



Store of the Future.

BabyBunting

Investor day

1 May 2025

Important notice and disclaimer

This document is a presentation of general background information about the activities of Baby Bunting Group Limited (Baby Bunting) current at the date of the presentation (1 May 2025). The information contained in this presentation is for general background information and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

To the maximum extent permitted by law, Baby Bunting, its related bodies corporate and their respective officers, directors and employees, do not warrant the accuracy or reliability of this information, and do not accept any liability to any person, organisation or entity for any loss or damage suffered as a result of reliance on this document.

Forward looking statements

This document contains certain forward looking statements and comments about future events, including Baby Bunting's expectations about the performance of its business. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. The Baby Bunting Annual Report 2024 which includes the Directors' Report (dated 20 August 2024) contains details of a number of material risks associated with an investment in Baby Bunting. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause Baby Bunting's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are outside the control of Baby Bunting. As such, undue reliance should not be placed on any forward looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of promise, representation, warranty or guarantee as to the past, present or the future performance of Baby Bunting.

Trading Update

FY25 Trading Update

- As at 27 April 2025:
 - 2H FY25 comparable store sales were up 3.7%
 - Year-to-date comparable store sales were up 2.9%
 - Year-to-date gross margin is 40%

FY25 Outlook

FY25 pro forma NPAT guidance of **\$10 million to \$12.5 million**, which assumes:

- comparable stores sale growth in the range of 2% to 3%
- gross margin of 40%
- anticipated FY25 CODB increases¹, plus additional 2H costs:
 - investment in NZ brand awareness
 - provisions for employee short-term incentive program

Capital expenditure of \$11 million – \$12 million fully funded through operating cash flow

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

1. As previously stated, 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

Speakers



Mark Teperson

Chief Executive Officer



Darin Hoekman

Chief Financial Officer



Ciara McGoohan

Chief Customer Officer &
Chief Data & Analytics Officer

Internal use only

Agenda

1. **Agenda**

2. **Store of the Future** Mark Teperson

3. **Small Format Stores** Mark Teperson

4. **Omni-Channel** Mark Teperson

5. **Retail Media** Ciara McGoohan

6. **Store Economics** Darin Hoekman

7. **Close**



Our Vision

**The best
start for
the brightest
future**

Our Mission

**To support & inspire
confident parenting,
from newborn
to toddler**

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



BabyBunting

The opportunity in soft goods



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



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

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



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



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



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

Shareholder value multiplier

Our strategy is focused on improvements across these core elements to re-establish a +10% EBITDA margin business

Gross margin

+500 bps gross margin¹

Price Architecture,
Trading Terms, PLEX



Comparable store sale growth

>10% from store refurbishments



Network growth

Plan of ~80 new stores

40 Large format stores
Up to 40 small format stores



Operating leverage

200 bps
CODB leverage

Network Growth
& Productivity

¹ Increase from FY24 Gross Margin

Mark Teperson

Store of the Future



The need for change

Redesigning the store experience for customers of today and tomorrow

November 2023

Baby Bunting Customer Qualitative Research

- A trusted brand known for having a very wide range and expert knowledge and a great team
- Store environments were uninviting
- Sometimes there was too much choice
- Functional, but lacks fun



An evolving customer base

- Today our core customer is a Millennial
- In 5 years, Gen Z will be our core customer
- Consumer behaviour and expectations have moved past existing retail formats

43

Australian
Stores

Current store fleet

Are based on
a design that is
>17 years old

Pre-dating the
launch of the
smart phone and
social media

Store of the Future

Our new store experience

We're making Australia's best specialty store network even better



**an experience
centre**

for our customers



**a distribution
centre**

for our products



**a stage for
our brand partners**

to showcase
their innovation and
new products

Each store is

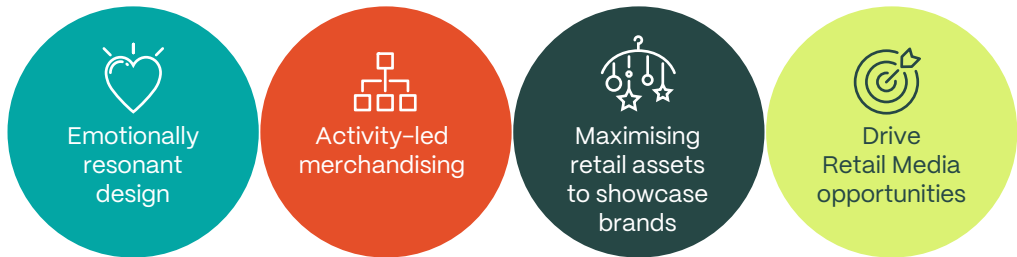
Our design approach

Drawing on our research, partnering with The General Store

Internal use only

- The General Store appointed Q4 FY24
- One of Australia's leading brand and store design agencies
- Focus on 3 key deliverables
 - Brand Creative Platform
 - In-Store Architectural Design
 - Service Experience Design

Key Design Principles



Activity-led Merchandising



Store refurbishment program

Targeting >10% comparable store sales growth with each refurbished store

Maribyrnong

Re-opened on 19 April

Preston Victoria

Re-opening on 14 June

Gepps Cross South Australia

Re-opening on 21 June

8 – 12 stores

FY26 refurbishments

The New store format has been **very positively** received by our customers and is **trading above our targeted growth rate**

It's still early days; focus on trading over the next few months to assess the normalised trading pattern

Mark Teperson

Small Format Stores

**Our objective
for small
format
stores is to
grow Customer
Lifetime Value**



Small format stores

Small format stores

Pilot new small format store to target higher traffic areas and grow Customer Lifetime Value

Unlock high value smaller catchments that do not currently support our large format store (inner urban and regional)

The new small store format will target revenue of +\$2 million and ROIC of 50%

- Higher margin products
- Lower staff costs
- Higher per sq metre rent

Curated range of products with a focus on consumables and higher frequency categories

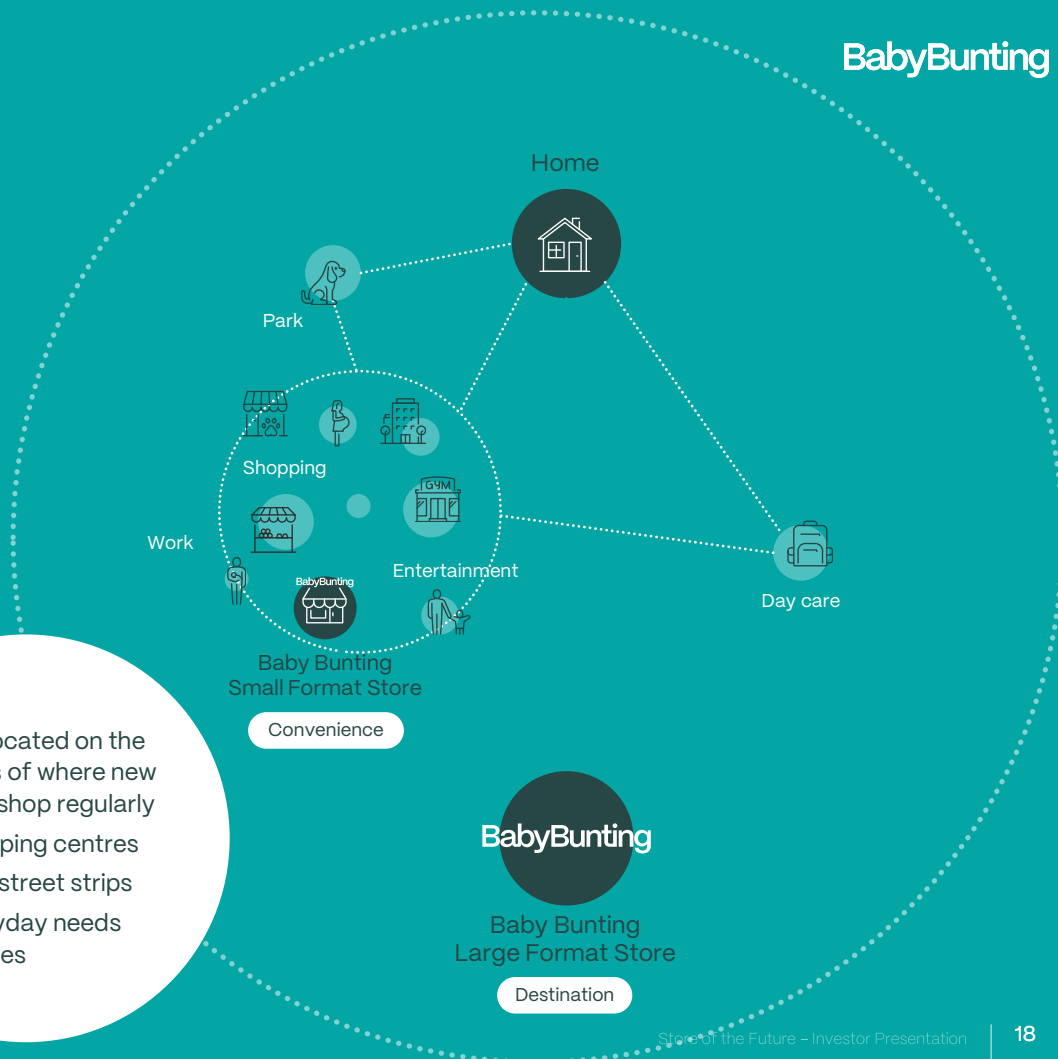
We will deploy 3 small format stores as pilots in metro markets from Q1 FY26 to test and assess the operating model

Small format stores: number of future small format stores depends on performance of pilots.

Potential for between 20 to 40 over the longer term

Stores located on the ant trails of where new parents shop regularly

- Shopping centres
- High street strips
- Everyday needs centres



BabyBunting

Baby Bunting Large Format Store

Destination

Convenience

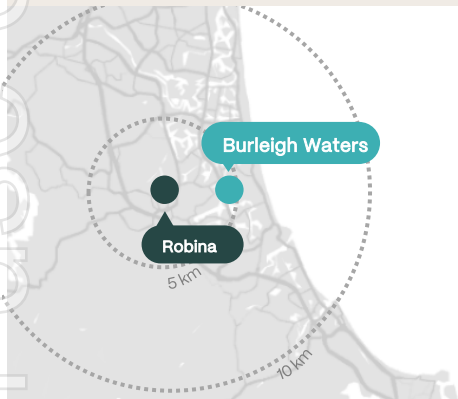
Small format store

Small format store pilots

We have plans for three pilot stores to be in market in 1H FY26

Robina (Qld)

- 6km from our existing Burleigh Waters large format store
- 443 sqm
- Shopping centre, store to be located adjacent to Woolworths, Coles



Plenty Valley (VIC)

- 25km north of Melbourne CBD
- 6km from our existing Thomastown large format store
- 570 sqm
- Shopping centre, store to be located in higher traffic areas adjacent to a Woolworths & Target



Marion (SA)

- 13km south of Adelaide
- 6km from our Melrose Park large format store
- 502 sqm
- Shopping centre, store to be located in higher trafficked areas adjacent to a Kmart and Coles



- Existing large format store
- Small format store

Mark Teperson

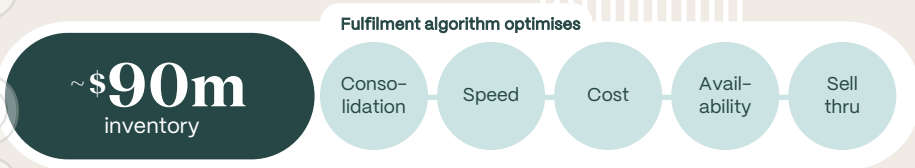
Omnichannel



Internal use only

Omnichannel as a force multiplier

Our store network and our online channel together drive greater customer lifetime value



1. Future State. Not currently in market.

Ciara McGoohan

BabyBunting Media

Internal use only

Building a media business: unlocking the value of our platform

Realising a new revenue stream through monetising our existing in-store and digital assets



800k

active loyalty customers



3.4m

transactions per year



32m

annual website visits



100k

square meters of retail space

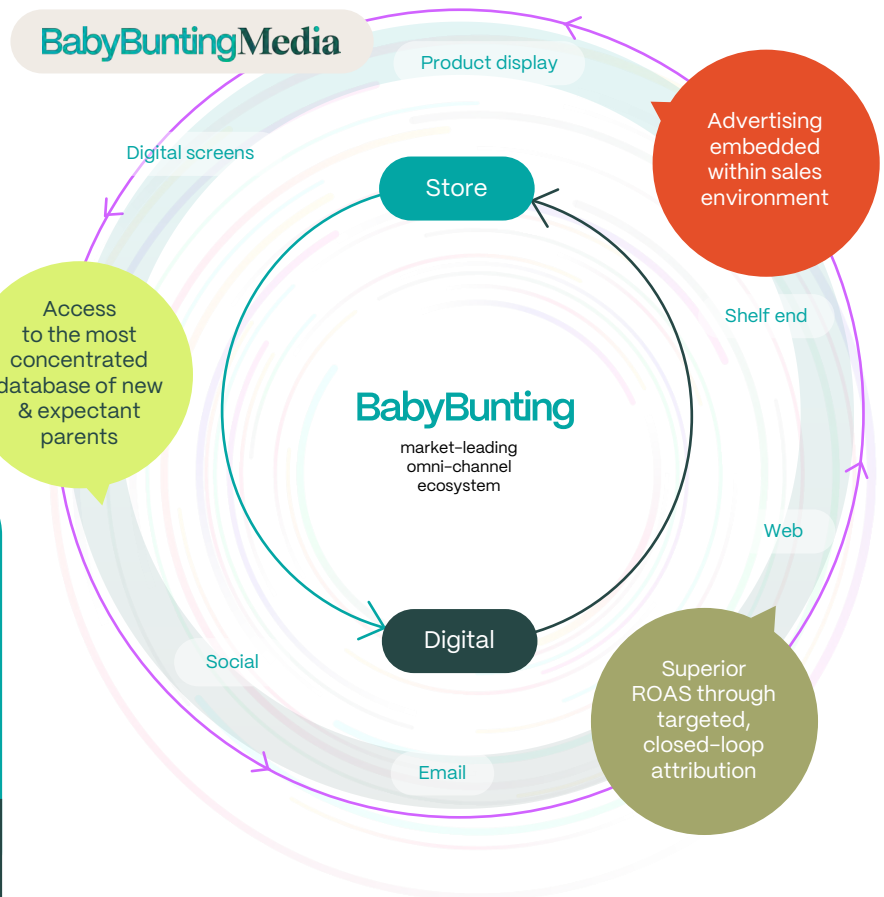
FY25 Media Contribution

Neutral

FY26 Media Target

\$2-3m

incremental gross margin contribution

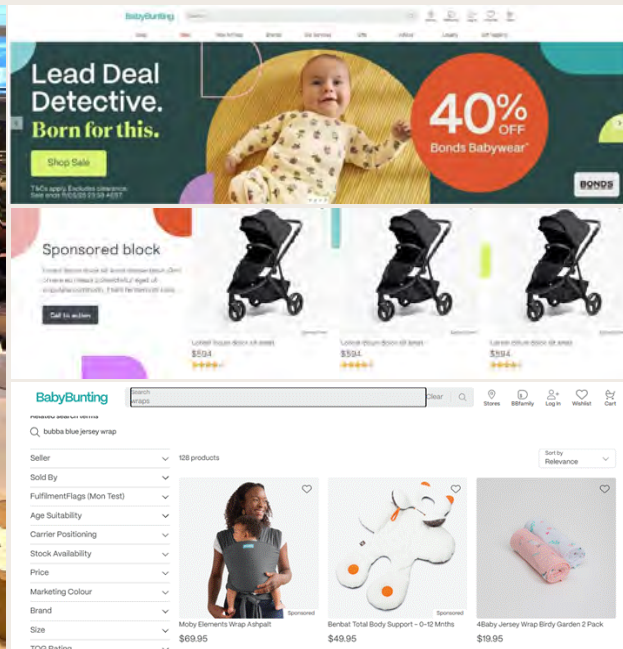


Examples of our retail media assets

BabyBuntingMedia

Instore – Physical

Online – Digital



Darin Hoekman

Store Economics

mal use only

Large format stores deliver great returns

Targeting >10% comparable store sales growth from each refurbished store

Historical returns from our AU store network

Metro Australia	Mature Metro Stores (>4 yr)		
	FY2020	FY2022	FY2024
Revenue per store (\$m)	7.8	8.5	7.2
EBITDA per store (\$m)	1.3	1.7	1.0
Store EBITDA margin	17%	20%	14%
Return on Invested Capital	90%	119%	75%

Year 1 sales of \$5m (average)

Regional Australia	Mature Regional Stores (>4 yr)		
	FY2020	FY2022	FY2024
Revenue per store (\$m)	4.5	5.6	5.2
EBITDA per store (\$m)	0.5	1.0	0.7
Store EBITDA margin	12%	18%	13%
Return on Invested Capital	50%	91%	61%

Year 1 sales of \$3.5m (average)

Targeted returns from future store investments

Targeted returns from refurbished stores:

- Targeting >10% comparable store sales growth from each refurbished store
- Investment of \$0.8m-\$1m (catchment dependant) per store with a maximum 3 year payback
- Refurbishment roll-out cadence to be informed by financial returns

Future new large format store roll out:

- AU: 24 large format metro stores targeted to deliver +\$7m in sales (on average) at maturity
- AU: 15 large format regional AU stores targeted to deliver +\$5m in sales (on average) at maturity
- NZ: further +6 large format metro stores in NZ targeted to deliver +\$5m in sales (on average) at maturity (2H FY25 store run-rate +\$3.9m)

Table above shows average data for all open stores for 4 or more years. Revenue includes click & collect sales fulfilled from store inventory of ~8% of average total store sales. First New Zealand store opened in August 2022.

Store economics

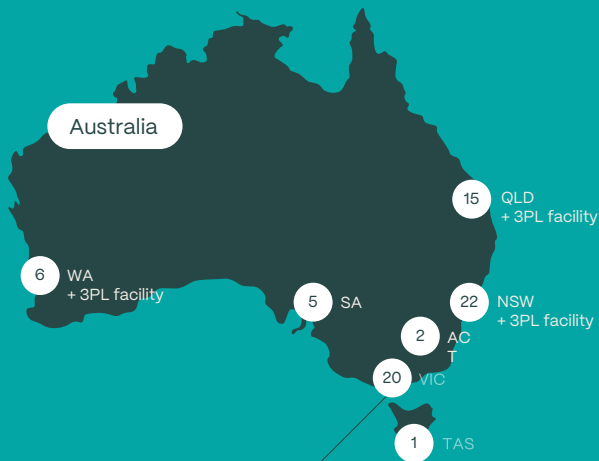
Optimise and grow store network

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

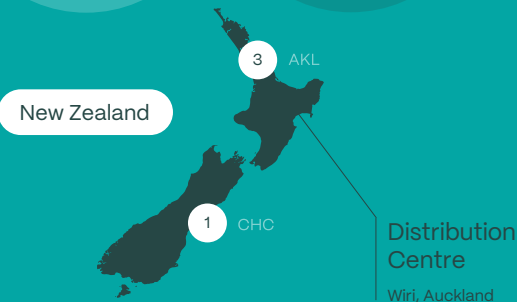
Small format stores will enable opportunity to meet more needs of parents in different locations

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



Store Support Centre & National Distribution Centre
Dandenong South, Victoria



Internal use only

Mark Teperson

Store of the Future rollout

Store of the Future rollout

Funded from operating cash flows

FY25 2H refurbishment program

- Maribyrnong – re-opened 19 April
- Preston, Vic – re-opening 14 June
- Gepps Cross, SA – re-opening 21 June
- Westgate (NZ) opening rescheduled to FY26 to fully reflect Store of The Future design
- **Store refurbishments:** \$0.8m – \$1m capex. Targeting <3yr payback on capital

FY26 Targets

- 8 to 12 store refurbishments
- 5 to 8 new stores
- 3 pilot small format stores
 - Robina (Qld)
 - Plenty Valley (Vic)
 - Marion (SA)
- **Small format store:** estimated \$0.3m–\$0.5m per store capex



Shareholder value multiplier

Our strategy is focused on improvements across these core elements to re-establish a +10% EBITDA margin business

Gross margin

+500 bps gross margin¹

Price Architecture,
Trading Terms, PLEX



Comparable store sale growth

>10% from store refurbishments



Network growth

Plan of ~80 new stores

40 Large format stores
Up to 40 small format stores



Operating leverage

200 bps
CODB leverage

Network Growth
& Productivity

¹. Increase from FY24 Gross Margin

BabyBunting

Thank you

mal use only



Store of the future

Shopfront



Store of the future

Store arrival

al use only



Sweet Dream

- On The Go
- Small Dreams
- Little Tumblers
- Wipes & Wipes
- Baby Care
- WoolWooling For Mums
- Parental Health
- Gifts & Collect

Store of the future

Feeding & Apparel



Sweet Dreams

Store of the future

Feeding



anal use

Store of the future

Sleep

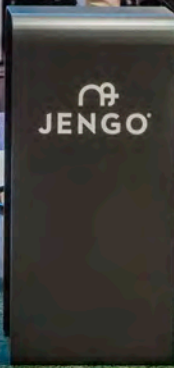
mat use only



Store of the future

On the Go

Travel



Car Seats



Store of the future

Play & Learn



Store of the future

Parents' room

Final use only

WASTE



Point of sale

