

14 October 2025

2025 AGM addresses and trading update with FY26 guidance reaffirmed

Trading update as at 12 October 2025:

- +3.5% total sales growth year-to-date
- +2.2% comparable store sales growth year-to-date (not adjusted for the impact of temporary refurbishment closures). Excluding the 6 stores closed for refurbishment and 5 adjacent stores¹, year-to-date comparable store sales growth is +5.6%
- +13% comparable store sales growth in New Zealand year-to-date
- Q1 FY26 gross profit margin of 40.6%, 30 bps higher vs pcp

Store of the Future update: store network now at 77 stores

- **Store of the Future refurbishments:** 11-12 refurbishments in FY26, including 6 in 1H. Three stores re-opening in the next 2 weeks, and 3 other stores re-opening through November and early December
- **New large format stores:** 2 stores to open in 1H (Dubbo (NSW), Westgate (NZ)), 1 store to open in 2H, with 2 more targeted
- **Baby Bunting Junior, our small format store:** first 2 pilot stores open – Robina (Qld) and Plenty Valley (Vic) – with 3rd pilot to open towards the end of 1H

Outlook:

As previously noted, the Store of the Future refurbishment program is expected to result in some unusual comparable store sales patterns through the year as well as some impacts to the CODB profile.

FY26 earnings guidance is maintained. FY26 pro forma NPAT is expected to be in the range of **\$17.0 million to \$20.0 million**, assuming:

- full year comparable store sales growth of 4%-6% split:
 - 1H: 2%-3% driven by refurbishment closures
 - 2H: 6%-8%, with 9 refurbished stores trading for the full half; post-refurbishment sales growth targeted to be between 15% and 25%
 - comparable store sales do not exclude stores closed for refurbishments
- gross margin to be 41%
- retail store CODB investment: ~\$7.0 million for new and annualising stores, \$2.5 million of refurbishment related costs including accelerated depreciation and de-fit costs, plus \$0.5 million of relocation costs for one store; and \$1.0 million for the permanent closure of the Hornsby store (including asset write offs)
- targeting CODB (post AASB 16) leverage of ~30 bps²
- capital expenditure of \$30 million to \$35 million fully funded through operating cash flow.

The FY26 earnings guidance is split:

- **1H:** pro forma NPAT of \$4.5 million to \$5.5 million, reflecting lower comparable store sales growth relative to 2H and inclusive of anticipated refurbishment and store closure costs of \$3.0 million
- **2H:** pro forma NPAT of \$12.5 million to \$14.5 million, including \$1.0 million of anticipated refurbishment costs

¹ Stores adjacent to a store closed for refurbishment have been excluded to provide a normalised performance measure, as these adjacent stores are currently benefiting from sales redirection.

² CODB includes all pre-tax costs measured on a post-AASB 16 basis (Retail, Marketing, Warehouse, Administration, depreciation and interest charges).

Outlook assumes no significant changes in economic and retail trading conditions, and no significant increases in sea freight expense.

2025 AGM address and presentations

Attached is a copy of the address to shareholders to be delivered today at the Company's 2025 AGM. An AGM presentation was lodged separately with ASX at the time of this announcement.

The release of this announcement was authorised by the Board.

For further information, please contact:

Investors

Saskia West

+61 452 120 192

For personal use only

2025 ANNUAL GENERAL MEETING CHAIR'S AND CEO'S ADDRESS

CHAIR ADDRESS

Good morning shareholders and attendees in the room this morning, and welcome to Baby Bunting's 2025 Annual General Meeting.

I am Stephen Roche, and I have the privilege of addressing you today as your new Chair. I moved into this role in February 2025, following Melanie Wilson's retirement after nine years with the Board. I would like to take this opportunity to acknowledge Melanie's valued contribution and leadership especially through the COVID-19 pandemic and the Group's subsequent transformation as our new strategic direction was set under CEO, Mark Teperson.

Allow me to introduce myself to those shareholders I haven't yet met. I bring over 15 years of experience as a director of public companies and not-for-profit enterprises. My executive background includes serving as Managing Director of Bridgestone Australia & New Zealand and, prior to that, Managing Director and CEO of Australian Pharmaceutical Industries Limited for over 10 years. This experience across retail, healthcare and consumer markets has given me deep insight into strategy, business development and supply chain operations. I understand the expectations of shareholders and the need for stronger, sustainable returns. I am confident that, including my fellow Directors, we have the appropriate skills and experience to govern those expectations on your behalf.

Following Melanie's vacancy, in May 2025, we also welcomed Debra Singh as an independent Non-Executive Director and Chair of the Remuneration Committee. Debra brings over 30 years of executive leadership experience in retail including operations, business transformation and supply chain. Her industry insights and extensive public company board experience have already proven to be most valuable.

A year of strong execution

Turning to the year just completed, we saw strong progress driven by disciplined strategic execution. We achieved record sales and gross margins along with delivery at the top end of our profit guidance range. Total sales reached \$522 million and pro forma net profit after tax was \$12.1 million – growth of 228%. This

was delivered in a challenging retail environment, with elevated cost-of-living pressures impacting discretionary spending, demonstrating the strength of our strategy and the resilience of our category.

Building on our market leadership

Baby Bunting operates in a sizeable and growing market across Australia and New Zealand, with a total addressable opportunity of \$6.3 billion. Our market leadership remains unparalleled in the specialty baby retail sector, with approximately 23% share of the Australian hard goods market, and significant growth potential in the complementary soft goods segment – estimated at over \$3 billion – which continues to be a major area of strategic focus as we look to increase our market presence.

In FY25 we grew our store network to 75 locations, including new store openings and the successful roll-out of our Store of the Future format, which has delivered well above expectations. When we reported in August, the first three pilot stores had recorded an average sales uplift of 28%, in addition to improvement across a suite of key metrics, underpinning our confidence in rolling out this program across the network.

The Board has approved a disciplined rollout plan of 11-12 store refurbishments for FY26, with each targeting comparable store sales growth of 15-25%, funded through operating cashflows. This measured approach allows for performance monitoring and format refinement while maintaining capital efficiency.

We continue to serve families across New Zealand, with our growing network there showing encouraging signs as recent strategic investments, including brand marketing, build momentum. We see a clear pathway to profitability in this region in FY27.

In parallel, we are focused on elevating the convenience of our offering for families throughout the network. Our digital on-demand service now enables access to over 80% of the Australian population in under an hour. We are continuing to enhance our proposition post-birth with the launch of our 'Baby Bunting Junior' store, which is our new small format store. The last month has seen the opening of two 'Baby Bunting Junior' pilot stores in Robina, Queensland and Plenty Valley, Victoria, with positive initial feedback which Mark

will speak to in more detail. Subject to financial hurdles being met, we plan to expand further, targeting 20-40 small format stores in time.

Sustainability commitment

In relation to sustainability, the Board remains deeply committed to the long-term sustainability of our business and our positive impact on the communities we serve. In FY25, we progressed our car seat recycling program and continued to reduce single-use plastics across our product ranges. We also strengthened our partnerships with community organisations, providing practical support to families across Australia and New Zealand.

Disciplined capital management

We have maintained a disciplined approach to capital management, with net debt reduced to \$4.6 million as at 30 June. Just before the start of FY25, we also extended our debt facilities to 2027, providing more financial flexibility to support our growth investments. The Board has determined not to pay a dividend for FY25 as we allocate capital to the Store of the Future rollout and network expansion, with a steadfast focus on long-term shareholder value.

Looking ahead

Early results in FY26 are strong, with total sales and comparable store sales growth both tracking in line with plan. We are confident in the medium to long-term opportunity to add potentially up to 80 new stores, including large and small format stores designed to meet evolving customer needs. Combined with our ongoing refurbishment program and strategic initiatives, this provides a clear pathway to achieving our target of returning to a +10% EBITDA margin business.

On behalf of the Board, I want to thank Mark, our executive team, and every member of our team across the business for their dedication and commitment to delivering on our plan. I am confident in the clarity and discipline of our strategy and with such strong foundations in place, we are well positioned to build on this momentum in FY26 and beyond.

I will now hand over to Mark for his update on FY25 operations and our progress in the year ahead.

CEO'S ADDRESS

Thank you, Stephen, and good morning everyone.

It's a privilege to address you today as we reflect on what has been a truly exceptional FY25 and an exciting start to FY26. Having now been in the role for two years, I can say with confidence that our strategy is working, our team is executing effectively, and we are well positioned for further growth.

Our purpose and what drives us

Before I speak to the numbers, I want to step back and talk about the "why" that drives us. Time is our most precious resource – once it's gone, we can never get it back. **And**, Children are our greatest investment. The love, care, and attention we give them today grows exponentially, shaping the people they become tomorrow. When we devote our most precious resource to our most valuable investment, we create the foundation for something truly extraordinary.

At Baby Bunting, our vision is simple yet profound: to give every child the best start in life, so they can realise their brightest future.

This vision informs every decision – from the exclusive products we curate to the way we've designed our new stores. Our mission – to support and inspire confident parenting – drives our culture and our values.

Record FY25 performance

Turning to our results, I'm pleased to share that our disciplined strategy execution delivered a truly standout FY25 result. Total sales reached a record \$522 million, representing 4.7% growth on the prior year. On a comparable store sales basis, we achieved growth of 4.2%. This was underpinned by a focus on go-to-market execution, driven by product innovation, elevated marketing and enhanced in-store execution.

We exceeded our 40% gross margin target with a 340 basis point uplift versus the prior period. Our pre-AASB 16 EBITDA increased to \$28.2 million, representing 5.4% of sales.

Pro forma NPAT was at the top end of our guidance at \$12.1 million, up 228% versus the prior year. We have improved returns from our disciplined capital investment with Return on Funds Employed of 12.1%, up 630 basis points.

And, we've also made very pleasing progress in New Zealand, with 49% sales growth and 520 basis points of gross margin expansion. As Stephen noted, we see a clear pathway to profitability in FY27 in this market.

Store of the Future – a game changer

The standout achievement of FY25 has been the successful launch of our Store of the Future format. When we reported in August, the three stores we had refurbished in Q4 delivered an average sales uplift of 28% since reopening - nearly three times our original 10% target. We're pleased to see consistent performance, with these three stores delivering an average sales uplift of 30% year-to-date.

These results provide us with confidence around our sales uplift targets for refurbished stores being 15%-25%. With 6 more stores to be refurbished this half, we will have further signal in support of these targets.

The customer response has been outstanding, with new customer acquisition up 29% year-to-date, while they are also delivering 20 basis points more gross margin than their peer cohort.

The Store of the Future is the physical manifestation of our strategy – experience hubs where parents can engage, learn, and shop seamlessly; fulfilment powerhouses driving omnichannel convenience; and brand showcases where our partners can launch innovation and inspire families.

Alongside this physical refurbishment, we're re-inventing our internal service model, moving from a category-led layout to an activity-based design. Our new stores are now organised around key parenting activities – travel, feeding, sleep, play & learn and wellbeing. This layout allows us to more effectively highlight our range and better meet customers' needs.

This is an exciting opportunity to reimagine the customer journey and set new industry benchmarks.

Innovating the customer experience

We remained focused on our Private Label and Exclusive Products (PLEX) strategy this year, which grew to be 47.1% of total sales, up 110 basis points. We strengthened our exclusive partnerships, including our long-term exclusivity with Nuna, exclusive partnership with Bugaboo in New Zealand, and a new five-

For personal use only

year Australian exclusivity deal with Edwards & Co. We anticipate finalising some additional exciting new brand partnerships in this quarter.

We invested in our omnichannel capability by introducing same-day and next-day delivery via Uber, which accounted for 8.5% of all online orders, enhancing convenience and driving increased basket size. Online sales, including Click & Collect, grew 10.8% year-on-year and represented 23.1% of total sales, with 100% of our stores now activated for online fulfilment.

Our marketplace platform continues to expand choice and convenience, with products available online from more than 120 third-party sellers. This capital-efficient model expands our range without requiring additional inventory investment, while providing test-and-learn opportunities to incubate new suppliers and categories.

We successfully launched our retail media business this year, with initial campaigns seeing strong uptake and results for our brand partners. Our platform gives brands access to Australia's largest baby and toddler audience. We think our retail media income has the potential to grow to around 1%–2% of total sales, and looking ahead, we expect this business to contribute an incremental \$2–\$3 million in FY26.

Baby Bunting Junior, our small format store – strong initial reaction

Our small format store pilot represents a significant opportunity to extend Baby Bunting into high-density, inner-city catchments with superior economics. Each store targets \$2.5 million in annual revenue and 50% return on invested capital by focusing on higher-margin consumables and core baby essentials. As Stephen said, should these pilots be successful, we see potential to expand the small-format network to 20-40 stores over the medium to long term.

It's early days, with our first two Baby Bunting Junior - small format stores, having opened in the last month at Robina and Plenty Valley.

The early response from customers has been strong, with 73% of sales in these two stores coming from existing Baby Bunting customers and no discernible sales redirection impacting the existing large format stores that are in the same catchments. This early behaviour supports our thesis around growing customer lifetime value through greater convenience and a focus on Eat, Play and Sleep categories.

I reiterate that it is still early days for these stores, and we'll get better signal in the coming months. However, early results have been encouraging and I look forward to providing further updates at our half year results.

Shareholder value multiplier

Our strategy is driving a powerful multiplier of shareholder value through four interconnected growth engines.

First, gross margin, where our target is to get to 42%, a lift of 500 basis points from the FY24 base. In FY25, we have delivered 340 basis points of improvement and we're targeting a further 80 basis points in FY26.

Second, refurbished store sales growth. With plans for 11-12 refurbishments this year, this program will be a key engine of growth into the future.

Third, is network growth. We have a disciplined plan to add up to another 80 stores over the medium-to-long term.

And, The fourth engine to grow shareholder value is operating leverage. We will achieve this through network growth and productivity initiatives to capture 200 basis points of leverage.

These elements apply across the entirety of our operations. This is particularly important for New Zealand, where its pathway to profitability in FY27 is expected to provide further impetus for growth in shareholder value.

Ultimately, these elements create a self-funding, high-growth, high-return model that accelerates us back to a +10% EBITDA margin business.

FY26 trading update and reaffirming guidance

I'm pleased to report that momentum has continued into the first quarter of FY26, with total sales growth to 12 October of +3.5% and comparable store sales growth of +2.2%, in line with our plan. Note these comparable figures include all stores – including those currently closed for refurbishment. Gross margin in Q1 was 40.6%, up 30 basis points on the prior period.

New Zealand has continued to build, with comparable store sales up 13% year-to-date.

Our plans are to refurbish 11-12 stores in FY26. Three stores are due to re-open in the coming two weeks, with a further three stores to be refurbished and re-opened through November and early December.

Our final Baby Bunting Junior pilot store is opening in Marion in December, with a further two to three planned for Q4 subject to the pilot's success.

And we are opening two new large format stores in Q2 and one more in Q3. Our plans are to target two more large format stores in 2H.

Today, we have reaffirmed our FY26 guidance for pro forma NPAT of \$17.0-\$20.0 million, comparable store sales growth of 4%-6%, gross margin of 41%, and capital expenditure of \$30-\$35 million, fully funded through operating cash flow.

As we previously disclosed, the Store of the Future refurbishment program is expected to result in some unusual comparable store sales patterns through the year as well as some impacts to the CODB profile.

Our guidance assumes full year comparable store sales growth of 4%-6%:

- with 2%-3% in 1H driven by refurbishment closures; and
- 6%-8% in 2H, noting that there will be 9 refurbished stores trading for the full half. Post-store refurbishment sales growth is targeted to be between 15% and 25%.

Importantly, our comparable store sales calculations **do not exclude** stores closed for refurbishments.

At the earnings level, the FY26 earnings guidance is split between the first half and second half as follows:

- pro forma NPAT of \$4.5 million to \$5.5 million in 1H, reflecting lower comparable store sales growth relative to 2H and inclusive of anticipated refurbishment and store closure costs of \$3.0 million; and
- in 2H, pro forma NPAT of \$12.5 million to \$14.5 million, including \$1.0 million of anticipated refurbishment costs.

We have a clear strategy which we are executing at pace and is already delivering results. We have a great platform and a disciplined framework for

capital deployment. At the heart of everything we do is a focus on providing a great customer experience and driving shareholder value.

We are on track to re-establish Baby Bunting as a +10% EBITDA margin business and now have the platform in place to deliver sustainable growth for shareholders.

I would like to thank our dedicated team for their passion and commitment, our customers for their ongoing trust, and our business partners for their collaboration. To our shareholders – thank you for your continued support. We look forward to building on this strong foundation in the year ahead.

I'll now hand you back to Stephen for the formal business of the meeting.

For personal use only