BabyBunting

1H FY23 Investor Presentation

Period ended 26 December 2022

17 February 2023

Matt Spencer
Chief Executive Officer
& Managing Director

Darin Hoekman
Chief Financial Officer

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Pro forma financial information

Pro forma financial results have been calculated to exclude certain items. These are set out in the Appendix of this document and the Directors' Report (dated 17 February 2023).

Baby Bunting uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information.

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.

For a reconciliation of the non-IFRS financial information contained in this presentation to IFRS-compliant comparative information, refer to the Appendix to this presentation.

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

BabyBunting

Supporting new & expectant parents for over 40 years

1H FY23 Pro Forma[(1)] Financial Summary

Group Sales **$254.9m**	Total Sales Growth **6.6%** Comp growth 0.4%	Gross Profit % **37.2%** -212 bps vs pcp
CODB[(2)] **32.4%** deleveraged 222 bps vs pcp	Group NPAT **$5.1m** -59.2% vs pcp	AU NPAT **$6.8m** -46% vs pcp
Group EBITDA[(2)] **$12.2m** -44.1% vs pcp **4.8% of sales**	Interim Dividend **2.7cps** -59.1% vs pcp	EPS **3.9cps** -60% vs pcp

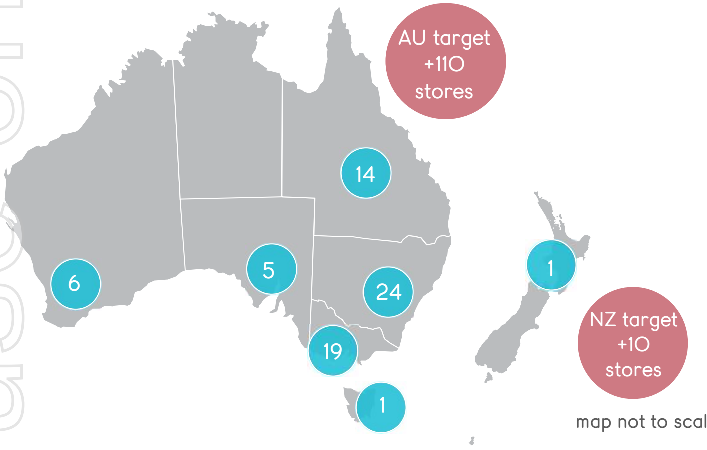
1. Pro Forma financial results have been calculated to exclude certain items, which are set out in the Appendix in this document and the Directors' Report (dated 17 February 2023)
2. As measured under old lease accounting standards (pre AASB16)

1H FY23 Operating Summary

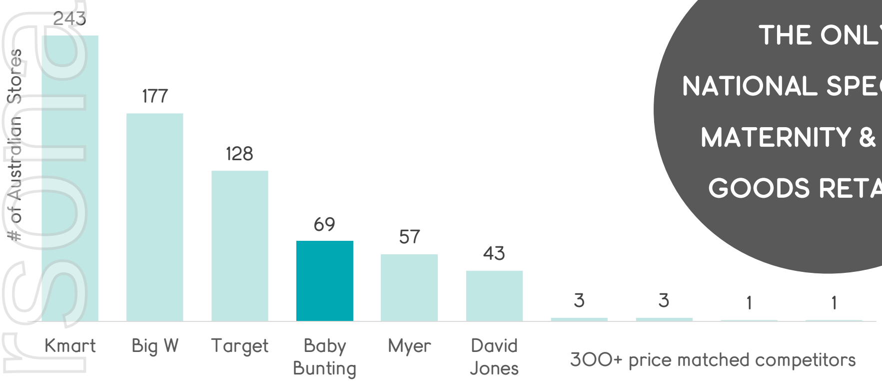
- ✓ Keeping our Team & Customers safe
- ✓ 5 new stores opened (plus 1 relocation)
- ✓ Private Label & Exclusive Product (PLEX) sales at 44.4% of sales
- ✓ Best Buy Product sales 53.0% of sales (1H FY22: 34.5%)
- ✓ Loyalty program changes implemented in Q2 to increase average transaction value & gross margin
- ✓ Net Promoter Score (NPS) of 73
- ✓ New Zealand operations commenced, opened our first store in Auckland (Aug ‘22) and expanded our online offer
- ✓ Marketplace on track for Q4 FY23 launch
- ✓ Transformation agenda progressed

BabyBunting standing out in a fragmented competitive landscape

Baby Bunting current store numbers by state & country



Competition (AU)



THE ONLY NATIONAL SPECIALTY MATERNITY & BABY GOODS RETAILER

Drivers of competitive advantage

Market leader boasting a national footprint of 69 Australian stores (NZ: 1) and a store network plan of +120 stores (AU: +110 & NZ: +10)

Significant online presence generating the highest website visits of any Australian baby goods retailer

Unmatched product range

Private Label & Exclusive Products 44.4% of sales

Great value every day, every visit

Price Beat Promise ~1% of sales

78% (195 products) of our Top 250 SKUs are not available on Amazon.com.au

77% (192 products) of our Top 250 SKUs are not available on Catch.com.au

Other competing retailers

amazon, catch.com.au, ebay, kogan.com, Chemist Warehouse

Baby Bunting has a branded store presence on ebay

Market share continued to grow in 1H

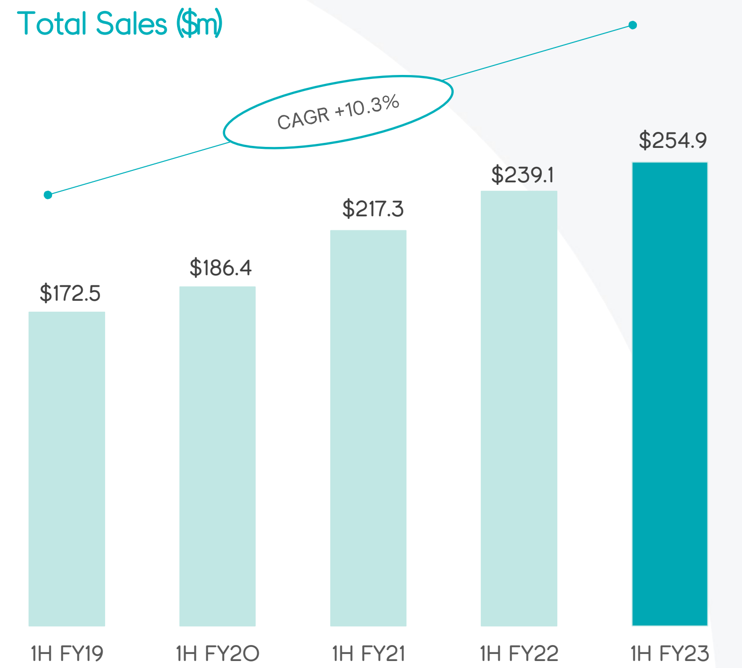
+6.6% total sales growth

+0.4% comparable sales growth

+36.7% 3-year sales growth (pre-COVID)

725k Active loyalty members [(1)] ~5k sign-ups per week

- 5 new stores opened, as well as annualisation of 4 stores opened in 1H FY22
  - Australian new stores trading in line with management expectations
- Online sales (including Click & Collect) declined 11.4% vs pcp, now making up 19.7% of total sales (cycling prior year COVID impacts)
  - Online delivery has grown 6.5% vs pcp
  - Click & Collect reduced 30.2%, reflecting consumer behaviour normalising post COVID
- Stores & Nursery essentials continue to grow [(2)]:
  - Nursery essentials (core categories) has grown 12.7% vs pcp
  - Consumer staples (more widely available across general retail) decreased 4.7% vs pcp
  - Play time which includes Play Gear reflects price deflation and less demand post-COVID lockdowns, decreased 3.6% vs pcp



Comp Growth %	9.5%	1.0%	15.0%	6.8%	0.4%

1. An active loyalty member is defined as a loyalty customer who has shopped with us in the last 12 months
2. Category definitions: "Nursery Essentials" include the following categories: Car Safety, Prams, Cots & Furniture, Feeding, Carry, High Chairs, Services & Hire. "Consumer Staples", which are more easily accessible across general retail, include the following categories: Nappies, Consumables, Bath & Potty, Home Safety, Baby Wear, Manchester & Bedding, Maternity, Gift & Stationery. "Play time" consists of Toys & Activity and Play Gear

Sales performance up 36.7% since 1H FY20

We have grown market share significantly in all three of our product categories since COVID:

- Nursery essentials (core categories making up 68% of sales) was up 12.7% vs pcp, and has grown 39.4% over 3 years
- Consumer staples (22% of sales which are more widely available across general retail) decreased 4.7% vs pcp but up 28% over a 3 year period
- Play time (10% of sales) decreased 3.6% vs pcp but up 39.7% over 3 years

Consumers are returning to pre-COVID shopping behaviours, as highlighted by our channel performance:

- In-Store (80% of sales) continued to grow strongly, up 12.2% vs pcp and has grown 24.3% over 3 years
- Online Delivery (12% of sales) grew 6.5% vs pcp and has grown 94.3% over a 3 year period
- Click & Collect (8% of sales) decreased 30.2% vs pcp but overall has grown significantly - up 225% over 3 years

Category Performance

	Nursery Essentials		Consumer Staples		Play Time	
	Mix	Growth	Mix	Growth	Mix	Growth
1H FY23	68%	12.7%	22%	-4.7%	10%	-3.6%
3 year growth		39.4%		28.0%		39.7%

Channel Performance

	In-Store		Online Delivery		Click & Collect	
	Mix	Growth	Mix	Growth	Mix	Growth
1H FY23	80%	12.2%	12%	6.5%	8%	-30.2%
3 year growth		24.3%		94.3%		225%

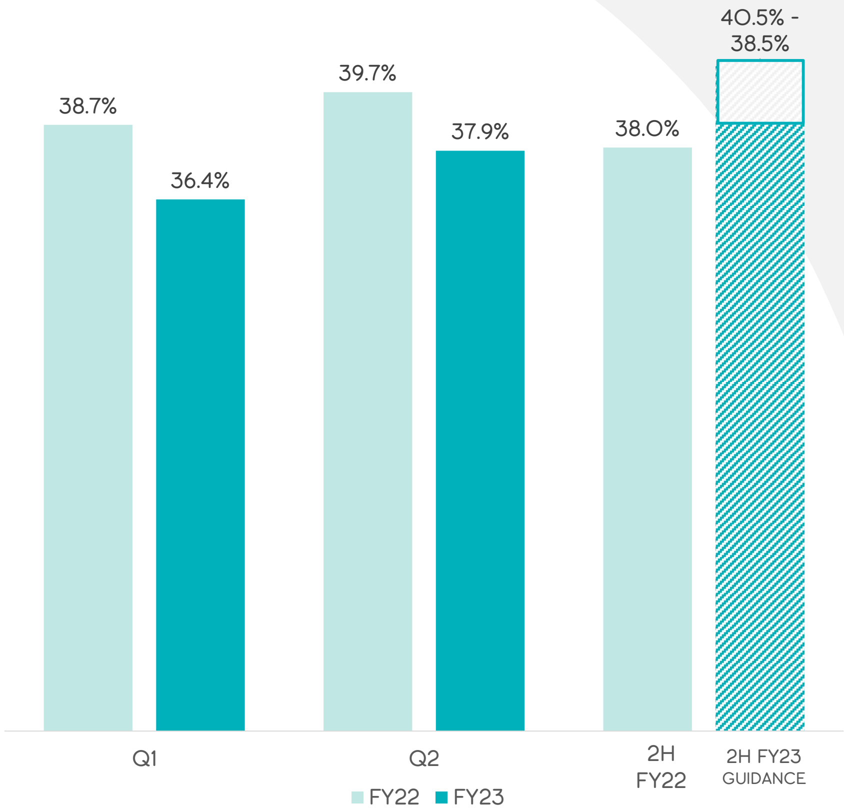
Gross margin recovering

Focus on value everyday

1H Gross Profit % was 37.2%, down 212 bps vs pcp

- 1H margin challenges addressed, noting January GP % traded above prior year reflecting GP recovery plans activated to date
- Price beat promise remains at ~1% of sales
- Drivers of anticipated 2H FY23 margin improvement:
  - Significant reduction in international shipping rates
  - New ranges of Private Label, now 9.0% of sales and Exclusive national brands 35.4% of sales
  - Leverage 3PL opportunities
  - Benefits of order management improvements
  - Loyalty enhancements

Gross Profit %

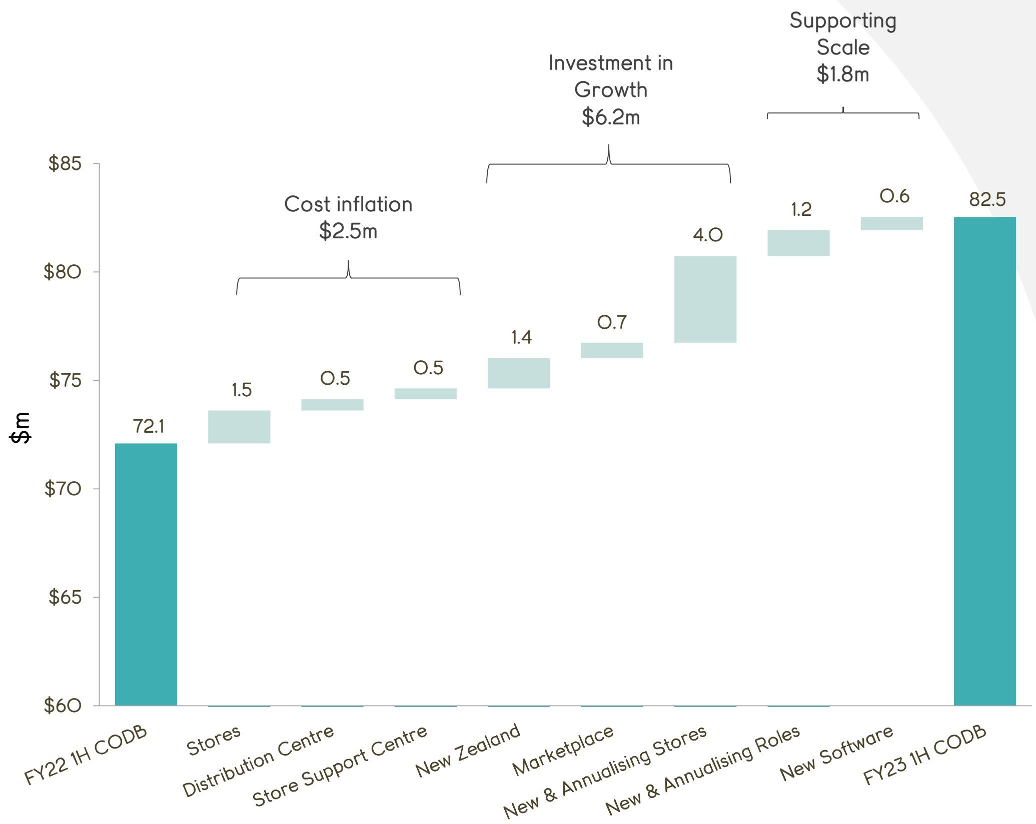


Investment to support growth

CODB % of sales of 32.4%

Cost of doing business of $82.5m up $10.4m vs pcp including:

- **Cost inflation (Stores, Distribution Centre & Store Support Centre)** $2.5m
- **Growth investments** $6.2m
  - 9 new and annualising stores $4.0m
  - New Zealand business establishment costs and DC operating costs $1.4m
  - Marketplace establishment costs $0.7m
- **Investment to support scale** $1.8m
  - Investment in new & annualising Store Support Centre roles as we continue to grow our store network $1.2m
  - Increase in software costs relating to transformation projects post go-live $0.6m



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New Zealand: NZ$450m+ addressable market opportunity

- Our first store in Auckland, opened in August 2022
- Two further sites progressed in Auckland, anticipated opening FY24
- Our second store will open in Christchurch, targeting Q4 FY23/Q1 FY24
- Direct fulfillment from our 5,000 sqm Auckland distribution center has resulted in a 60.5% increase in online sales in 1H FY23
- NPS of 63 and growing
- Loyalty database of 23,000 customers
- One-time establishment costs of approximately A$0.4 million in 1H FY23
- Tailored offer for the New Zealand market, with scope for further evolution

Transformation program[1] supporting long-term growth

Project	Project features		Status
Acquisition of Services Business	• 137,000 car seat installations installed in FY22 • Platform for future B2B growth	• Successful launch of capsule & breast pump hire business	✓
Brand modernisation	• Roll-out of new brand completed Aug 2020 • Unaided brand awareness now 88%	• Supporting connection to today's new & expectant parents	✓
Headless E-Commerce Architecture	• Best of breed technical stack deployed Feb 2022 • Platform for future digital innovation	• Improved customer experience, with significant improvement in conversation rate	✓
Merchandising systems	• Improved availability • Agile inventory planning and forecasting	• Better stock management reducing inventory write-downs	✓
Data & Analytics	• Leveraging data to enable better decision making • Laying the foundation for machine learning / advanced data science	• Improved data warehouse, reporting & analysis tools	✓
National Distribution Centre	• Centralised stock management and improved stock availability • Improved operational efficiencies - better picking & packing	• Increase gross profit through FOB purchasing & transition of DTS deliveries	✓
Loyalty	• Greater customer intimacy and personalised offers • Increase lifetime value & frequency spend	• Leveraging our customer database for customer behavioural insights	✓
People Systems	• Speed to recruit & on-boarding and smarter rostering • Improving communications, learning & development	• Payroll compliance	Payroll live Sep 2022 ✓ Time & Attendance in pilot Q4 FY23
Advanced Order Management	• Activating new online delivery options to improve conversion • Improved online order routing	• Enabling online range expansion	Initial benefits in FY23 Progressive implementation through FY24
ERP/POS	• Replacement of ERP & in-store POS • Deliver in-store & HO administrative efficiencies	• Modernise technologies and introduce multi-currency capability	Solution selection in progress

1. Our transformation program was defined back in FY18, it is made up of a number of large, one-off investments to modernise systems, brand & supply chain

Summary Pro Forma Income Statement

$ million	Pro Forma 1H FY23	Pro Forma 1H FY22	Change
Sales	254.9	239.1	*6.6%*
Comp growth %	*0.4%*	*6.8%*	
Cost of sales	(160.2)	(145.2)	
Gross Profit	94.7	93.9	*0.9%*
Gross Profit Margin	*37.2%*	*39.3%*	
Cost of doing business (1)	(82.5)	(72.1)	*14.5%*
Cost of doing business %	*32.4%*	*30.2%*	
EBITDA(1)	12.2	21.8	*-44.1%*
EBITDA margin %	*4.8%*	*9.1%*	
Impact of AASB 16 application			
- Reverse operating leases expenses	16.8	15.0	
- Add ROU Asset Depreciation & Interest	(17.5)	(15.4)	
Depreciation - Plant & Equipment	(3.5)	(3.0)	
Finance costs - Borrowings	(0.7)	(0.4)	
Profit before tax	7.1	18.0	
Income tax expense	(2.0)	(5.4)	
Net profit after tax (2)	5.1	12.5	*-59.2%*
Net profit after tax margin %	*2.0%*	*5.2%*	

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

Total sales of $254.9m, up 6.6% vs pcp

- Comparable store sales growth of 0.4%

Gross margin of 37.2%, down 212 bps vs pcp

CODB of $82.5m (1) up $10.4m vs pcp including:

- **New and annualising** stores $4.0m
- **Fair Work wage case** (ie. wage inflation) $1.6m
- **Investment in new roles & software** $1.8m
- **New Zealand** $1.4m including one-off start-up costs of $0.4m
- **Marketplace** one-off establishment costs $0.7m

Pro forma **EBITDA (1) of $12.2m**, down 44.1% vs pcp

Pro forma **NPAT (2) of $5.1m**, 59.2% decrease vs pcp

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Statement of Financial Position

$ million	Statutory 26-Dec-22	Statutory 26-Jun-22	Statutory 26-Dec-21
Cash & cash equivalents	10.8	12.2	15.0
Inventories	112.9	96.7	92.9
Plant and equipment	30.8	30.3	28.9
Goodwill & Intangibles	51.8	50.6	49.1
Right of Use assets	148.0	139.8	129.3
Other assets	16.6	21.0	23.5
Total Assets	370.9	350.7	338.8
Payables	60.3	58.3	53.9
Borrowings	31.2	12.9	23.5
Lease liability	167.1	156.2	143.9
Provisions	8.4	7.8	7.4
Income Tax Payable	0.0	0.6	0.0
Total Liabilities	267.0	235.9	228.6
Net Assets	103.9	114.7	110.1
Net Cash / (Debt)	(20.3)	(0.7)	(8.4)

- Inventory increase of $20m on pcp includes:
  - ~$10m for 6 new stores (incl. Loganholme opened 11 Feb) & NZ DC in-fill
  - ~$6m cost of goods inflation
  - ~$4m prior year shipping delays resulted in some Q2 FY22 orders delivered in Q3 FY22
- Right of Use assets and associated lease liabilities increase, as we have added 5 new store leases (4 AU & 1 NZ) & NZ DC lease (4 years) in addition to 3 lease renewals
- Our net debt of $20.3m with $70m facility leaves adequate head room for our growth strategy

Cash Flow

$ million	1H FY23	1H FY22
EBITDA [1]	12.2	21.8
Movement in working capital	(10.1)	(7.7)
Tax Paid	(2.0)	(2.8)
Net cash flow from operating activities	**0.1**	11.3
New store capex	(2.8)	(2.5)
Capex (excluding new stores)	(2.1)	(2.8)
Transformation program investments		
- capex	(0.2)	(1.5)
- non capital	(2.2)	(2.7)
Net cash flow from investing activities	**(7.4)**	(9.4)
Free cash flow	**(7.2)**	1.9
Dividends paid	(11.9)	(10.8)
Borrowings (net)	18.2	13.5
Finance costs – borrowings	(0.5)	(0.5)
Net cash flow	**(1.4)**	4.2

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

- **Increase in working capital** (inventory investment) reflecting investment in new stores (AU & NZ) and our usual December inventory build ahead of Chinese New Year factory shutdowns
- **Investment expenditure** of $7.4m includes investments in:
  - $2.8m on 5 new stores
  - $2.1m in ongoing operational, IT/Digital and Store Support Centre spend
  - $2.4m in transformation projects

Dividends

- FY22 final dividend of 9.0 cents per share paid in September
- **1H FY23 interim dividend of 2.7 cents per share** with a payment date of 17 March (70% of pro forma NPAT)

Introducing Marketplace on babybunting.com.au

The one stop shop for all baby goods in Australia
More products, more brands, more suppliers, and more choice

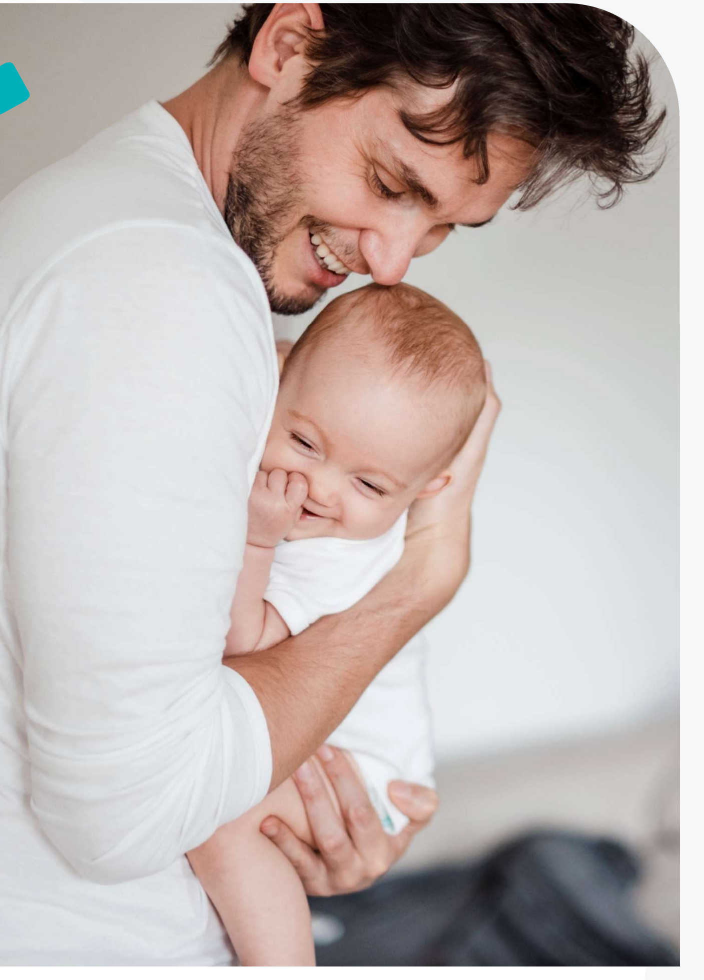
Leveraging babybunting.com.au, Marketplace presents a significant revenue opportunity

- Capital efficiency – expanded range without requiring investment in inventory and infrastructure
- Test and learn assortment – test new ranges and identify vendors for which Baby Bunting may seek to build a broader relationship in stores and online
- Curation – select and vet each seller on our Marketplace ensuring that their range is curated and complements our customers' needs
- Assortment growth – launching during Q4 FY23 with a select set of partners showcasing approximately 1,000 items
- Tried and tested path – Baby Bunting is following a tried and tested path that has delivered success to other major omni-channel retailers both in Australia and around the world

Expected launch Q4 FY23

Priorities

- ✓ Restore gross margin in FY23 to above FY22 levels
- ✓ Grow our store network to 110+ AU stores (10+ NZ)
- ✓ Deliver cost of doing business leverage
- ✓ Investment in Private Label & Exclusive Products
- ✓ Targeting expanded Total Addressable Market opportunity through the launch of Marketplace (babybunting.com.au) and online range expansion
- ✓ Further investment in digital to transform the customer experience
- ✓ Evolve the loyalty program further to grow lifetime value
- ✓ Progress completion of Transformation program to support long-term growth



Trading update

As at 16 February 2023, year-to-date sales performance:

- Total sales growth +3.3%
- Comparable store sales growth -2.1%

	Q1	Q2	Jan	Feb MTD	YTD
FY23	7.6%	-7.2%	-8.7%	-2.6%	-2.1%
FY22	-1.4%	16.1%	6.2%	-0.3%	6.1%
FY21	17.0%	13.1%	15.8%	25.0%	15.7%
Triple Stack	**23.2%**	**22.0%**	**13.3%**	**22.1%**	**19.7%**

- Sales improving through February with plans to drive further sales performance

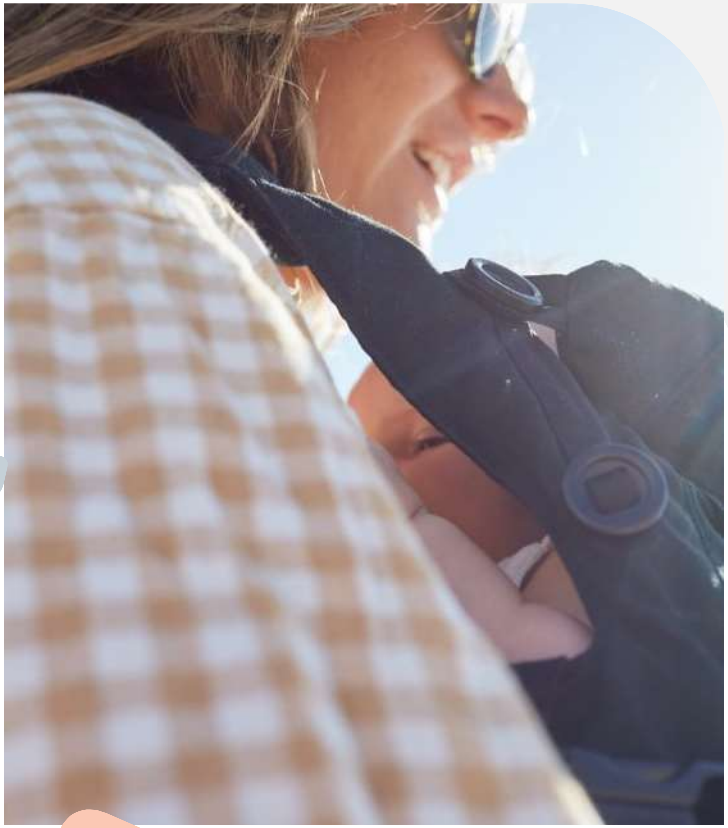
- Gross profit % for January is in line with forecast and up on pcp

Outlook

For FY23, Baby Bunting expects:

- pro forma net profit after tax to be in the range of $21.5m to $24m;
- full year gross profit margin to be between 38% to 39%

In addition to the opening of Loganholme (Qld) on 11 February 2023, we anticipate opening a further 2 new stores in Orange (NSW) in April & Christchurch (NZ) in Q4 FY23/Q1 FY24. Outlook assumes no significant deterioration in economic conditions that affect sales performance.



Appendices

Appendix 1: Statutory - Pro Forma Income Statement Reconciliation

	1H FY23			1H FY22		
	Statutory 1H FY23	Add Pro Forma Adj [1]	Pro Forma 1H FY23	Statutory 1H FY22	Add Pro Forma Adj [1]	Pro Forma 1H FY22
$ million						
Sales	254.9		254.9	239.1		239.1
Cost of sales	(160.2)		(160.2)	(145.2)		(145.2)
Gross Profit	94.7		94.7	93.9		93.9
Other Income	0.0		0.0	0.0		0.0
Store expenses	(38.8)		(38.8)	(34.1)		(34.1)
Marketing expenses	(4.7)		(4.7)	(4.1)		(4.1)
Warehouse expenses	(4.3)		(4.3)	(3.3)		(3.3)
Administrative expenses	(18.2)	0.3 [a]	(17.9)	(20.4)	4.7	(15.6)
Project Expenses	(2.2)	2.2 [b]	0.0	(2.7)	2.7	0.0
EBITDA	26.5	2.5	28.9	29.3	7.5	36.8
Depreciation and amortisation	(17.6)		(17.6)	(15.5)		(15.5)
EBIT	8.9	2.5	11.3	13.8	7.5	21.2
Net finance costs	(4.2)		(4.2)	(3.3)		(3.3)
Profit before tax	4.7	2.5	7.1	10.5	7.5	18.0
Income tax expense	(2.0)	(0.1) [c]	(2.0)	(2.3)	(3.1)	(5.4)
Net profit after tax	2.7	2.4	5.1	8.1	4.4	12.5

1. Pro forma financial results have been calculated to exclude the following items (refer Directors' Report (dated 17 February 2023) for further detail):
   a) (i) cost amortisation of performance rights (LTI) on issue in the current reporting period. Also includes a write-back of the 2020 – Series 1 (TSR CAGR) and 2020 – Series 1 (EPS CAGR) expenses ($1.673m) as the CAGR hurdles defined under the LTI plan are unlikely to be achieved;
   (ii) The Company issued 277,182 shares under its General Employee Share Plan in the current reporting period with no monetary consideration payable by participating eligible employees who each received approximately $1,000 worth of shares ($0.782 million)
   b) The Company continues its investment in Transformation projects and during the half, the Company incurred ($2.225 million) non-capital costs associated with (i) the implementation of an advanced order management system; (ii) time and attendance system; and (iii) other transformation project expenses include external consultant costs associated with project management costs to deliver the transformation projects
   c) Tax impact from pro forma adjustments

Appendix 2: AASB 16 Transition Impact - Pro Forma Income Statement

	1H FY23				1H FY22			
	Pro Forma 1H FY23	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 1H FY23	Pro Forma 1H FY22	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 1H FY22
$ million								
Sales	**254.9**			**254.9**	**239.1**			**239.1**
Cost of sales	(160.2)			(160.2)	(145.2)			(145.2)
Gross Profit	**94.7**			**94.7**	**93.9**			**93.9**
Other Income	0.0			0.0	0.0			0.0
Store expenses	(38.8)		(14.7)	(53.5)	(34.1)		(13.3)	(47.4)
Marketing expenses	(4.7)			(4.7)	(4.1)			(4.1)
Warehouse expenses	(4.3)		(1.9)	(6.2)	(3.3)		(1.5)	(4.8)
Administrative expenses	(17.9)		(0.2)	(18.1)	(15.6)		(0.2)	(15.8)
Project Expenses	0.0			0.0	0.0			0.0
EBITDA	**28.9**		(16.8)	**12.2**	**36.8**		**(15.0)**	**21.8**
Depreciation and amortisation	(17.6)	14.1		(3.5)	(15.5)	12.6		(3.0)
EBIT	**11.3**	14.1	(16.8)	**8.6**	**21.2**	**12.6**	**(15.0)**	**18.8**
Net finance costs	(4.2)	3.5		(0.7)	(3.3)	2.8		(0.4)
Profit before tax	**7.1**	17.5	(16.8)	**7.9**	**18.0**	**15.4**	**(15.0)**	**18.4**
Income tax expense	(2.0)	(5.3)	5.0	(2.3)	(5.4)	(4.6)	4.5	(5.5)
Net profit after tax	**5.1**	12.3	(11.7)	**5.7**	**12.5**	**10.8**	**(10.5)**	**12.8**

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 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)
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). Historically, exclusive supply arrangements have been arranged with suppliers in relation to selected products and for varying lengths of time
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)