

1H FY26 Results

+4.7% comp sales. Record gross margin.

Sales momentum continues in the second half

Highlights

- **Total sales of \$271.4m, up 6.7% vs pcp**
 - **comparable store sales up 4.7% vs pcp**, exceeding 1H guidance of 2%–3%
- **Gross margin of 41.0% up 124 bps vs pcp**, in line with our FY26 target
- **Store of the Future refurbishment program delivered 25% sales uplift¹**, top end of guidance of 15%–25%
- **Pro forma² NPAT of \$5.0m, up 4.1% vs pcp**, in line with guidance
 - **underlying³ NPAT of \$7.2m, up 44% vs pcp**
- **2H pro forma NPAT guidance maintained at \$12.5 to \$14.5m; Full Year pro forma NPAT guidance now \$17.5m to \$19.5m**
- **2H sales momentum continues with first 7 weeks of comp sales up 6.7%**

1H FY26 key financial metrics

	Pro Forma Results			Statutory results		
	1H FY26	1H FY25	Change	1H FY26	1H FY25	Change
Sales (\$m)	271.4	254.4	6.7%	271.4	254.4	6.7%
GP %	41.0%	39.8%	124 bps			
NPAT (\$m)	5.0	4.8	4.1%	1.8	3.9	(52.5%)

Baby Bunting Group Limited (Baby Bunting or the Group) today reports its financial results for the half year ended 29 December 2025 (1H FY26). 1H FY26 Group Pro Forma Net Profit After Tax (NPAT) was \$5.0 million, up 4.1% from \$4.8 million in the prior corresponding period (pcp), within the Group's guidance range of \$4.5–\$5.5 million. Underlying NPAT, which excludes significant items of \$3.2 million related to network optimisation and refurbishments, was up 44% to \$7.2 million. Statutory NPAT of \$1.8 million was down from \$3.9 million in 1H FY25.

Baby Bunting's CEO, Mark Teperson said, "We're pleased to have delivered another strong result, exceeding expectations across multiple metrics and demonstrating the ongoing momentum in our strategy. Our record revenue result was driven by growth in our customer base, the continued success of our Store of the Future program along with strong gross margin performance.

"Across nine refurbished stores, average sales in the half are up 25% since reopening, which is at the top end of our 15%–25% uplift target. We prioritised speed in our capex investment so stores scheduled for refurbishment would be opened and trading through key sales events. This is supporting stronger returns which continue to underpin our commitment to achieving a sub-three-year payback. For the second half

1 Calculated as the average sales growth % since re-opening up until 29 December 2025 for the 9 refurbished stores. 3 stores in FY25 and 6 stores refurbished in FY26.

2 Pro forma financial results exclude employee equity incentive expenses. Refer to the Appendix in the Investor Presentation released on this date for a reconciliation between pro forma and statutory results.

3 Underlying Pro Forma NPAT excludes significant items relating to network optimisation of 2 stores and associated costs with the refurbishment and reopening of 6 stores. Reconciliation included in Appendices.

of the year, in addition to refurbishing six stores, our focus is on refining the operating model to ensure we balance store replenishment cycles with elevated demand.

"Gross margins were up 124 bps to 41%, in line with our FY26 target. Exclusive and private label brands now account for 48.6% of total sales, up 250 bps, highlighting the strength of our product strategy. Post period-end, we are also delighted to announce the addition of Stokke as a new exclusive brand partner in Australia.

"Looking ahead, we have maintained our pro forma NPAT guidance for the second half of \$12.5 million to \$14.5 million. Full year pro forma NPAT guidance is now \$17.5 million to \$19.5 million, and our strategy provides a clear blueprint for longer-term value creation and +10% EBITDA margins."

1H FY26 Financial overview

Total Sales of \$271.4 million for the period, up 6.7% compared to 1H FY25, underpinned by strong comparable store sales growth of 4.7% – exceeding the Group's guidance range – and supported by the opening of five new stores and the full-period contribution from two stores opened in 1H FY25.

Gross Profit of \$111.4 million was up 10% on 1H FY25 with **Gross Profit Margin** up 124 bps on 1H FY25 at 41.0%, reflecting the benefit of annualised supplier trading terms and continued growth in the Group's private label and exclusive product ranges.

Inventory closed at \$107.0 million, reflecting an increase in average store inventory of 4%, and higher safety stock cover in core categories to support growth in exclusive products.

Cost of doing business (CODB) increased to \$96.8 million, including significant items of \$1.9 million relating to network optimisation and the relaunch of six Store of the Future refurbishments. The increase also reflects costs associated with new and annualising stores, wage inflation, higher marketing spend focused on brand building, and administrative expenses tied to investment in capability and platforms.

Net Debt closed at \$21.1 million, up from \$9.1 million at 1H FY25. To support ongoing funding of the Group's growth strategy, the Board has determined no dividend will be paid.

Trading update

The first 7 weeks of trade to 15 February has seen +6.7% comparable sales growth, with:

- AU comparable sales growth of +6.4%;
- NZ comparable sales growth⁴ of +17.8%.

2H FY26 store roll out program

Baby Bunting plans to complete 6 refurbishments in 2H FY26. Risks relating to the refurbishments include the duration of refurbishments (targeting 10–12 weeks per store) and the level of sales redirection realised during closures.

In addition to the refurbishment program, the Group plans to open 2 new large format stores in Tuggerah (NSW) and Mentone (VIC), with handover of another location in Q4, opening in Q1 FY27.

Outlook

2H FY26 pro forma NPAT guidance range of \$12.5 million to \$14.5 million is maintained. FY26 pro forma NPAT is now expected to be in the range of \$17.5 million to \$19.5 million (previously \$17.0 million to \$20.0 million) assuming:

- full year comparable store sales growth of 5%–7% (up from previous guidance of 4%–6%):
 - 2H: 6%–8% with post refurbishment sales growth targeted to be between 15% to 25%
- gross margin now to be above 41%
- 2H retail store CODB increases, ~\$2.5 million for new and annualising store costs and \$1.0 million of refurbishment related costs, including accelerated depreciation and miscellaneous closure and re-opening costs
- capital expenditure is now anticipated to be in the range of \$41 million – \$43 million (excluding rent-free landlord contributions), maintaining adequate banking covenant and facility headroom

Outlook assumes no significant changes in economic and retail trading conditions.

Investor Call

A presentation and discussion will be hosted by Mark Teperson (CEO) and Darin Hoekman (CFO) at **9.15am (AEDT)** today.

You may access the call by registering via:

<https://s1.c-conf.com/diamondpass/10052608-b2itsc.html>

Upon registering you will be provided with dial in numbers and a passcode. Participants may register in advance of the time for the call.

The release of this announcement was authorised by the Board.

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