

6 June 2023

## FY23 Trading Update

Baby Bunting Group Limited (Baby Bunting or the Company) today provides a trading update and updated guidance for FY23.

As at 4 June 2023<sup>1</sup>, total sales growth is around 1% and comparable store sales growth is negative 3.0%.

The key Storktake promotional event, which has recently commenced, has seen trading both in stores and online well below expectations during this short period. Since launch, sales have been unprecedentedly low, with comparable store sales of around negative 21.0%. If this trend continues, the Company expects FY23 sales to be in range of \$509 million to \$513 million and comparable store sales to be negative 4.0% to negative 5.0%.

As June delivers a larger proportion of the Company's second half profit, a continuation of the current trend will have a significant impact on the Company's full year profit result. Accordingly, pro forma<sup>2</sup> net profit after tax is now expected to be in the range of \$13.5 million to \$15.0 million for FY23. This compares to previous guidance of pro forma net profit after tax in the range of \$21.5 million to \$24 million.

Gross margin performance up until the end of May was on track to land within the lower end in the Company's expected full year gross margin range of 38.0% to 39.0%. The Company now anticipates that the full year gross margin performance will be moderately below the bottom end of that range.

Inventory levels are expected to finish around \$100 million for the year (FY22 \$96.7 million). There is limited exposure to seasonal stock.

Baby Bunting's Marketplace initiative has successfully launched and the Company is now activating the initial third-party seller SKUs on babybunting.com.au. Baby Bunting expects to have over 2,000 third-party SKUs available online by the end of the financial year.

FY23 will be a 53-week financial year ending on 2 July 2023. The Company expects to release its full year results on 11 August 2023.

*The release of this announcement was authorised by the Board.*

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1. This trading update is based on unaudited management accounts.
2. Pro forma financial results exclude employee equity incentive expenses and significant costs associated with business transformation projects and the effect of week 53 trading in FY23. This information is presented on a pro forma basis to better demonstrate the underlying trading performance of the business.