0.6	1.3
Total Liabilities	**228.6**	**231.6**	**247.6**
Net Assets	**105.7**	**100.6**	**103.2**
Net Cash / (Debt)	**(9.1)**	**(13.0)**	**(6.2)**

Commentary

- **Inventory well managed**, $2.6m reduction in comparable stores' inventory offset by a $1.6m investment in new stores
- **Right of Use assets and related Lease Liabilities** both reduced by ~$23m, as property lease profiles mature.
- **Net debt** balance of $9.1m with ample banking covenant headroom

Cash flow

Investment program fully funded from cash flow from operating activities

$ million	1H FY25	1H FY24
EBITDA[1]	**14.0**	**10.6**
Movement in working capital	(2.8)	4.3
Tax Paid	(2.0)	(0.9)
Restructuring costs	(0.4)	(1.1)
Net cash flow from operating activities	**8.9**	**12.9**
Cash conversion ratio	*63%*	*121%*
New store capex (incl. refurbishments)	(2.0)	(3.4)
Capex - other	(2.4)	(1.6)
Transformation program investments		
- capital	-	0.0
- non capital	-	(0.5)
Net cash flow from investing activities	**(4.4)**	**(5.4)**
Free cash flow	**4.5**	**7.4**
Dividends paid	-	(6.5)
(Repayment) / proceeds from borrowings	(1.5)	1.7
Finance costs – borrowings	(0.6)	(0.9)
Net cash flow	**2.5**	**1.8**

Notes: 1. Pre AASB 16 application (ie. excluding the impact of lease accounting)

Commentary

Cash conversion ratio in line with plan at 63% noting the ~120% achieved in FY24 was driven by a material reduction on FY23 same store inventory levels. Further progress was made during 1H FY25 on inventory management

Investment expenditure of $4.4m includes investments in:

- $1.3m for 2 new stores opened
- $2.4m in ongoing operational, IT/Digital and Store Support Centre capex
- estimated 2H capex between $6m - $9m

Disciplined capital management

- To support future growth, no interim dividend will be paid

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Strategy Update

FY25 Half Year Investor Presentation

Growth plan

Baby Bunting has a strong core business as the leading specialist baby retailer in Australia and New Zealand with 75 stores.

We have a clear plan to stabilise the business and re-establish it as a +10% EBITDA margin business.

Delivering shareholder value

1 Grow Market share	**Strengthen market position**	• Leverage our strength in nursery essentials (hard goods) • Capitalise on significant opportunity in soft goods market through our market leading hard goods offer
2 Grow EBITDA	**Grow gross margin**	• Clear path to grow gross margin to +40% • Disciplined review of Cost of Doing Business
	Focused media/marketing strategy	• Leverage significant customer data to provide renewed and targeted retail experience • New revenue streams from media opportunity
3 Grow Return on invested capital	**Optimised property strategy with greater discipline**	• Progress roll-out of +40 stores in identified catchments • Refresh / optimise old-format stores
	Self-funded growth	• Disciplined balance sheet management to fund growth initiatives with operating cashflows

Our strategy: returning to growth

Growth objectives

Deliverables

1 **Grow Market share**

Enhance customer experience

- Market leading products
- Exceptional experiences
- Best-in-class services
- Data & Analytics

2 **Grow EBITDA**

Drive platform leverage

- Gross Margin
- Media business
- New Zealand profitability
- Operating leverage

3 **Grow Return on invested capital**

Disciplined capital management

- Network growth
- Refurbish existing store network
- Inventory productivity
- Re-platforming ERP/POS

Strategic Priorities

Our Progress

Growth objectives

1

Grow Market share

Deliverables

Enhance customer experience

Market leading products	Exceptional experiences	Best-in-class services	Data & Analytics

We presented our growth plan in June 2024. The following represents progress that has been made in 1H FY25

Market leading products

New brands launched (completed)

Q1 FY25: Bibs, Subo & Bunjie launched and performing well, new premium prams launched (ie. Nuna Demi Next, UPPAbaby Vista 3, Bugaboo Kangaroo, Milly + Coup), and Halo 360 car seat

Marketplace (completed)

Over 13,000 products online with more than 100 3P sellers now active

Exceptional experiences

Store experience (in progress)

First pilot store in Maribyrnong has commenced refurbishment, with remaining 2 stores to be in market Q4 FY25

Omni-channel (completed)

Uber same day delivery launched in Q2 FY25 (run-rating at 7% of all orders since launch)

Best-in-class services

1-on-1 personalised appointments (in progress)

Pilot of personalised appointments now live in 8 stores

Pram Cleaning Services (in progress)

Deferred until FY26 to prioritise refurbishments and new store roll-out

Data & Analytics

(in progress) Requirements for new **Loyalty program** being developed with design progressing in 2H FY25, with anticipated launch in 1H FY26

Completed actions

In progress

Strategic Priorities

Our Progress

Growth objectives

2 **Grow EBITDA**

Deliverables

Drive platform leverage

- **Gross Margin**
- **Media business**
- **New Zealand profitability**
- **Operating leverage**

We presented our growth plan in June 2024. The following represents progress that has been made in 1H FY25

Gross Margin

- ✔ **Trading terms**

  Negotiations with suppliers progressing with annualised margin increased in line with plan
- ✔ **Exclusive Brands**

  Edwards & Co exclusivity agreement signed Jan '25, with other opportunities continued to be explored
- ✔ **Private Label**

  Changed sourcing to elevate margins and quality

Media business

- ✔ Launched initial **Retail Media** packages ahead of Boxing Day event, further development to occur in 2H

New Zealand profitability

- ✔ **Trading terms** updated for key NZ suppliers
- ✔ Dedicated New Zealand **marketing, merchandise and supply chain** resources
- ✔ **Review** completed of New Zealand supply chain and distribution network – identified circa $1m of annualised savings commencing Q4 FY25

Operating leverage

- ✔ Re-shaped our core team structure to align with customer shopping behaviour and deliver **operating efficiency**
- ◌ Lowering **variable costs**
- ◌ Leverage **systems investments**

✔ Completed actions

◌ In progress

Strategic Priorities

Our Progress

Growth objectives

3

Grow
Return on invested capital

Deliverables

Disciplined capital management

Network growth

- ✓ **Grow store network**

  Maroochydore (QLD) and Belmont (WA) opened in 1H FY25 & Westgate (NZ) in Q4 FY25

- ✓ 3 x **small format store** sites identified and expected to open in 1H FY26

Refurbish existing store network

- ✓ First pilot store **refurbishment** in new store format underway, with further 2 stores to be completed by Q4 FY25

Inventory productivity

- ✓ **New inventory productivity benchmarks** have been deployed across the business with an ongoing focus on delivering improvements in category and brand performance
- ✓ Significant reduction in **aged inventory** profile in both AU & NZ

Re-platforming ERP/POS

- To be progressed in FY26

We presented our growth plan in June 2024. The following represents progress that has been made in 1H FY25

✓ Completed actions

In progress

Strategic Priorities

Strategic Horizons & Future Deliverables

Funded from operating cash flows

Growth objectives	Deliverables		FY25 - H2	FY26
1 Grow Market share	Enhance customer experience	Product Innovation	Flow newness in key categories: • Prams, Car Seats, Furniture • Feeding, Babywear, Toys	• Scale New Product Pipeline • Optimise existing brands & categories
		Experience	• Deliver Store of the Future • Commence new Loyalty design	• Launch new Loyalty Program • Scale team training through LMS[1] • Leverage Data Personalisation
		Exclusive Brands	• Signed new Edwards & Co Agt • Progress additional brands	• Increase Exclusive Brands relationships (with gross margin benefits)
2 Grow EBITDA	Drive platform leverage	Gross Margin	• Annualise Loyalty change & Price Beat exclusion <$50 • Ongoing flow of improved Supplier Terms	• Scale Private Label (inc. babywear) • De-range underperforming Brands • Expand Media Business ~$2m-$3m
		New Zealand	• Supply Chain cost-out ~$0.2m • Refine category Go-To-Market • Drive Brand Awareness	• Supply Chain cost-out ~$0.8m • Accelerate Brand Awareness
		Operating Leverage	• Optimise Freight (AU & NZ)	• Optimise Supply Chain & Customer Service productivity
3 Grow Return on invested capital	Disciplined capital management	Refurbishments	• 3 store refurbishments	• Target 8 to 12 store refurbishments
		Large Formats	• Open 1 New Store	• Target 5 to 8 new stores
		Small Formats	• Complete Design Phase	• Open 3 Store Pilots (1H)
		Inventory Productivity	• Operationalise new inventory productivity measures • Continued focus on inventory quality & ageing	• Drive Operating Leverage • Commence ERP / POS re-platform

[1] Learning Management System

Store of the Future

First store in Maribyrnong (VIC) anticipated to open in April 2025

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Trading Update & FY25 Outlook

FY25 Half Year Investor Presentation

Trading Update & FY25 Outlook

Stabilising the business and returning to positive earnings growth

2H Trading update (first 7 weeks)

- First 7 weeks Comp sales growth of **2.8%**, cycling changed promotional offers vs pcp, with year-to-date comp sales growth of **2.3%**
- January 2025 gross margin of 39.4%, 570 bps above pcp
- PLEX at 48.4% of sales in first 7 weeks of 2H (45.1% LY), driven by significant number of exclusive products launching in key categories

Outlook

FY25 outlook maintained

FY25 pro forma NPAT expected to be in the range of **$9.5m to $12.5m**, based on expectation that:

- comparable store sales growth in the range of 0% to 3%
- gross margin of 40%
- cost of doing business increases in FY25 include new & annualising store costs, wage inflation of 3.75%, additional roles, Data & Analytics investment and marketing to support strategy execution
- capital expenditure of $10m - $13m fully funded through operating cash flow

Outlook assumes no significant changes in macro-economic and retail trading conditions

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Appendix

Appendix One

Statutory to Pro Forma Income Statement Reconciliation

	1H FY25			1H FY24		
$ million	Statutory 1H FY25	Add Pro Forma Adj[1]	Pro Forma 1H FY25	Statutory 1H FY24	Add Pro Forma Adj[1]	Pro Forma 1H FY24
Sales	**254.4**		**254.4**	**248.5**		**248.5**
Cost of sales	(153.1)		(153.1)	(156.0)		(156.0)
Gross Profit	**101.3**		**101.3**	**92.5**		**92.5**
Other income	0.8		0.8	0.4	(0.4) b	-
Store expenses	(43.3)		(43.3)	(40.0)		(40.0)
Marketing expenses	(5.4)		(5.4)	(4.5)		(4.5)
Warehouse expenses	(4.6)		(4.6)	(4.0)		(4.0)
Administrative expenses	(17.8)	1.2 a	(16.5)	(14.8)	(0.4) a	(15.2)
Transformation project expenses	-		-	(0.9)	0.9 b	-
Restructuring costs	(0.4)		(0.4)	(1.1)	1.1 c	-
EBITDA	**30.6**	**1.2**	**31.8**	**27.5**	**1.2**	**28.7**
Depreciation and amortisation	(19.6)		(19.6)	(19.1)		(19.1)
EBIT	**11.0**	**1.2**	**12.2**	**8.4**	**1.2**	**9.6**
Net finance costs	(4.4)		(4.4)	(4.5)		(4.5)
Profit before tax	**6.6**	**1.2**	**7.8**	**3.9**	**1.2**	**5.1**
Income tax expense	(2.7)	(0.3) d	(3.0)	(1.3)	(0.4) d	(1.6)
Net profit after tax	**3.9**	**0.9**	**4.8**	**2.7**	**0.8**	**3.5**

Pro forma financial results have been calculated to exclude the following items (refer Directors' Report (dated 18 February 2025) for further detail):

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

b. The Company incurred non-capital costs ($0.858 million) in 1H FY24 for transformation projects. This was offset by a $0.400 million cash settlement received in December 2023 from the vendor of an order management software following a dispute in relation to that software and its implementation.

c. The Company incurred restructuring costs ($1.138 million) in 1H FY24 which included make good costs relating to the Camperdown store closure ($0.186 million) and payments associated with organisational restructure including the disestablishment of multiple head office roles.

d. Tax impact from pro forma adjustments.

Appendix Two

Pro Forma Income Statement

AASB 16 Transition Impact

	1H FY25				1H FY24			
$ million	Pro Forma 1H FY25	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 1H FY25	Pro Forma 1H FY24	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 1H FY24
Sales	**254.4**			**254.4**	**248.5**			**248.5**
Cost of sales	(153.1)			(153.1)	(156.0)			(156.0)
Gross Profit	**101.3**			**101.3**	**92.5**			**92.5**
Other income	0.8			0.8	-			-
Store expenses	(43.3)		(15.8)	(59.1)	(40.0)		(16.0)	(56.0)
Marketing expenses	(5.4)			(5.4)	(4.5)			(4.5)
Warehouse expenses	(4.6)		(1.9)	(6.5)	(4.0)		(1.9)	(5.9)
Administrative expenses	(16.5)		(0.2)	(16.7)	(15.2)		(0.2)	(15.4)
Transformation project expenses	-			-	-			-
Restructuring costs	(0.4)			(0.4)	-			-
EBITDA	**31.8**		**(17.8)**	**14.0**	**28.7**		**(18.0)**	**10.6**
Depreciation and amortisation	(19.6)	15.3		(4.4)	(19.1)	14.9		(4.1)
EBIT	**12.2**	**15.3**	**(17.8)**	**9.7**	**9.6**	**14.9**	**(18.0)**	**6.5**
Net finance costs	(4.4)	3.4		(1.0)	(4.5)	3.6		(0.9)
Profit before tax	**7.8**	**18.6**	**(17.8)**	**8.6**	**5.1**	**18.5**	**(18.0)**	**5.6**
Income tax expense	(3.0)	(5.6)	5.3	(3.3)	(1.6)	(5.6)	5.4	(1.8)
Net profit after tax	**4.8**	**13.0**	**(12.5)**	**5.4**	**3.5**	**13.0**	**(12.6)**	**3.9**

Our market: $6.3 billion ANZ TAM and growing

Significant opportunity to grow and leverage our leadership in hard goods (~23% market share) to grow our share of soft goods

Our core competency

$ 1.8 Bn

Hard goods

Australia

BabyBunting

~23%

~3%

The opportunity in soft goods

$ 3.4 Bn

Soft goods

Australia

Incremental 1% gain in soft goods market share equal to **~$34m revenue opportunity**

Market value FY23

Hard goods	$Bn
Car seats	0.28
Prams and strollers	0.30
Furniture and nurseries	0.48
Safety	0.12
Toys	0.63

Soft goods	$Bn
Food, formula and feeding	0.74
Nappies & Health and Beauty	1.29
Clothing & Footwear	1.34

Total market size

By region

$ 5.2 Bn

Australia

$ 1.1 Bn

New Zealand

Australian data only. Source: IbisWorld, ABS, Statistica, ABS, Canstar, KenResearch, BabyBunting historic sales data

Returning to growth | Grow Return on Invested Capital

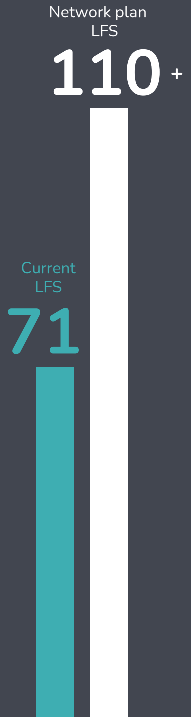
Optimise and grow store network

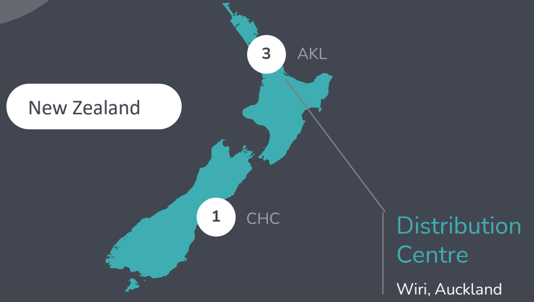
Expanding the store network into new catchments and meeting more needs of parents through new store formats

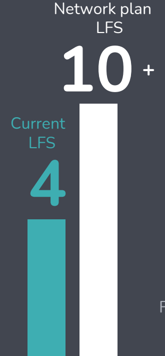
Small format stores will enable opportunity to meet more needs of parents in different locations

Small format store pilots expected to be in market early FY26 followed by a period of testing and assessment

- **Network plan developed with assistance of third-party demographer.** Inputs include ABS spend, market share data, opportunities and cannibalisation
- **Network growth** is key to building omni-channel customers and growing customer lifetime value
- **Critical assessment** of opportunities in existing and targeted catchments
- **Property lease negotiations:** renegotiate leases due to expire with a whole of network lens, exit stores which do not meet benchmark ROIC





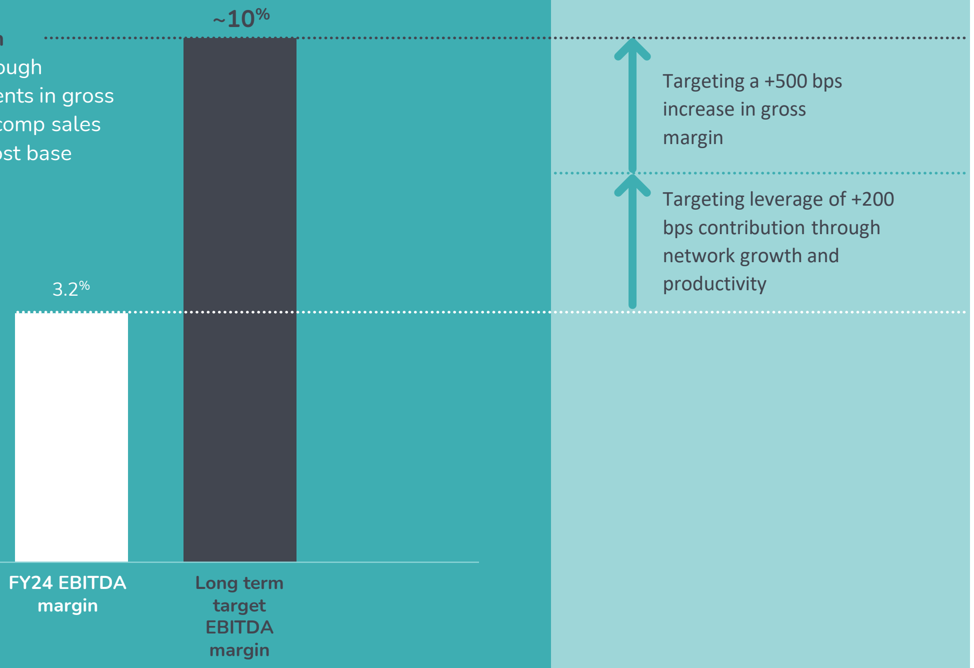


Returning to growth | Grow EBITDA

Long Term EBITDA Growth

Clear path to achieve historical EBITDA margins

10% EBITDA margin achieved in FY22 through sustained improvements in gross margin and positive comp sales growth leveraging cost base



Cost of Doing Business initiatives

Lowering our variable costs

- Supply Chain efficiencies
- Customer Care productivity improvement and in-housing team
- Supplier (goods not-for resale) cost management

Leverage systems investment

- Better use of existing systems (eg. merchandise planning, inventory) to unlock further operating benefits

Simplify operating structure

- Operational excellence in processes unlocking efficiencies and simplifying execution

These deliverables are part of the stabilising and optimising actions that have commenced and will be ongoing through FY25 and into FY26.

Grow Gross Margin

In FY25, we are targeting 40% gross margin with further expansion targeted in future years

FY24 margin

Simplify price architecture

Eliminating layering of price discounting

Enhance transparency and trust with our customers

Trading terms

Working with our supplier partners on terms supporting mutual growth and profitability

Amplify exclusive brands

Prioritising exclusive brand relationships

Scale private label

Double the size of our private label from 10% of sales to ~20%

De-range underperforming brands & products

Inventory productivity and re- investing in newness

Medium term target

Actions completed

- Completed actions
- In progress

Simplify price architecture
- ✓ Retired Spend & Earn from the Loyalty Program and removed Price Beats on items under $50

Trading terms
- ✓ Contributed ~80 bps to margin improvement in 1H FY25.
- (In progress) Further upside to be realised in 2H as we trade through on reset trading terms

Amplify exclusive brands
- ✓ Exclusivity agreement signed for Edwards & Co in AU (2025-2030) in Jan '25. Nuna (AU) and Bugaboo (NZ) exclusivity agreements executed in June '24
- (In progress) Progressing opportunities with other exclusive brands

Scale private label
- (In progress) Multi-year program for hard and soft goods

De-range underperforming brands & products
- ✓ Targeted clearance programs underway to efficiently reduce aged inventory ahead of new ranges

Glossary

Comparable Store Sales Growth	Calculated as a percentage change of the total sales generated from stores (including the online store) in a relevant period, compared to the total sales from the same set of opened stores in the prior financial year, provided the stores were open at the beginning of the prior financial year.
Cost of Doing Business (CODB)	Includes store, administrative, marketing and warehousing expenses (excluding the impact of AASB 16 depreciation and amortisation) and other income
PLEX	Private Label & Exclusive Products
Exclusive Products	Products sourced by Baby Bunting for sale on an exclusive basis (so that those products can only be purchased in Australia from Baby Bunting stores).
Private Label	Products sold by Baby Bunting under its own brand (Baby Bunting currently markets its private label products under the "4baby“, "Bilbi“ and “JENGO” brand names)
Return on Invested Capital (ROIC)	Return on Invested Capital is calculated as store EBITDA (pre AASB 16) divided by end-of-period cumulative store capital expenditure plus end-of-period store net inventory and an allocation of warehouse net inventory based on the number of stores open. Year 1 and Year 2 Return on Invested Capital is based on the first and second full twelve month trading periods that the store has been open
Cash Conversion from Operations	Cash Conversion from Operations (or cash conversion ratio) is calculated as Net Cash Flow from Operating Activities divided by EBITDA (pre AASB 16)