18 February 2025

1H FY25 Results

Executing on strategy, returning to growth

Overview

- **Pro Forma NPAT of $4.8m, up 37%,** driven by
  - **Strong strategy execution**
  - **Continued momentum** with total sales of $254.4m, up 2.4%
    - 1H comparable store sales growth up 2.2%
    - **First seven weeks of 2H FY25**, with comparable store sales growth of 2.8%, cycling changed promotional offers vs pcp, and year-to-date comp growth now 2.3%
- **Gross margin of 39.8%, up 260 bps,** on track to deliver FY25 target of 40%
- **2 new stores opened in Australia and 1 relocation**, now 75 stores total
- **Store refurbishment program materially progressed**, with three new format stores launching in 2H FY25
- **Net Debt** improved to $9.1m (from $13.0m at June 2024)
- **Baby Bunting reiterates its FY25 guidance** of $9.5m - $12.5m Pro Forma NPAT

1H FY25 Key Financial Metrics

	Pro Forma Results			Statutory results		
	1H FY25	1H FY24	Change	1H FY25	1H FY24	Change
Sales	254.4	248.5	2.4%	254.4	248.5	2.4%
GP %	39.8%	37.2%	260 bps			
NPAT	4.8	3.5	37%	3.9	2.7	45.3%
Interim Dividend				0 cps	1.8 cps	

Baby Bunting Group Limited (Baby Bunting or the Group) today reports its financial results for the six months ended 29 December 2024 (1H FY25). 1H FY25 Group Pro Forma Net Profit After Tax (NPAT) was $4.8 million, up 37% from $3.5 million in the prior corresponding period (pcp). The Group reported a Statutory NPAT of $3.9 million, up 45.3% compared to $2.7 million in 1H FY24.

The Board has determined that no interim dividend will be paid, to support funding for the Group's capital expenditure program and growth initiatives.

Baby Bunting's CEO, Mark Teperson said, *"We are pleased to report a strong 1H FY25 result, demonstrating good execution of our growth strategy in the context of a challenging consumer macroeconomic environment.*

"Our focus on driving sales through range innovation and new customer acquisition is delivering results. Newness in our ranges continues to resonate, with new customer acquisition up 12% on the prior period. Our exclusive branded products remain a key traffic driver and, with a strong pipeline of exclusive launches in the second half, we expect this momentum to continue.

Baby Bunting Group Ltd
ABN 58 128 533 693
153 National Drive
Dandenong South VIC 3175
P 03 8795 8100
F 03 8795 8105
enquiries@babybunting.com.au
babybunting.com.au

"Alongside sales growth, we have also delivered margin expansion in a retail environment where margins are under pressure. During this half, we took decisive actions—simplifying pricing architecture, renegotiating trading terms, and advancing supply chain initiatives—driving a 39.8% gross margin result. With additional benefits from improved trading terms, new retail media income, and freight optimisations in the second half, we remain confident in achieving our 40% gross margin target for the full year.

"We are also progressing our store refurbishment program, with our new store format design now complete. The first refurbishment, in Maribyrnong, Melbourne, began in January and is set to open in April 2025, with three stores launching in this second half. This is our first major format update in 17 years, and we expect it to resonate strongly with customers while driving improved store economics."

1H FY25 Financial overview

Total Sales of $254.4 million for the period were up 2.4% compared to 1H FY24 driven by comparable store sales growth of 2.2%. The Group saw sales growth across its top 7 categories, with range innovation lifting average selling price and gross margin.

Gross Profit of $101.3 million was up 9.5% on 1H FY24 with **Gross Profit Margin** up 260 bps on 1H FY24 at 39.8%. This strong margin growth reflects Baby Bunting's simplification of its pricing architecture, renegotiating its supplier trading terms, and supply chain initiatives.

Inventory was well managed, with a $2.6 million reduction in comparable stores' inventory offset by a $1.6 million investment in new stores.

Cost of doing business (CODB) increased to $87.2 million, driven by roll out of new stores, investment in the Data & Analytics function, increased investment in marketing and annual operating labour cost increases. Following a review of the New Zealand supply chain and distribution network this half, Baby Bunting identified around $1m in annualised savings which is expected to flow through from Q4 FY25, partially offsetting the increase.

Trading Outlook

FY25 pro forma NPAT is expected to be in the range of $9.5 million to $12.5 million, based on the expectation that:

- comparable store sales growth is in the range of 0% to 3%
- delivering gross margin of 40%
- CODB increases in FY25 include new & annualising store costs, wage inflation of 3.75%, additional roles, Data & Analytics investment and marketing to support strategy execution
- capital expenditure of $10m - $13m fully funded through operating cash flow

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

Investor call

Mark Teperson (CEO) and Darin Hoekman (CFO) will host a conference call to discuss the result today at **9.15am (AEDT).** To access the call register via:

https://s1.c-conf.com/diamondpass/10044674-w8f6rg.html

The release of this announcement was authorised by the Board.

For further information, please contact:

Investors	**Media**
Saskia West	Jim Kelly
+61 452 120 192	+61 412 549 083