BabyBunting

FY22 Investor Presentation

52 weeks ended 26 June 2022

Matt Spencer
Chief Executive Officer
& Managing Director

Darin Hoekman
Chief Financial Officer

Important notice and disclaimer

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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 2022 which includes the Directors' Report (dated 12 August 2022) contains details of the 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.

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 12 August 2022).

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

FY22 Pro Forma[1] Financial Highlights

Sales **$507.3m** ↑ Total sales growth 8.3% Comparable store sales growth 5.0%	**EBITDA[2]** **$50.5m** ↑ up 16.1% vs pcp **10% of sales**	**EPS** **22.5cps** ↑ up 11.4% vs pcp
Gross Profit % **38.6%** ↑ up 151 bps vs pcp	**NPAT** **$29.6m** ↑ up 13.6% vs pcp	**Full Year Dividend** **15.6cps** ↑ up 10.6% vs pcp Final dividend 9.0 cps
CODB[2] **28.6%** ↑ up 85 bps vs pcp Retail leverage achieved	**AU NPAT** **$31.1m** ↑ up 20% vs pcp	**ROFE[3]** **37.9%** ↑

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 12 August 2022)
2. As measured under old lease accounting standards (pre AASB16)
3. Return on Funds Employed – see Glossary

FY22 Operating Highlights

- ✓ Keeping our Team & Customers safe
  LTIFR of 8.44 (down from 9.98)
- ✓ 4 new stores opened (plus 2 relocations & 2 refurbishments)
- ✓ 48% of online delivery orders processed through our store network
- ✓ Private Label & Exclusive Product (PLEX) sales now 45.3% of sales
- ✓ Best Buy Product sales now 37.7% of sales (FY21: 31.1%)
- ✓ Loyalty program launched
- ✓ Headless e-commerce architecture deployed
- ✓ New Zealand operations commenced
- ✓ National Distribution Centre delivering efficiencies & gross margin benefits

1. We define a lost time injury to be any injury that results in a team member being unable to attend their next rostered shift.

FY22 Financial Performance & Highlights

Sales now +$500 million

Market share growth continues

8.3% total sales growth

5.0% comparable sales growth

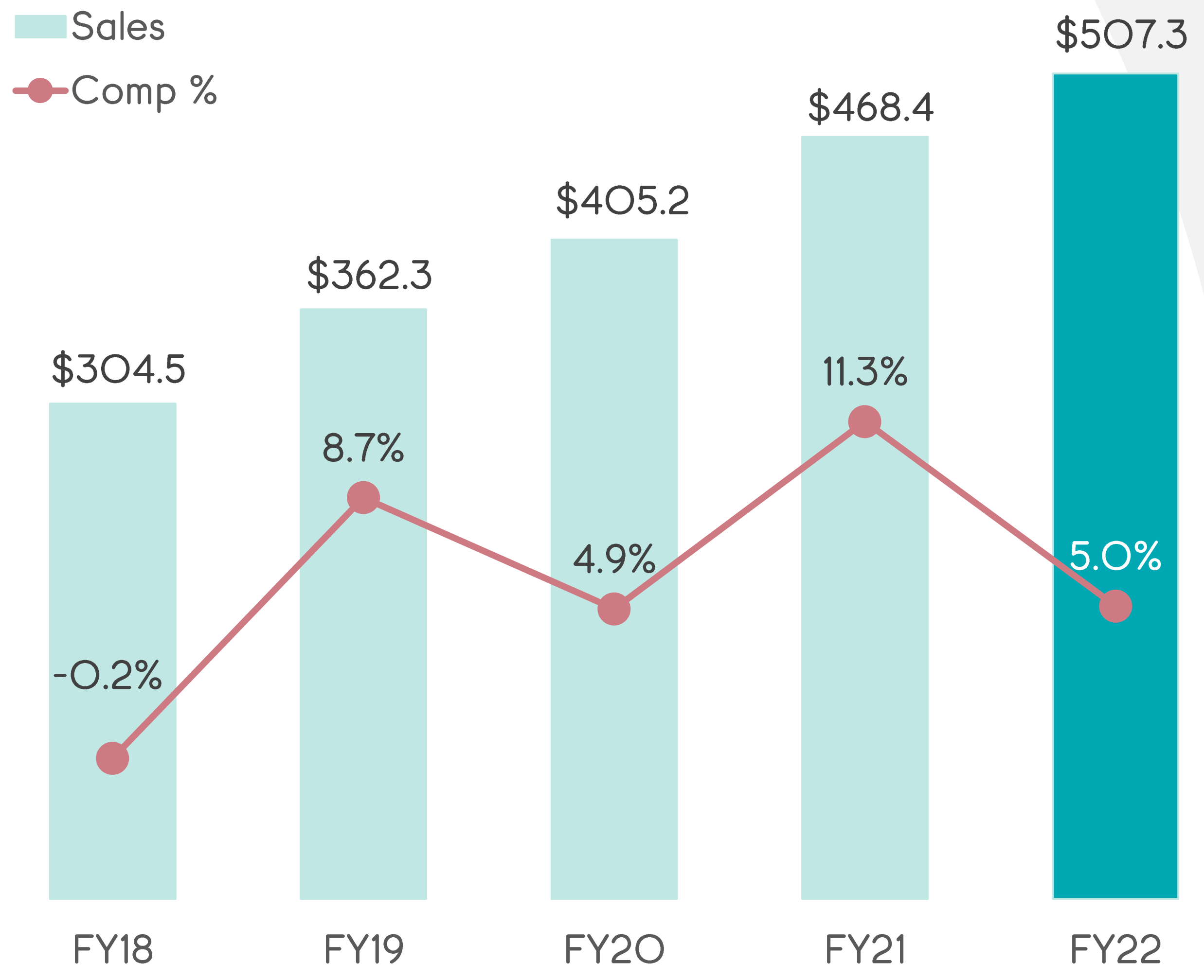
25.2% 2-year sales growth

9.8% total transaction growth

A very successful year despite some COVID headwinds

- **Omni-channel customers drive sales performance**
- **4 new stores** opened, as well as annualisation of 4 stores opened in FY21
- **Online sales** (including Click & Collect) grew 24.2% vs pcp, now making up 22.2% of total sales (up from 19.4% pcp)
- 2H **new store sales** revenue shortfall against plan of ~$10m due to handover delays (availability of trades & delays in material imports)
- Q4 availability of some key lines impacted reported sales by ~$3m (number 1 pram unavailable, customer orders secured with sales to be realised in FY23)

Sales ($m)



Digital investment in customer acquisition, CX, platform and team pays dividends

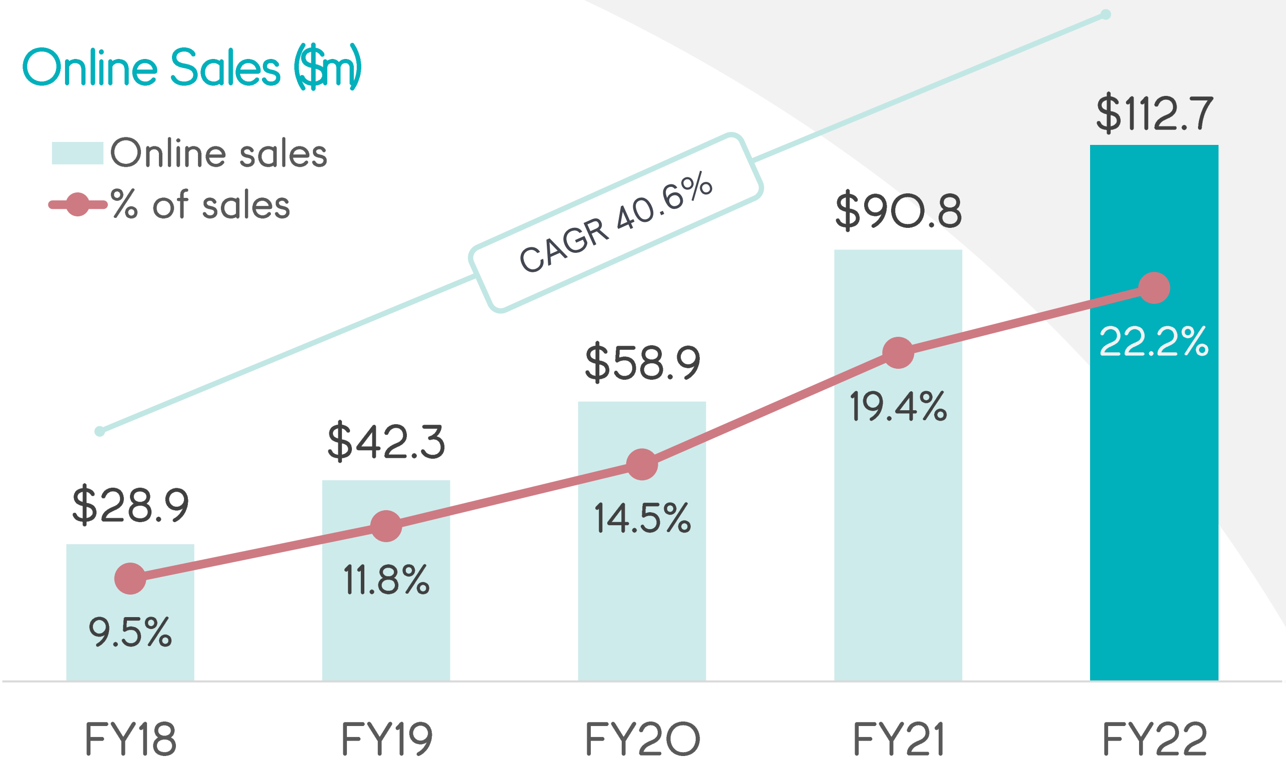
Total online sales of $112.7m, up 24.2%, now 22.2% of sales

- **Website visits continue** to grow, ~32 million sessions for the year, up 7% vs pcp
- **Conversion rate** up +46 bps vs pcp
- **Online Delivery** sales grew 20.8%
  - Leveraging the store network for online fulfilment, with **store based fulfilment now 48%** of all online delivery orders
- **Click & Collect** sales grew 28.2% and now make up **~60% of all Online sales** where Baby Bunting has a store

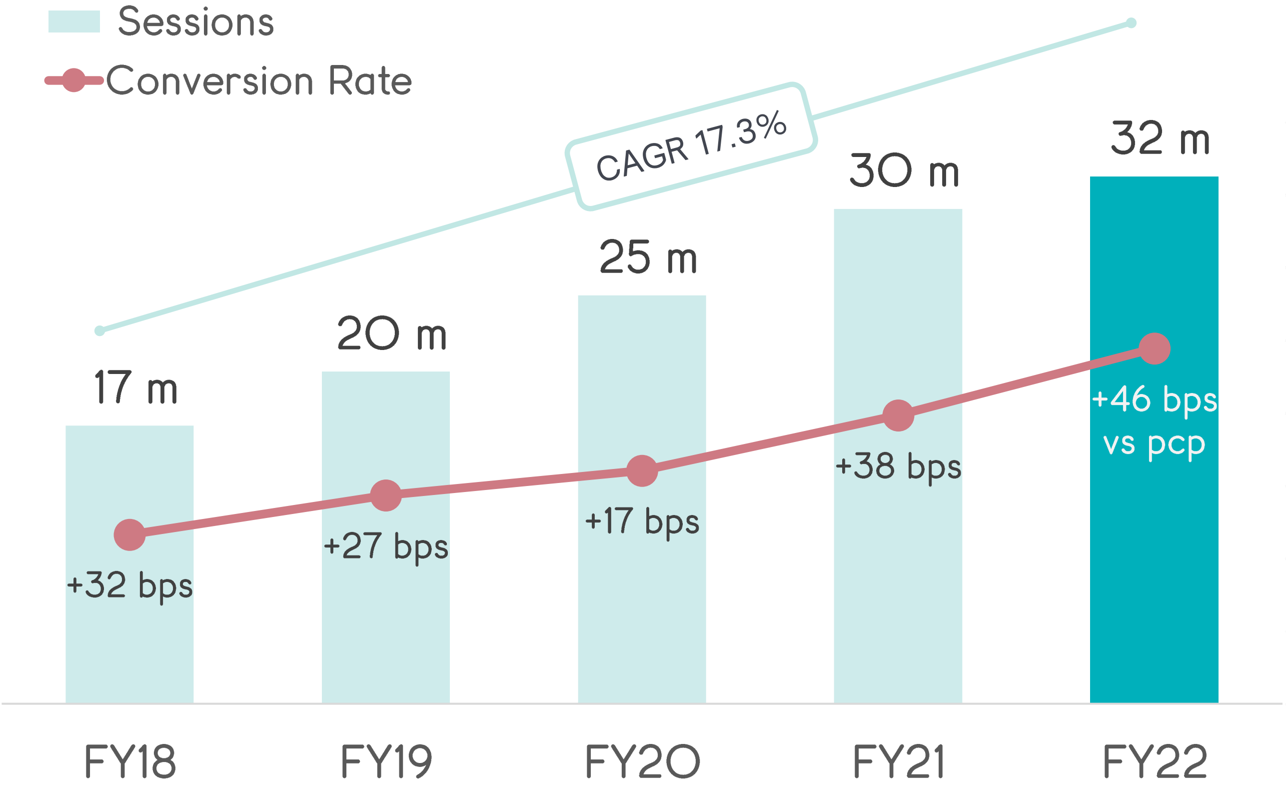
Investment in Digital to drive & transform the omni-channel experience

- **Omni-channel customers** on average spend 2x more than an in-store only customer and 5x more than an online only customer
- Launched new **headless e-Commerce architecture** leveraging best of breed technologies
- **Expanded online range** and continues to grow
- **Loyalty offer** launched across all channels

Online Sales ($m)



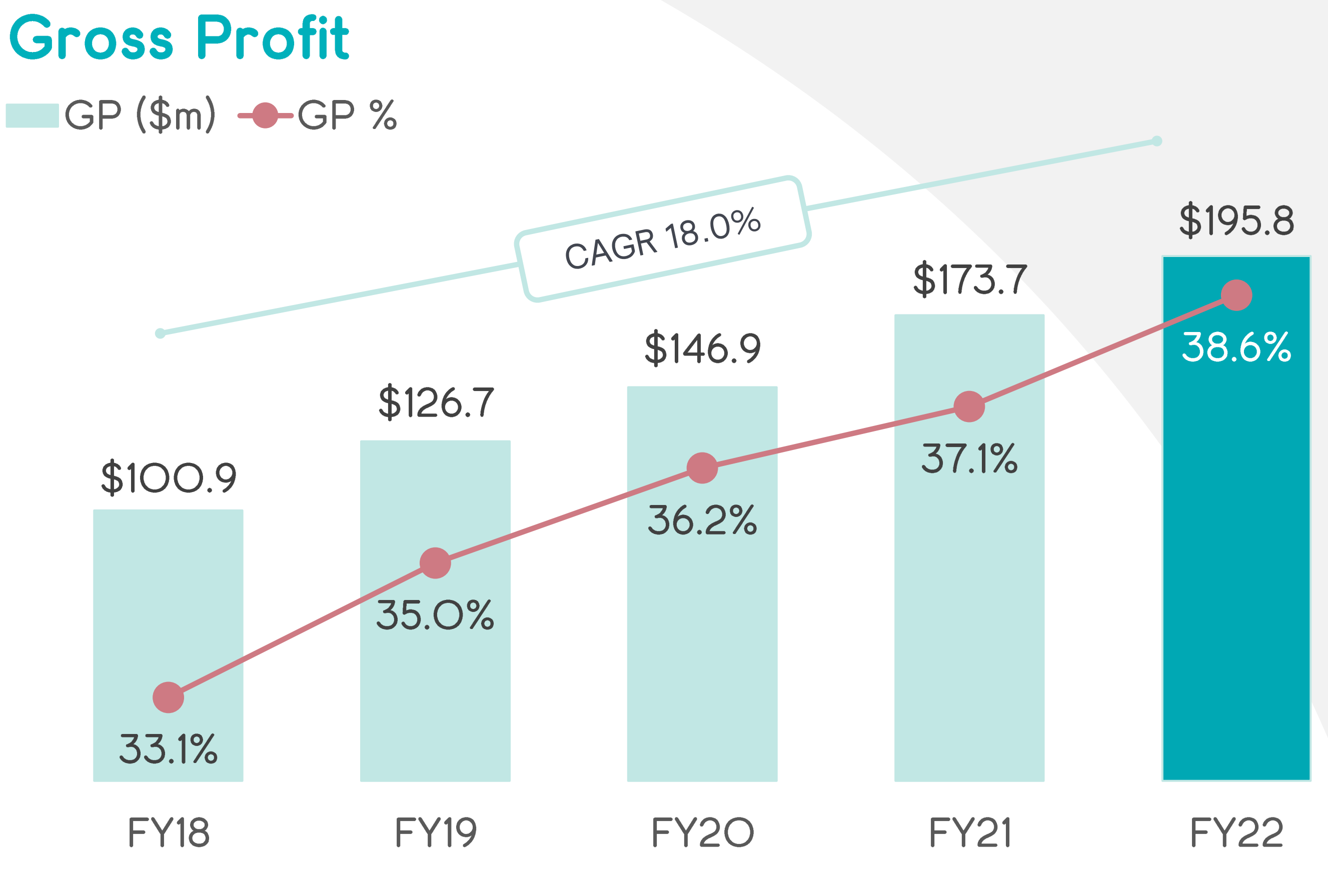
Website sessions & conversion rate

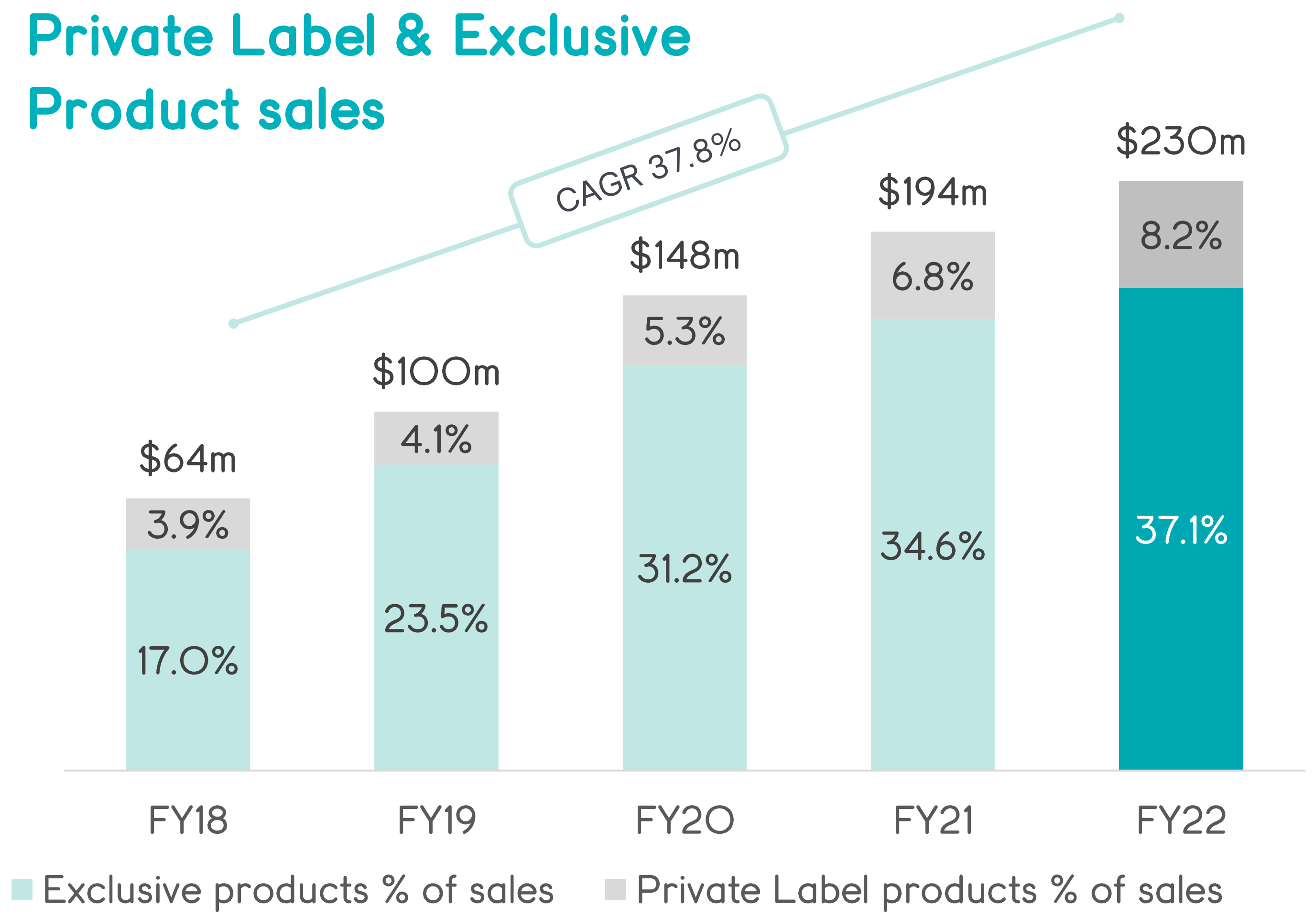


Gross Margin improvement up 151 bps to 38.6%

No change to promotional calendar vs pcp

- Gross margin performance up:
  - 1H up 192 bps vs pcp
  - 2H up 115 bps vs pcp
    - Covering higher 2H import costs & lower AUD YoY
- Private Label & Exclusive Products now 45.3% of sales
  - National branded exclusive products now 37.1% of sales, up 16.0% vs pcp
  - Private Label (4Baby, Bilbi, JENGO) 8.2% of sales, up 31.5% vs pcp
- Supply chain investment in National DC (NDC) underpins GP growth:
  - ~80% of sales now flowing through NDC (FY21 ~72%), target 90%
  - Direct container imports increased 15% vs pcp
  - International freight cost increases & FX impacts managed
- Investment in value – Price Beat Promise <1% of sales





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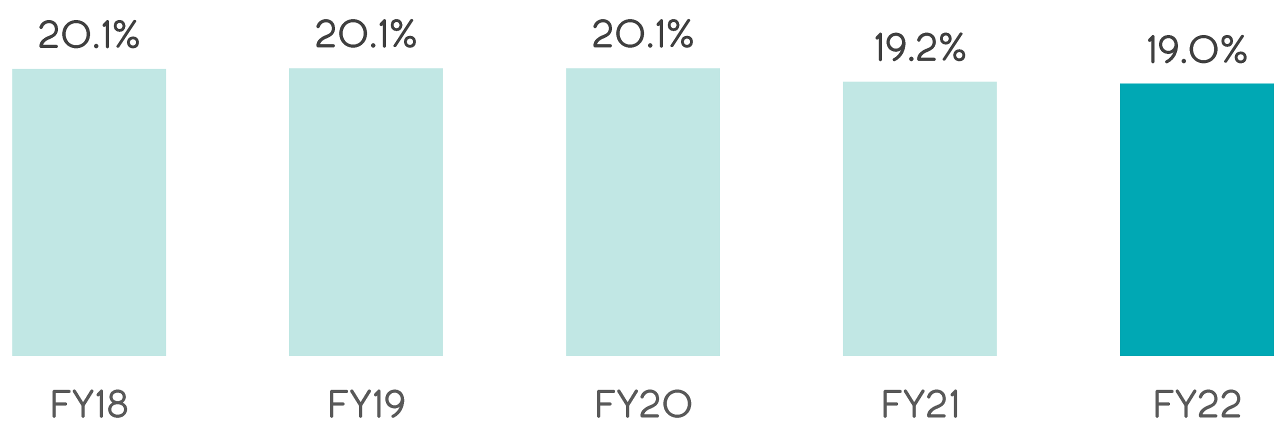
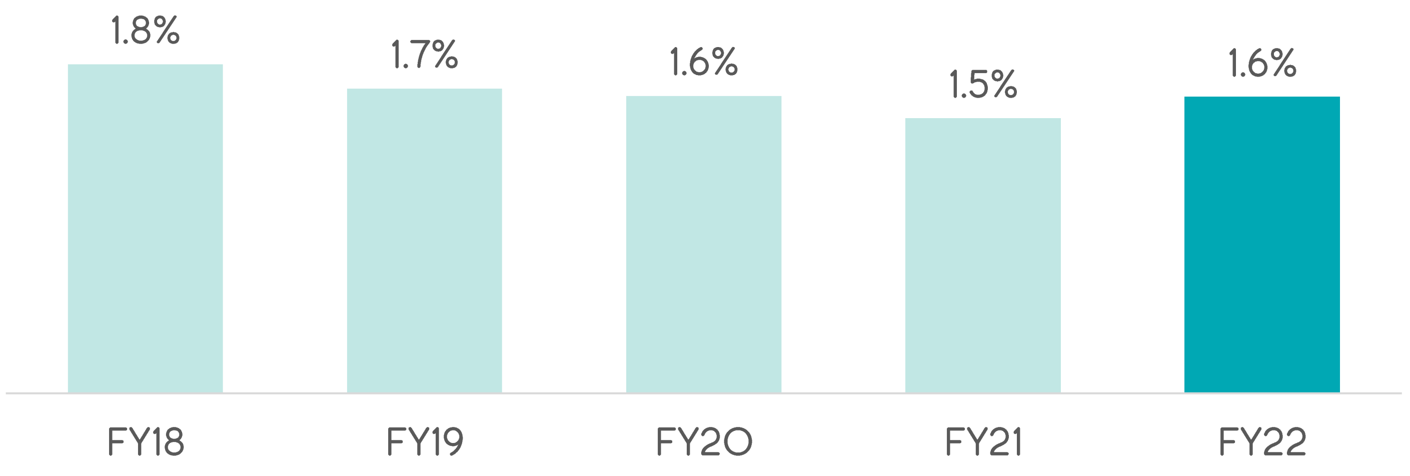
Cost of Doing Business – retail leverage achieved

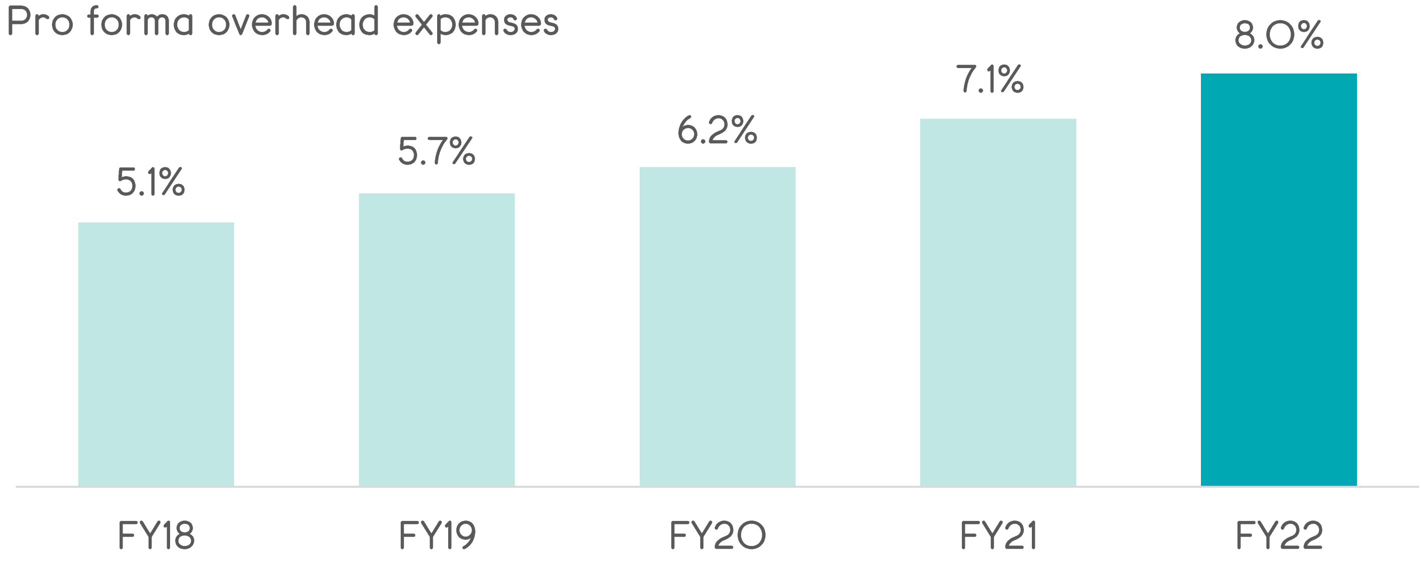
Store expenses



Marketing expenses



Pro forma overhead expenses



Store expenses of 19.0% of sales,
17 bps of leverage (vs pcp)

- Labour leveraged through operational efficiencies
- Store based online fulfilment delivers benefits
- Store lease rent increases not linked to CPI

Marketing expenses of 1.6% of sales

- Transitioning from printed catalogue to digital media
- Investment of $0.5m building brand awareness in NZ ~10 bps impact

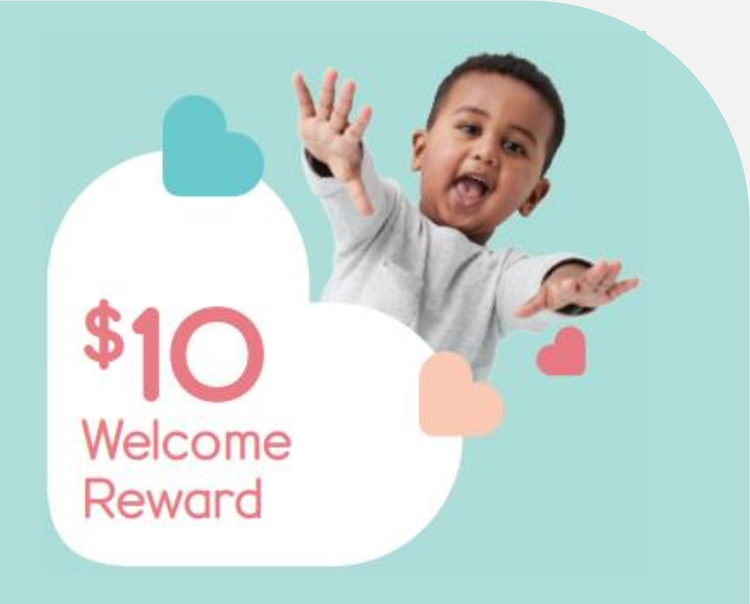
Pro forma overheads up 90 bps of sales to support strategy

- New DC impact ~40 bps YoY, contributing to GP gains
- ~$1.5m investment in NZ start-up costs that will not annualise ~30 bps impact
- Systems transformation program has increased the use of cloud-based SaaS which reduces capex/amortisation and increases opex

Baby Bunting family launched across all channels

81% of sales are transacted by a loyalty member

- Launched **'Baby Bunting family'** across all channels in February 2022
- **1.4m loyalty members** with **705,000 members active** during the year (adding ~ 25,000 members a month)
- Membership benefits include **$10 Welcome reward, $10 birthday reward** and **$10 'Spend and Earn' reward** for every $200 spend, fee free layby and personalised content & offers
- Develop **analytical insights** to make personalised offers to our growing customer database
- Continue to grow average **lifetime value** & **visitation**

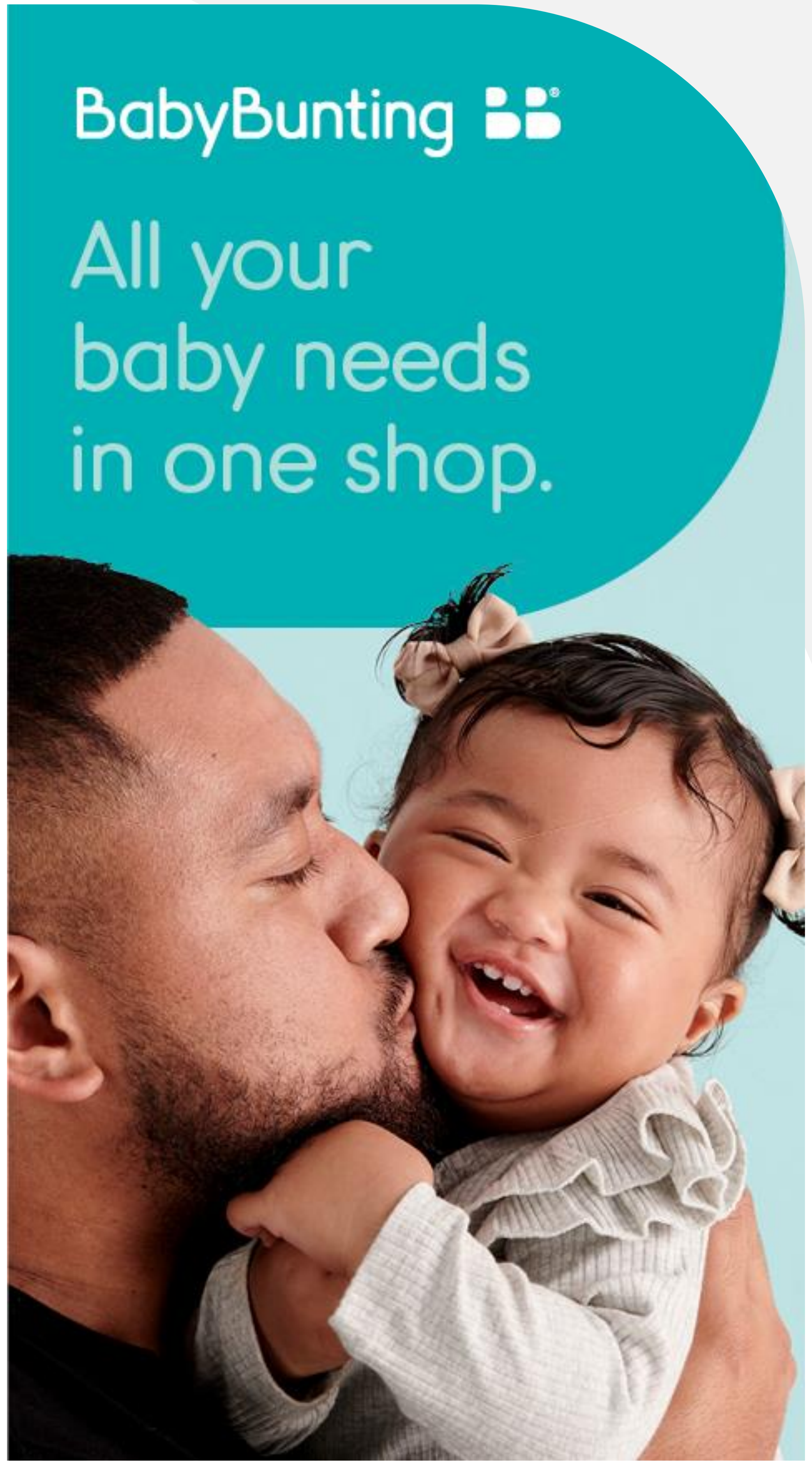


Supporting New Zealand parents with a local team

Now open for business

NZ$450m+ addressable market opportunity

- Online sales of A$2.0m in FY22 (fulfilled from AU)
- FY22 one-off establishment spend of ~A$1.5m
- Significant investment in brand awareness and customer research
- First store opened in Auckland
- Second store opening in Christchurch (Q3 FY23)
- 5,000 sqm Distribution Centre established in Auckland
- Established local operations & leadership team
- Local website launched with local pricing and fulfilment
- Localised ranging with >15% SKUs unique to local market



Transformation program

Progressed with some timing changes as growth projects prioritised

- Comprised of a number of large-scale, major projects to modernise systems, branding & supply chain infrastructure – these projects have proven critical in supporting growth
- Transformation items (essentially build & project costs) are non-recurring and excluded from our pro-forma reporting to better represent the underlying performance of our business

Timing

- Transformation impacted by COVID and delays to online re-platforming
- ERP/POS have been strategically deferred to capture the Marketplace opportunity – refer Slide 29 (not part of the defined transformation agenda)

Spend

- FY22: $6.9m ($2.2m capex, $4.7m opex)
- FY23: ~$4-5m[(1)] (primarily one-off opex)
- FY24: ~$5-7m[(1)] expected to conclude post ERP/POS
- Important to note, investment forecast remains unchanged, other than timing

(1) Amounts are a blend of capex & one-off expense items. Refer to Financial Statements Note 2(aa) for definitional changes regarding cloud computing

Transformation delivering long-term benefits

Project	Project features		Status
Acquisition of Services Business	• 137,000 car seat installations: 27% CAGR since acquisition • 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	Significantly progressed with Payroll & Time & Attendance to be completed FY23
Advanced Order Management	• Activating new online delivery options to improve conversion • Improved online order routing	• Enabling online range expansion	To be completed FY23
ERP/POS	• Replacement of ERP & in-store POS • Deliver in-store & HO administrative efficiencies	• Modernise technologies and introduce multi-currency capability	Deferred to FY23/24 to prioritise growth projects

COVID

All stores remained open providing essential baby & maternity goods & services

Supporting our Team

- Paid COVID-19 leave & vaccination leave to support team members

Trading impacts

- COVID lockdowns change the flow of sales impacting comparable store sales growth. Sales moderated during lockdowns and recovered immediately after restrictions ease
- Customers continue to shop for essential needs in-store and online
- New store openings affected due to delayed site handovers and availability of trades & materials

Financial impacts

- COVID-safe ways of working: higher absenteeism, COVID leave, PPE & security guards: ~$1.2m FY22 impact
- 2H new store sales revenue shortfall against plan of ~$10m due to handover delays (availability of trades & delays in material imports)

Supply Chain
Managing through headwinds

Inflation

- Limiting price rises through direct imports, PLEX and utilising our supply chain infrastructure to convert direct to store suppliers to the National DC
- Some prices have and will rise but we continue to focus on value for the consumer and our 5% price beat promise

International shipping

- Variability in timing of product landings mitigated by product substitutions and use of layby service
- International freight rates contracted with multi-carrier strategy

Product availability / delays

- ~$3m of sales deferred until FY23 due to delays of the number 1 selling pram
- During 2H, some stock flows were impacted by flood events (WA/Qld)

Sustainability Strategy

A purpose-led organisation working to create a better tomorrow

Refer to our 2022 Sustainability Report

Our People

FY22 progress

- LTIFR [(1)] finished at 8.44 (down from 9.98)
- Paid Parental Leave policy expanded
- Employee Share Gift Offer continues – around 50% of team members are shareholders
- COVID & vaccination leave

Our Communities

FY22 progress

- $695k raised to support our partners PANDA and Life's Little Treasures Foundation and contributions to the Red Cross flood appeals as well as in-kind donations to families in need
- Commitment to product safety with the opening of our new Wen Huang Product Testing Room
- Ongoing partnership with INPAA and commitment to infant safety

Our Planet

FY22 progress

- 4% reduction in estimated scope 2 emissions as we commence our renewable energy program and energy efficiency initiatives
- 11% of energy consumption is renewable
- Installing roof-top solar – with first store to be completed in 1H FY23
- Product stewardship schemes
- Phasing out plastic bags in stores during FY23

BABY SAFETY MONTH 2021 INPAA PROGRAM PARTNER

Baby Bunting has been a long-term partner and supporter of the Infant and Nursery Products Alliance of Australia (INPAA)

Supporting partner of the first Baby Safety Month in November 2021
We are proud to support Baby Safety Month in November 2022

1. We define a lost time injury (LTI) to be any injury that results in a team member being unable to attend their next rostered shift

Summary Pro Forma Income Statement

$ million	Pro Forma FY22	Pro Forma FY21 Restated (1)	Change
Sales	**507.3**	468.4	*8.3%*
Cost of sales	(311.5)	(294.7)	
Gross Profit	**195.8**	173.7	*12.7%*
Gross Profit Margin	*38.6%*	*37.1%*	+151 bps
Cost of doing business (2)	(145.3)	(130.2)	
Cost of doing business %	*28.6%*	*27.8%*	-85 bps
EBITDA (2)	50.5	43.5	*16.1%*
EBITDA margin %	*10.0%*	*9.3%*	
Impact of AASB 16 application			
- Add back rent expenses	30.5	26.8	
- Less ROU Asset Dep'n & Interest	(31.7)	(27.0)	
Depreciation - Plant & Equipment	(6.2)	(5.7)	
Finance costs - Borrowings	(0.9)	(0.9)	
Profit before tax	**42.3**	36.6	*15.5%*
Income tax expense	(12.7)	(10.6)	
Net profit after tax (3)	**29.6**	26.0	*13.6%*
Net profit after tax margin %	*5.8%*	*5.6%*	

(1) Refer to the Financial Statements for the period ended 26 June 2022 for detailed information on restatement of comparatives
(2) Pre AASB 16 application (ie. excluding the impact of lease accounting)
(3) Post AASB 16 application

Significant NPAT growth in AU ($31.1m, up 20% vs pcp) with $1.5m of NZ establishment costs in FY22

Total sales of $507.3m, up 8.3% vs pcp
- Comparable store sales growth of 5.0%

Gross margin of 38.6%, up 151 bps vs pcp

CODB of $145.3m (2) up $15.1m vs pcp including:

- **New and annualising** stores $5.1m
- **COVID costs** ~$1.2m (FY21: ~$1.1m)
- **New Zealand** one-off establishment costs ~$1.5m
- New **National DC** has added ~$2m in overhead costs

Pro forma **EBITDA (2) of $50.5m now 10.0% of sales**, up 16.1% vs pcp

Pro forma **NPAT (3) of $29.6m**, 13.6% increase on pcp

Statement of Financial Position

Well positioned for continued investment in our growth & transformation program

$ million	Statutory 26-Jun-22	Statutory 27-Jun-21 Restated (1)
Cash and cash equivalents	12.2	10.9
Inventories	96.7	80.0
Plant and equipment	30.3	27.2
Goodwill & Intangibles	50.6	47.3
Right of Use assets	139.8	112.1
Other assets	21.0	22.4
Total Assets	**350.7**	**299.8**
Payables	58.3	52.0
Borrowings	12.9	9.9
Lease liability	156.2	125.3
Provisions	7.8	6.5
Income tax payable	0.6	0.0
Total Liabilities	**235.9**	**193.7**
Net Assets	**114.7**	**106.1**
Net Cash / (Debt)	**(0.7)**	**0.9**

- **Inventory** increase of $16.7m included ~$4m of inventory for 4 new AU stores and NZ DC inventory fill. ~$12m investment in safety stock to mitigate short term supply chain risks around shipping variability
- **Plant & Equipment** increase reflects investment in new stores, IT infrastructure and transformation projects
- **Right of Use assets** and **associated lease liabilities** increase, as we have added 5 new store leases (4 AU & 1 NZ), the NZ DC lease (4 years) and exercised options on 13 of our existing store leases
- Our **net debt of $0.7m** with a renewed $70m facility leaves adequate head room for our growth strategy

(1) Refer to the Financial Statements for the period ended 26 June 2022 for detailed information on restatement of comparatives

Cash Flow

Robust operating cash flow funding investment pipeline

$ million	FY22	FY21 Restated[1]
EBITDA[1]	50.5	43.5
Movement in working capital	(9.5)	(15.8)
Tax Paid	(4.9)	(5.3)
Net cash flow from operating activities	**36.1**	22.3
New store capex	(4.5)	(2.1)
Other capex	(5.0)	(2.3)
New Zealand	(1.0)	–
Transformation program		
– capex spend	(2.2)	(6.5)
– non-capex build/project costs	(4.7)	(7.4)
Net cash flow from investing activities	**(17.3)**	(18.3)
Free cash flow	**18.8**	4.1
Dividends paid	(19.5)	(15.7)
Borrowings (net)	3.0	10.0
Finance costs – borrowings	(0.9)	(0.8)
Net cash flow	**1.4**	(2.5)

Operating Cash Flow up $14m YoY to ~ $36m

~ $17m investment in store and business infrastructure:

- $6.9m in our transformation program including new digital headless architecture, Advanced Order Management (AOM), Loyalty systems, People systems
- New store capex of $4.5m on 9 new stores (4 opened, 3 significantly advanced & 2 more commenced)
- Other capex of $5.0m includes $3.7m on 2 store refurbishments & 3 store relocations (2 completed)
- $1.1m ongoing operational, IT and store support centre spend

Dividends

- FY21 final dividend of 8.3 cents per share paid in September, 1H FY22 interim dividend of 6.6 cents paid in March
- **FY22 final dividend of 9.0 cents per share** to be paid in September (Board's policy is to target ongoing payout ratio of 70-100% of pro forma NPAT)

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(1) Refer to the Financial Statements for the period ended 26 June 2022 for detailed information on restatement of comparatives

FY23 & beyond: our market & growth opportunities

Baby Bunting is the clear leader in our category

Strong underlying fundamentals with growth upside

- Essential & less discretionary category with around 300,000 births per annum
- Market leading unaided brand awareness at 88%
- Highly engaged customer base with 1.4m loyalty members and NPS of 72 (1)
- Mature store returns of +100% - around half-way through the store rollout
- A true omni-channel offer providing competitive advantage
- ~32 million website visits per annum and growing
- Over 45% of product sales exclusive to Baby Bunting
- Supply chain investment will unlock further value
- In Australia, strict mandatory product safety standards differentiates from global markets

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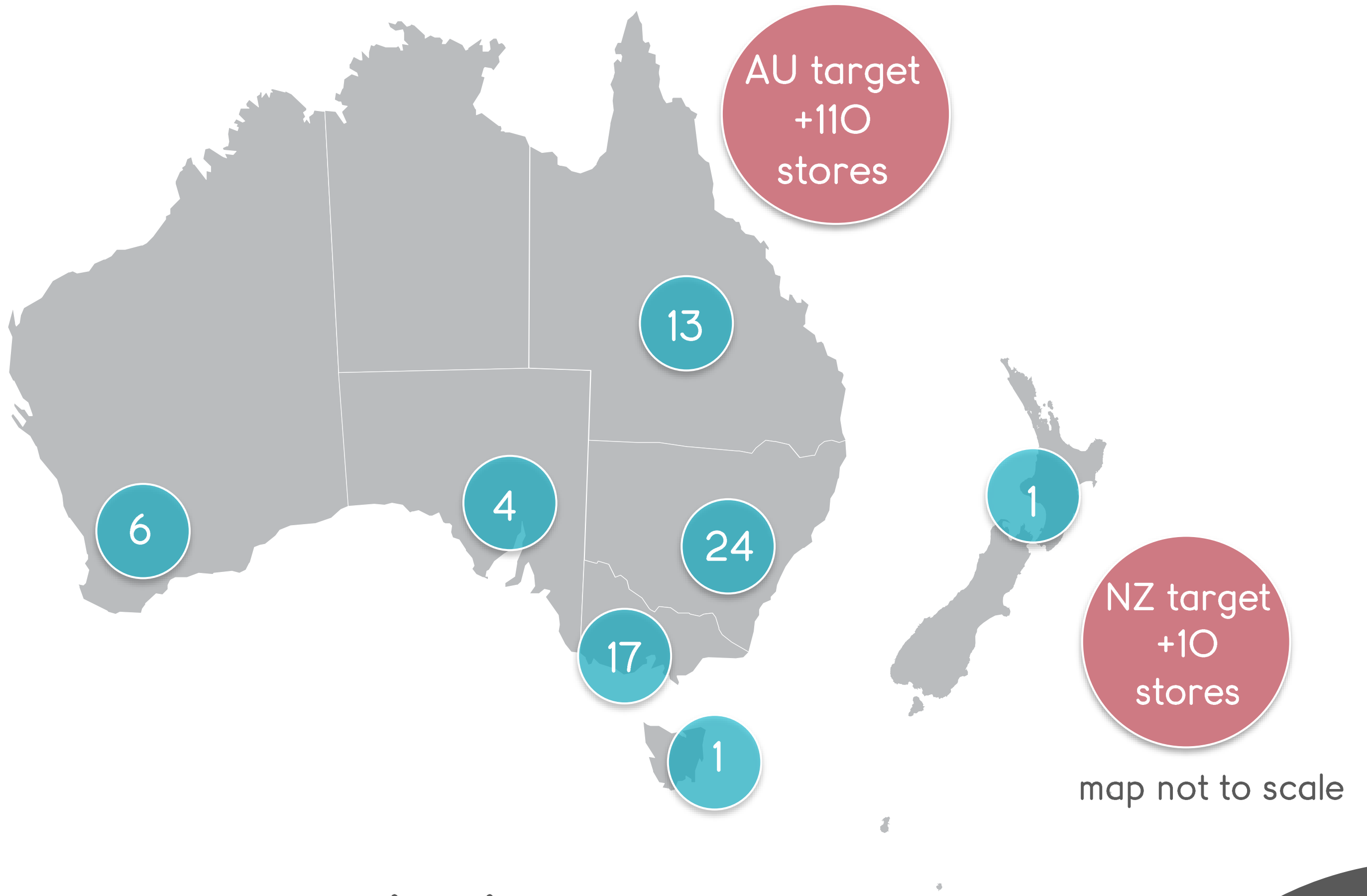
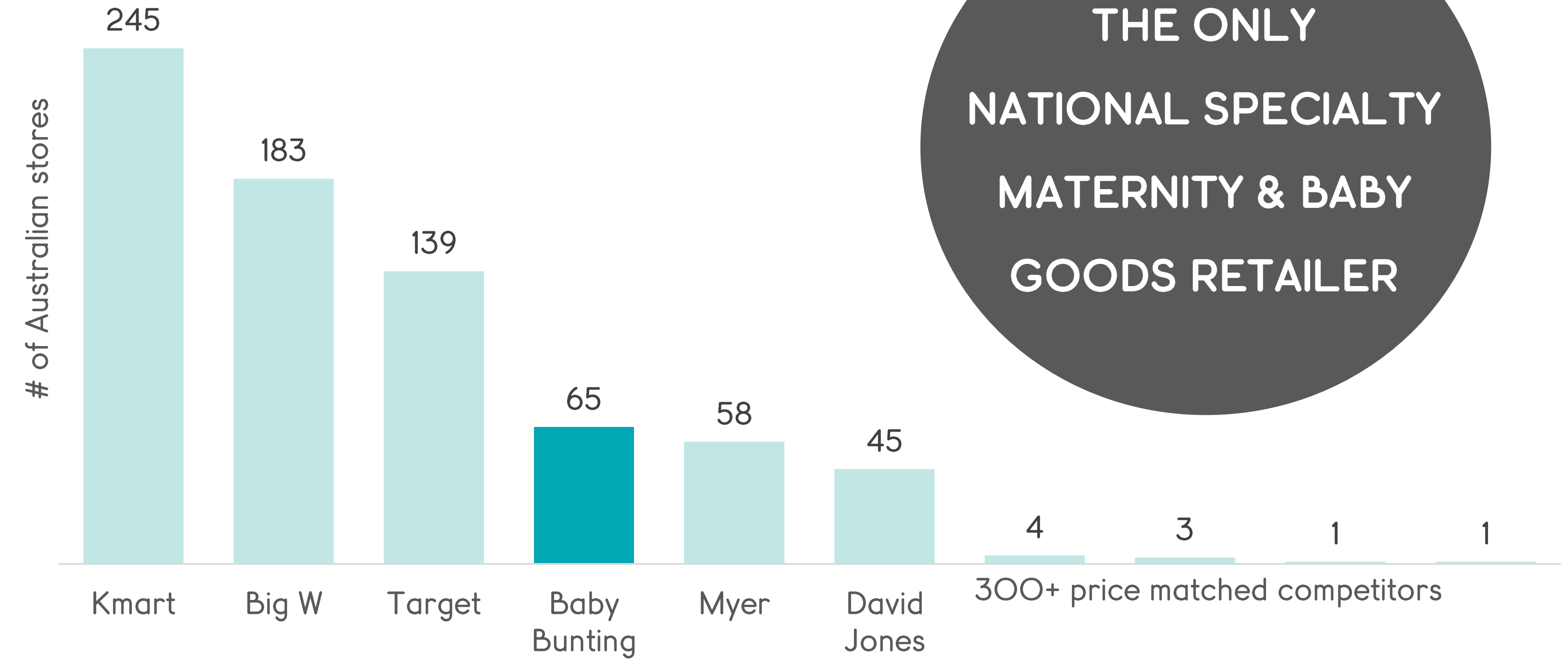
(1) Net Promoter Score (NPS) now includes online browsers and car seat installations, as well as in-store & online purchases, providing richer qualitative data that is driving our customer value proposition

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

Leading omni-channel specialty baby goods retailer

Click & Collect increasingly preferred way to shop (~60% of all Online sales in store catchments)

Store based fulfilment – now fulfilling 48% of all online orders

79% (198 products) of our Top 250 SKUs are not available on Amazon.com.au

75% (187 products) of our Top 250 SKUs are not available on Catch.com.au

Private Label & Exclusive Products 45.3% of sales

Price Beat Promise <1% of sales

Expanded services offer – 137,000 car seats installed

Other competing retailers

amazon
catch.com.au
ebay
Baby Bunting has a branded store presence on ebay
kogan.com
CHEMIST WAREHOUSE

Future growth opportunities

AU Store Network **110+** stores	Redefining our AU Total Addressable Market to **$3.5bn**	Introducing a **Marketplace**
NZ Store Network **10+** stores	**Range Expansion**	**Loyalty**

Our omni-channel strategy supports our store network

120+
ANZ STORE NETWORK PLAN

Network Plan upgraded to 110+ Australian stores (up from 100+) and 10+ in New Zealand

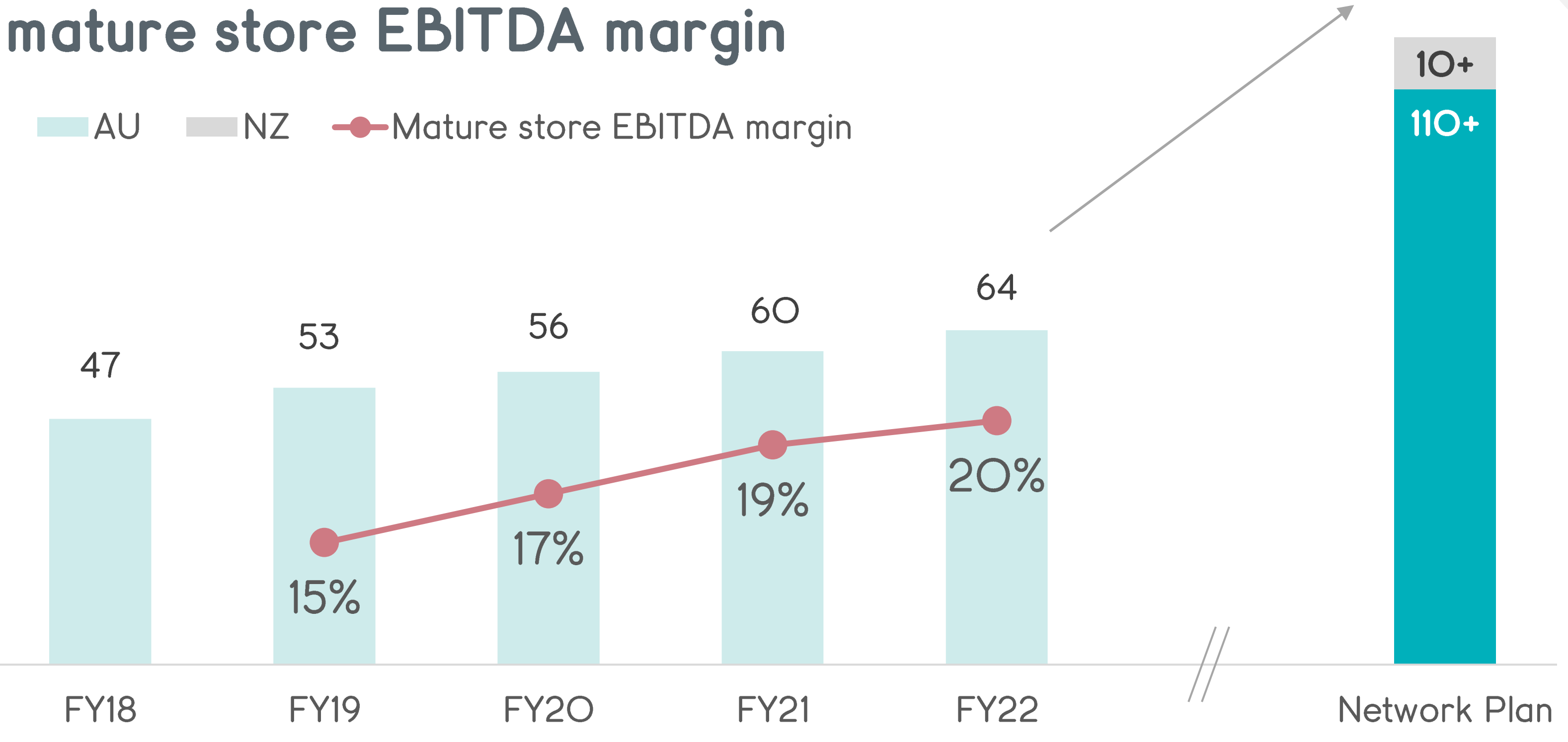
Network plan update

- Australian store network plan of over 110 stores on the back of continued market share growth and improved EBITDA returns from investment in stores
- New Zealand: 10+ store network plan

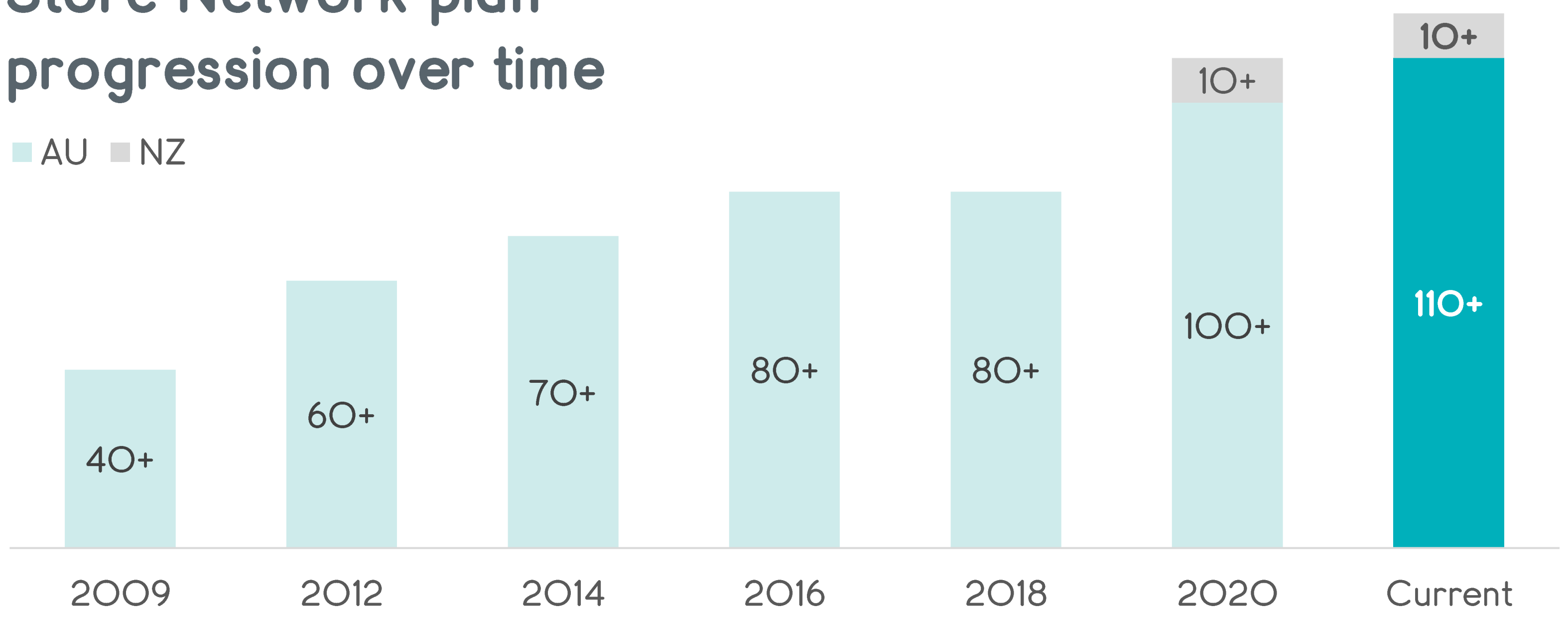
Store pipeline strong in FY23 and beyond

- 4 Australian stores opened in FY22, 2H roll out impacted by COVID (handover delays)
- AU: 6 stores anticipated in FY23. Hornsby (NSW) opened, Burnside (VIC) opening August
- NZ: Albany opened. Christchurch planned for Q3 FY23

Store roll-out & mature store EBITDA margin



Store Network plan progression over time



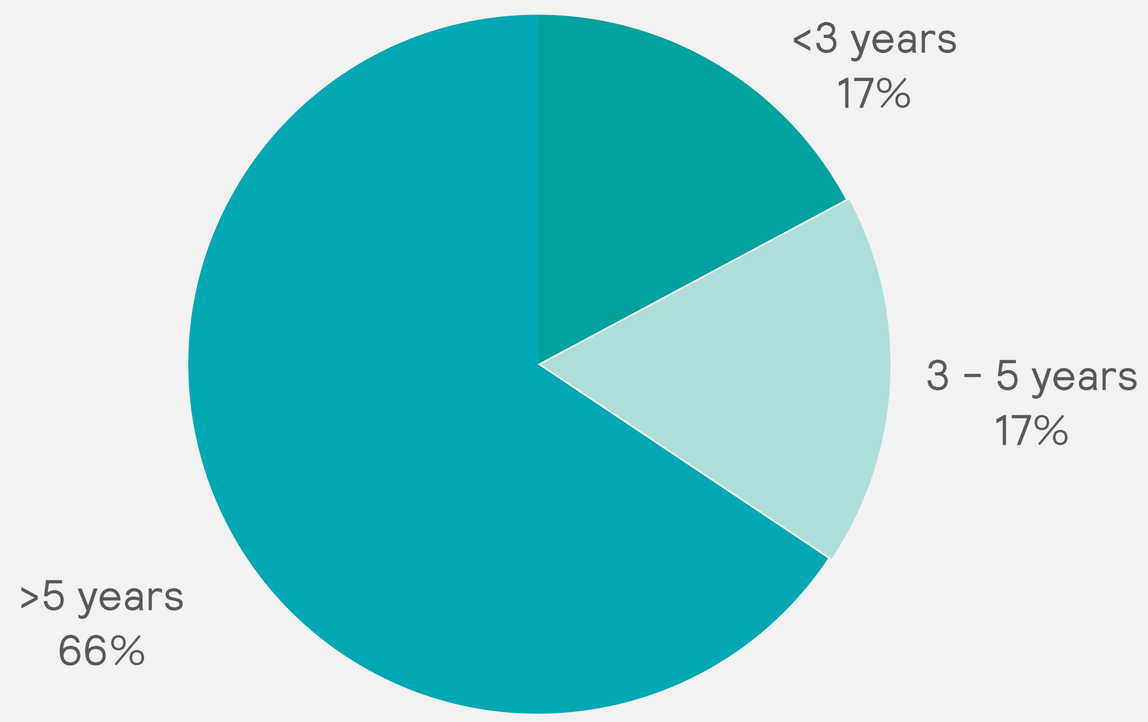
Stores deliver great returns

- **Mature store ROIC on average >100%**
- **Mature store EBITDA margin ~20%**, up ~100 bps from FY21 driven by gross margin improvements and operational efficiency initiatives
- **New stores opened** – Alexandria (NSW), Wagga Wagga (NSW), Shepparton (VIC) and Cairns (QLD)
- **Format** - destination, regional & shopping centre

	New Baby Bunting stores (all stores opened from June 2008)		Group Average (all stores opened >4 years)
	YEAR 1	YEAR 2	FY2022
Revenue per store ($m)	5.1	5.7	8.3
EBITDA per store ($m)	0.4	0.6	1.7
Store EBITDA margin	~9%	~11%	~20%
Return on Invested Capital	35%	45%	>100%

Table above shows average data for all new stores opened since June 2008 where stores have been opened for at least 12 months
It is anticipated that regional stores at maturity will achieve between 40% and 60% of the current sales of stores opened for more than 4 years. Our regional stores are on average achieving ~$4.2m in annual sales (not including opening year)

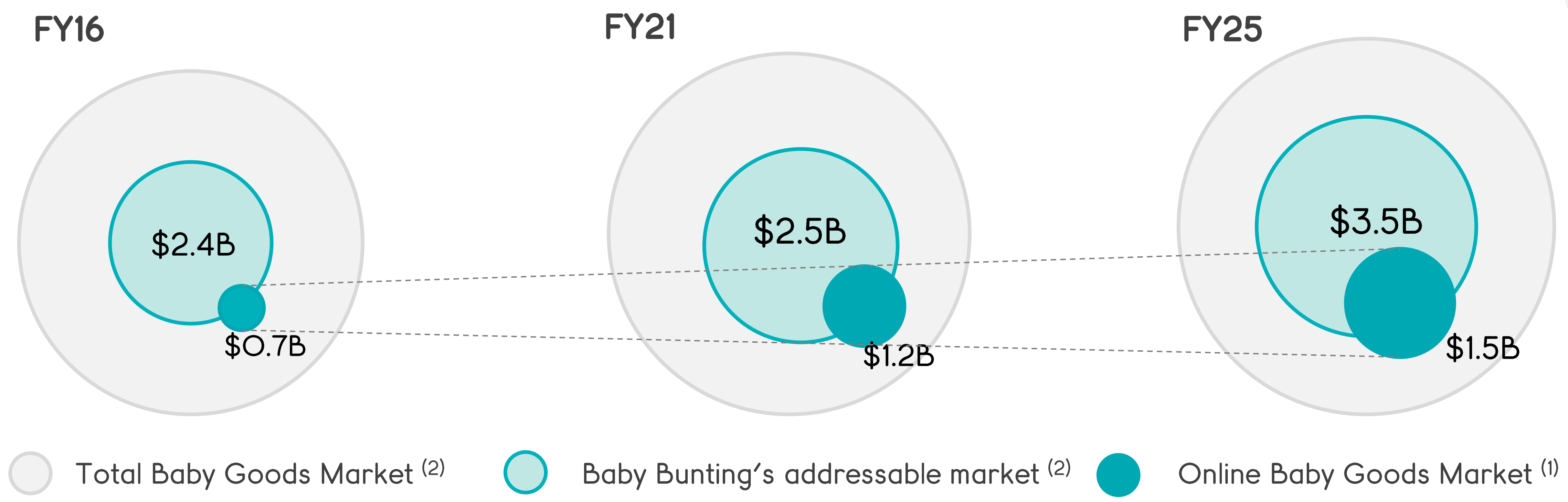
Store maturity profile as at 26 June 2022 (years opened)
(stores on average take 4 years to reach sales maturity)



34% of our stores are less than 5 years old and in their growth phase

Growth in online shopping expands our addressable market

- Our historical view of our total addressable market was based on a targeted age range (0-3 years) and reflected our preferred store formats and consumers' online shopping preferences
- As the Online Baby Goods Market grows, so does our opportunity to access, compete and win in a larger addressable market, for example the total online babywear apparel market has grown from ~$130m in FY18 to ~$370m[1] in FY21
- Through new initiatives we believe we can expand our addressable market opportunity including:
  - Expanding our online range and availability **Advanced Order Management**
  - Growing and further leveraging our **Store Network** to support greater fulfillment options to more customers
  - Introducing **Marketplace** to further extend range with more products, more brands, more suppliers
  - Continue to enhance our Customer Experience through our **Headless E-Commerce Architecture**
  - Continue to invest in our **Supply Chain** to grow our online fulfillment capacity and capability



(1) Source: IBIS World: Online Baby Product Sales in Australia June 2018 & 2021
(2) Company estimates

Addressable Market opportunity explained

We see specific opportunities for growth leveraging a number of our investments

Our baby clothing addressable market opportunity was $0.1bn, now $0.5bn

- Grow online range
- Expand our range from 0-18 months to 0-4 year olds
- Add premium brands and fashion via Marketplace

Our toys addressable market opportunity was $0.3bn, now $0.6bn

- Broaden online offer to include full range of our existing supplier base
- Expand offer from 0-3 year olds to 0-5 year olds
- Introduce Marketplace

Our feeding addressable market opportunity increases by $0.1bn

- Adding broader range from existing suppliers to our online offer

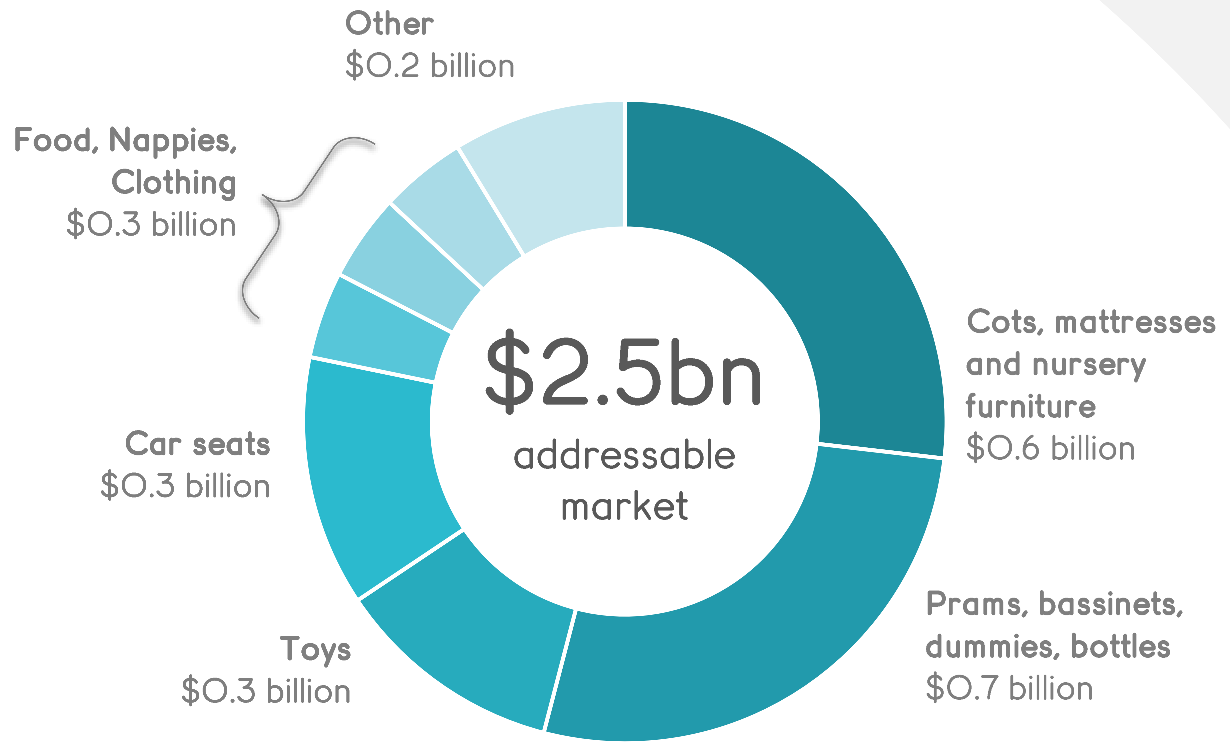
Expand our hardgoods range

- Adding more brands of Prams, Car Seats, Nursery Furniture to our Marketplace offer

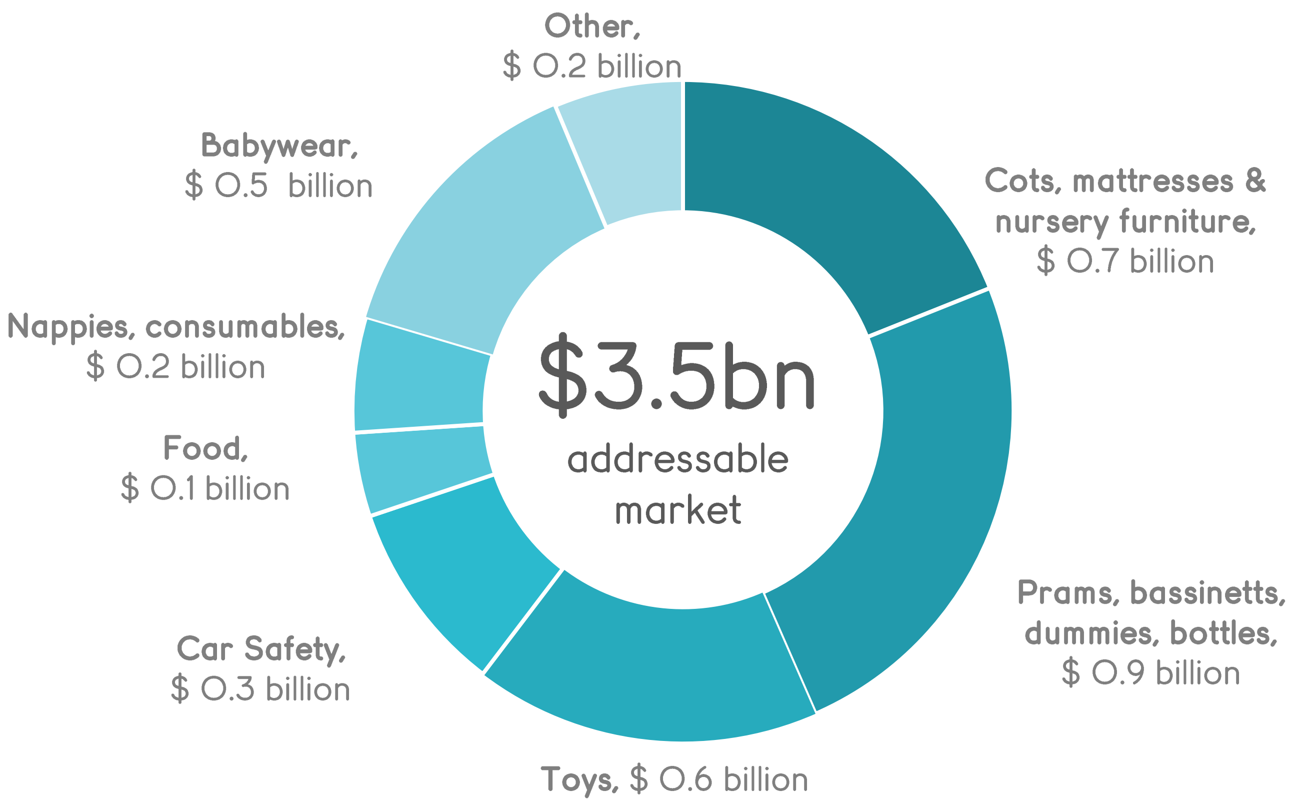
Our nappies & consumables addressable market opportunity

- Sustainable, niche & premium products not currently offered

Baby Bunting $2.5bn existing addressable market [1]
(breakdown by category)



Baby Bunting $3.5bn future addressable market [1]
(breakdown by category)



(1) Company estimates

Introducing Marketplace

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

With ~32m website visits per annum, Marketplace presents a significant opportunity

- Establish Baby Bunting as the leading online player in our chosen markets
- Provide parents and parents-to-be with more choice
- Remove physical constraints of store size and Distribution Centre capacity
- Leveraging our market position
- Increase sales & market share via dropship & 3P sellers
- Enable growth of existing categories and expanded addressable market
- Introduce new, proven brands & suppliers not currently ranged
- Niche & sustainable products that serve specific elements of market

Expected launch 2H FY23

Trading update

As at 10 August 2022, year-to-date:

- total sales growth of 19.3%
- comparable store sales growth of 15.3%, cycling negative 6.4% last year

We expect comparable sales growth to moderate as we cycle periods affected by lockdowns throughout Australia.

Through our expanded Best Buy range & loyalty program, we are committed to delivering the greatest value to new & expectant parents when they shop with us.

We anticipate opening 8 new stores in FY23 (6 AU + 2 NZ).

With the continuing economic uncertainty, inflationary pressures and other global challenges, FY23 earnings guidance cannot be given at this time.

Appendices

Appendix 1: Statutory - Pro Forma Income Statement Reconciliation

	FY2022			FY2021		
	Statutory FY22	Add Pro Forma Adj [1]	Pro Forma FY22	Statutory FY21 Restated	Add Pro Forma Adj [1]	Pro Forma FY21 Restated
$ million						
Sales	507.3		507.3	468.4		468.4
Cost of sales	(311.5)		(311.5)	(294.7)		(294.7)
Gross Profit	195.8		195.8	173.7		173.7
Other Income	0.0		0.0	2.5	(2.4)	0.1
Store expenses	(69.4)		(69.4)	(64.7)		(64.7)
Marketing expenses	(8.2)		(8.2)	(7.0)		(7.0)
Warehouse expenses	(7.0)		(7.0)	(5.4)		(5.4)
Administrative expenses	(39.4)	9.3 [a]	(30.1)	(34.5)	8.2	(26.3)
Project Expenses	(4.7)	4.7 [b]	0.0	(7.4)	7.4	0.0
EBITDA	67.0	14.0	81.0	57.1	13.2	70.3
Depreciation and amortisation	(31.8)		(31.8)	(28.9)	0.9	(28.0)
EBIT	35.3	14.0	49.3	28.2	14.1	42.3
Net finance costs	(7.0)		(7.0)	(5.7)		(5.7)
Profit before tax	28.3	14.0	42.3	22.6	14.1	36.6
Income tax expense	(8.8)	(3.9) [c]	(12.7)	(5.5)	(5.1)	(10.6)
Net profit after tax	19.5	10.1	29.6	17.0	9.0	26.0

1. Pro forma financial results have been calculated to exclude the following items (refer Directors' Report (dated 12 August 2022) for further detail):
   a) amortisation of performance rights (LTI) on issue ($8.6m) and the associated payroll tax and shares issued under the General Employee Share Plan with no monetary consideration ($0.8m)
   b) transformation project expenses relating to:
      a) assessment and when necessary, replacement of core information technology systems. During the year, the Company incurred $3.2m of non-capital costs associated with the implementation of an order fulfilment system, Loyalty system, people systems & digital technology assets
      b) Other transformation project expenses including external consultant costs associated with project management to deliver the transformation projects ($1.4m)
   c) Tax impact from pro forma adjustments includes income tax benefit relating to performance rights vesting under the Company's Long Term Incentive Plan ($2.3m)

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

	FY2022				FY2021			
	Pro Forma FY22	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 FY22	Pro Forma FY21 Restated	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 FY21 Restated
$ million								
Sales	507.3			507.3	468.4			468.4
Cost of sales	(311.5)			(311.5)	(294.7)			(294.7)
Gross Profit	195.8			195.8	173.7			173.7
Other Income	0.0			0.0	0.1			0.1
Store expenses	(69.4)		(27.1)	(96.6)	(64.7)		(25.3)	(90.0)
Marketing expenses	(8.2)			(8.2)	(7.0)			(7.0)
Warehouse expenses	(7.0)		(3.0)	(10.0)	(5.4)		(1.2)	(6.7)
Administrative expenses	(30.1)		(0.4)	(30.5)	(26.3)		(0.2)	(26.5)
Project Expenses	0.0			0.0	0.0			0.0
EBITDA	81.0	0.0	(30.5)	50.5	70.3	0.0	(26.8)	43.5
Depreciation and amortisation	(31.8)	25.6		(6.2)	(28.0)	22.3		(5.7)
EBIT	49.3	25.6	(30.5)	44.3	42.3	22.3	(26.8)	37.8
Net finance costs	(7.0)	6.1		(0.9)	(5.7)	4.7		(0.9)
Profit before tax	42.3	31.7	(30.5)	43.5	36.6	27.0	(26.8)	36.9
Income tax expense	(12.7)	(9.5)	9.2	(13.1)	(10.6)	(8.1)	8.0	(10.7)
Net profit after tax	29.6	22.2	(21.4)	30.4	26.0	18.9	(18.7)	26.2

BabyBunting the strongest nursery brand in Australia

Brand Awareness (1)

Unaided brand recall is 88%, significantly higher than any retailer of baby hardgoods

2021	88%	▲
2019	75%	▲
2017	72%	▲
2015	46%	

Brand Preference (2)

...and we are the preferred place to shop for baby hardgoods

2021	71%	▲
2019	53%	▲
2017	39%	▲
2015	20%	

Net Promoter Score

...providing exceptional customer service & advice as measured by NPS

2022	72 (3)	
2021	87	▲
2020	81	▲
2019	75	▲

Births

~300,000 births per year
~6,000 births per week

Total Addressable Market
0-3 yrs old +900,000

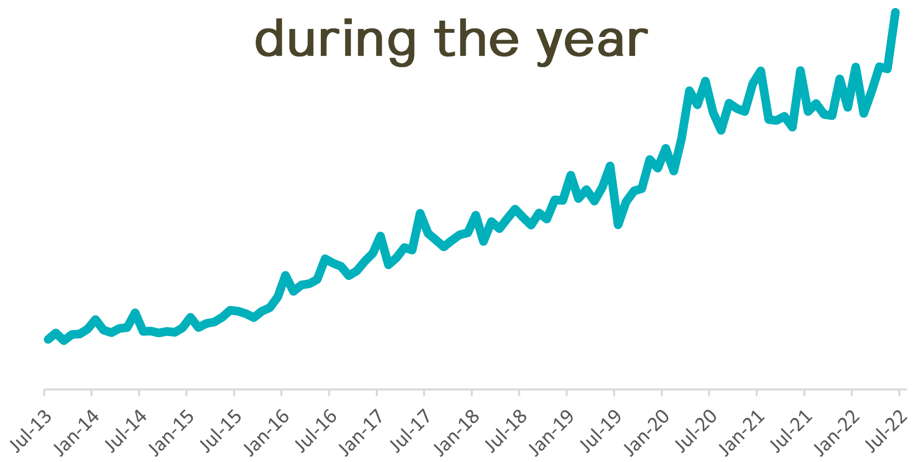
Loyalty Program

1.4m loyalty members

- 705k members active in the last 12 months
- ~25,000 new members a month
- Members re-engage at milestones & subsequent births

Digital Reach

~32m website sessions during the year



TKP Baby Bunting Brand Health surveys conducted bi-annually 2015,2017,2019 & 2021

(1) Unaided Brand Awareness: (Q) Thinking about stores that sell baby and children's products, which store comes to mind first for prams/strollers, car seats, highchairs and nursery furniture? And what other stores are you aware of for prams/strollers, car seats, highchairs and nursery furniture?

(2) Preferred Store: (Q) Still thinking about baby stores, which is your preferred PHYSICAL store for prams/strollers, car seats, highchairs and nursery furniture?

(3) We have significantly advanced our measurement process for NPS. We have more responses and greater qualitative insights that will drive our customer value proposition going forward. The responses increases are from adding online browsers and car seat installations. These additions to the measure have significantly increased the number of passive responses relative to promoters/detractors, which brings down the overall score, noting no increase in the number of detractors.

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 pre 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)
Return on Average Funds Employed (ROFE)	• Return on average funds employed (ROFE) is calculated as pro forma EBIT (pre AASB 16) for the previous 12 months as a percentage of average (opening, mid and closing) funds employed. Total funds employed is net assets excluding net debt and net tax balances
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