BabyBunting

Half year ended 27 December 2020

Results Presentation

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12 February 2021

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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 12 February 2021).

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 and expectant parents in the early years of parenthood

Our vision is to be the most loved baby retailer for every family, everywhere

Strategic priorities

1. Investment in Digital
2. Grow market share
3. Growth from new markets
4. Profit Margin improvement

Long-term goal of being a 10% EBITDA[1] margin business

(1) EBITDA as measured under old lease accounting principles (ie pre-AASB 16)

1H FY21 pro forma[1] results summary

SALES
$217.3M

Total sales growth **up 16.6%** vs pcp
Comparable store sales[2] growth of **15.0%**
Total online sales growth of **95.9%**
Click & Collect sales growth of **218%**

GROSS PROFIT
37.4%

Gross Profit income **$81.2m, up 17.9%**
Gross Profit % **up 41 bps to 37.4%**
Private Label & Exclusive Products **39.0%** of sales (1H FY20: 35.5%)

EBITDA[3]
$18.5M

EBITDA[3] growth of **29.7%**
EBITDA[3] margin now **8.5%,** up 86 bps vs pcp
CODB leverage of **45 bps** vs pcp

NPAT[4]
$10.8M

NPAT[4] growth of **43.5%**
EPS **8.4 cents, up 41.9%** vs pcp
Interim dividend of **5.8 cps (1H FY20: 4.1 cps)**

1H FY21
Highlights

All stores remained open
3 new stores added
No JobKeeper payments received

(1) 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 February 2021).
(2) Total sales generated from stores (including the online store) that were open at the beginning of the prior financial year
(3) EBITDA as measured under old lease accounting principles (i.e. pre AASB 16)
(4) NPAT as measured under current accounting standards

Growing market share in a less discretionary category

Maternity & baby goods are essential products for parents & parents-to-be and are less discretionary in nature

- ✓ Strong comparable store sales and total sales growth driven by increase in transactions and items per transaction demonstrating market share growth
- ✓ Our omni-channel retail model meets the changing needs of our customers
- ✓ Our large destination store format provides the platform to service the needs of parents and parents-to-be
- ✓ Our ability to support our Team and service our Customers in a safe environment during COVID has facilitated our market share growth

FY21 operational objectives

1

Keeping our Team & Customers safe

- All stores remained open
- Thank-you to our great Team

2

Progress our transformation program & strategic investments to plan

- Significant progress toward delivering the changes to support our long-term growth objectives

3

Grow gross margin without compromising value to the consumer

- Gross Profit % of 37.4%, up 41 bps vs pcp
- Launched 'Our Price Promise' in late 2H FY20 and our new 'Baby Bunting family' loyalty program in 1H FY21

4

Accelerate the Private Label & Exclusive Product strategy to exceed 40% of sales

- Private Label & Exclusive Product sales grew 28.2% vs pcp, now **39.0% of all sales**
- On track for our long term target of 50% of sales exclusive to Baby Bunting

5

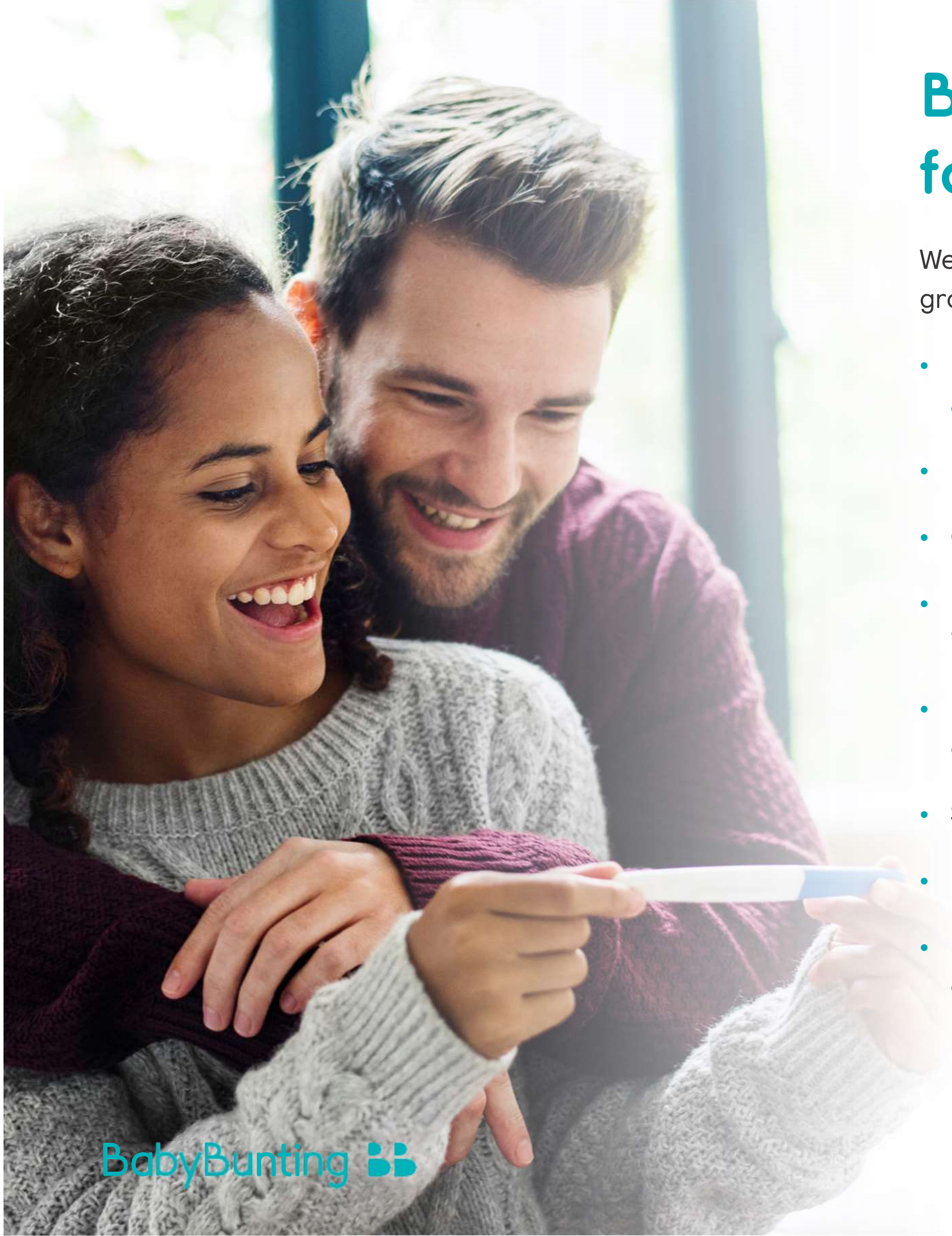
Capitalise on shopping centre opportunities that present themselves

- Opened Westfield Knox (Vic) and Castle Towers (NSW) in 1H FY21
- Westfield Belconnen (ACT) anticipated to open in Q3 FY21

6

Achieve operating leverage through our retail network

- Achieved 120 bps leverage in retail store expenses in 1H FY21



Building our platform for future growth

We remain focused on executing our growth strategy of growing market share:

- Building out our network to 100+ stores, including alternative store formats
- International expansion – launching into New Zealand
- Growing our Exclusive Product offering
- Expanding our services business of car seat installations, hire and other service categories
- Investing in Digital to transform the customer experience and Digital sales revenue
- Strengthening our Logistics & Supply Chain capability
- Progressing our Business Transformation agenda
- Increasing engagement and lifetime value of the customer leveraging the 'Baby Bunting family' loyalty program

Launching into New Zealand

We have completed our assessment of the New Zealand opportunity.

We now plan to:

- Launch an omni-channel retail chain in New Zealand
- Anticipate opening first New Zealand store in FY22
- Network plan of 10+ stores

Launching into New Zealand – NZ$450m+ opportunity

Factors supporting our decision

NZ$450m+[1] New Zealand market opportunity

Customer research identified:

- ✓ 76% of respondents surveyed said they will shop with us
- ✓ There are no large format specialty baby retail chains in the market
- ✓ Lack of representation of key brands
- ✓ Value is a key driver to purchase

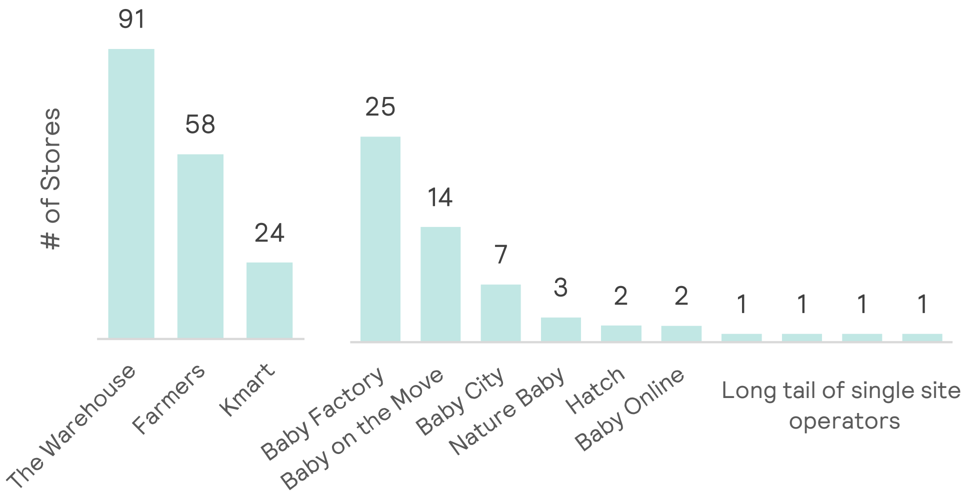
Platform for growth

- ✓ Grow our Private Label & Exclusive product offering
- ✓ Expand our services offer to the New Zealand market
- ✓ Leverage existing systems & infrastructure

New Zealand Competitive Landscape

Discount Department Stores

Speciality Baby Retailers



Supporting NZ parents

with a NZ team

We aim to support local suppliers and brands with a local New Zealand team

1. To arrive at New Zealand's addressable market we use the New Zealand 2018 Census data and Household Economic Survey data (Stats NZ)

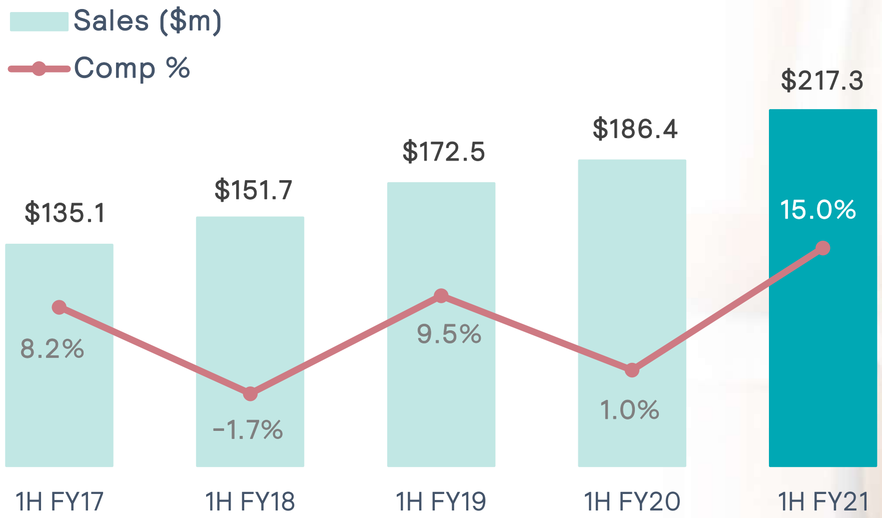
1.

Financial & Trading Performance

Strong market share growth continues

1H FY21 total sales growth of 16.6% driven by:

- Strong comparable store sales growth of 15.0%
  - Excluding Victorian stores[1] comparable store sales growth of 21.8% during 1H FY21
- Total online sales grew 95.9%, now making up 19.7% of total sales (up from 11.7% in 1H FY20)
  - Click & Deliver sales grew 50.0% vs pcp
  - Click & Collect sales grew 218% vs pcp
- 3 new stores opened in 1H FY21
- Growth from the opening of 3 new stores in FY20



16.6% total sales growth

15.0% comparable sales growth

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(1) Melbourne Metro stores remained open during government mandated Stage 4 COVID-19 restrictions, however sales were moderated as a result of travel restrictions

Observations through COVID

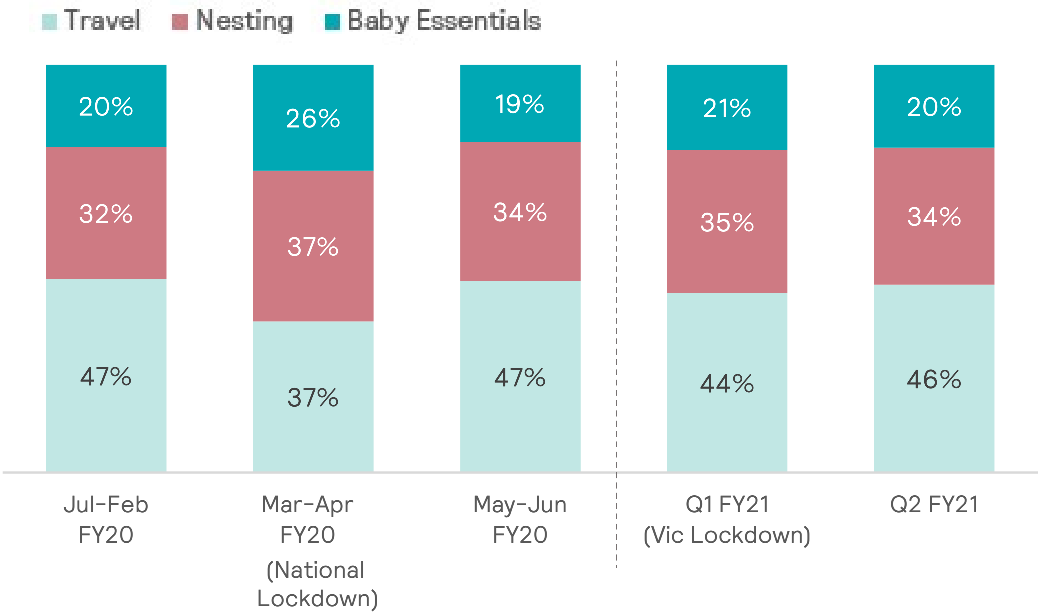
COVID-19 changed some consumer behaviours:

- At the commencement of lock-downs, significant sales growth in baby essentials (ie. nappies, baby wipes)
- During lock-downs, sales mix shifted from Travel (Car Safety, Prams & Strollers) to Nesting (Cots & Furniture, Manchester & Bedding)
- As restrictions eased, all categories experienced growth and sales mix returned to historical ratios
- We encouraged Channel switching during lock-downs which increased Click & Deliver and Click & Collect sales
    - Click & Deliver attracts a higher freight cost per transaction which reduces gross margin
- Bricks & mortar stores still preferred channel to shop
    - ~90% of sales transacted in-store during Q2 FY21
    - At the height of National stay-at-home restrictions during Mar-Apr FY20, 85% of sales were still transacted in-store. Victoria saw 82% of sales transacted in-store during Q1 FY21 when Victoria was in lock-down
    - Foot traffic sales up ~4% on a comparable store basis vs pcp. Up 11.0% excluding Vic stores

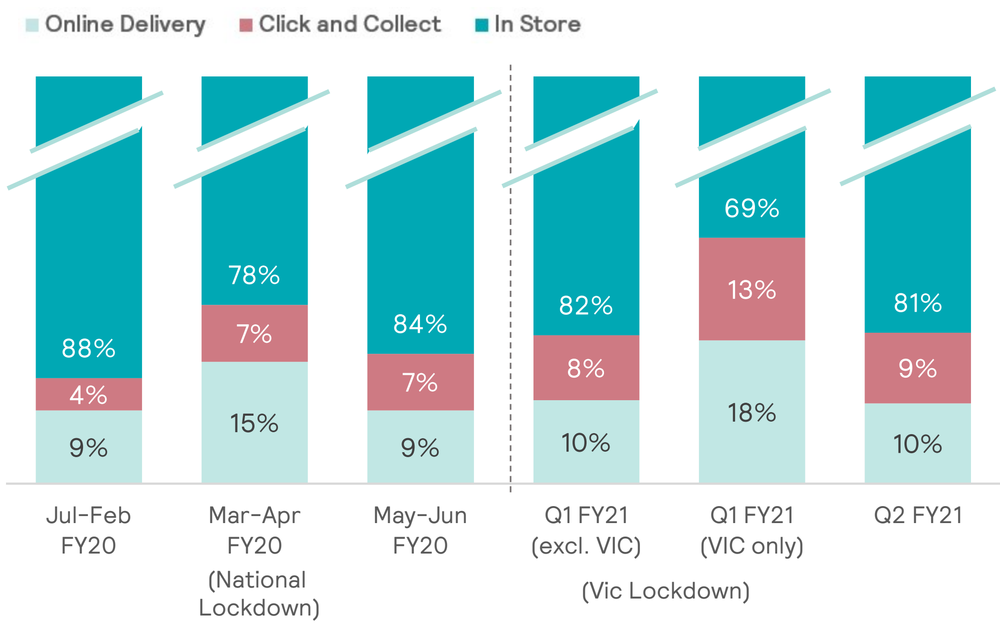
Operational impacts

Temporary increase in operating costs, inventory impacts, delays to online deliveries by 3rd parties & paid COVID leave policy implemented

Sales mix (% of total sales)



Channel mix (% of total sales)



Note: Percentages may not add to 100% due to rounding

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Total online sales up 95.9%, now 19.7% of sales

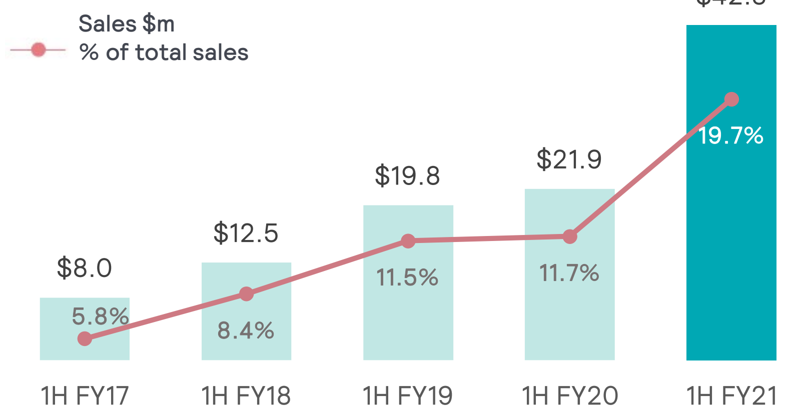
- Website visits continue to grow, unique visits exceeded 14 million for the half, up 39% vs pcp
- Conversion rate up 66 bps vs pcp
- Online sales (inc. click & collect) grew 95.9%, making up 19.7% of total sales (11.7% in 1H FY20)
  - Click & Deliver sales grew 50.0%, with store based fulfillment now ~33% of all online delivery orders
  - Click & Collect sales grew 218%, now ~55% of all Online sales where Baby Bunting has a store

Continued investment in Digital

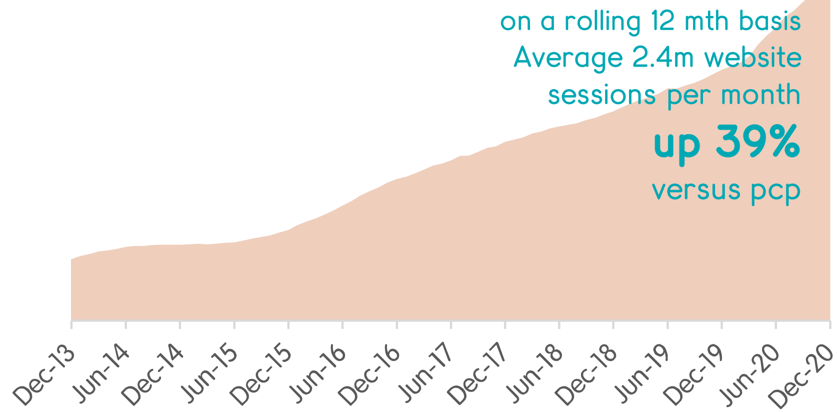
Improving the customer experience

- Leveraging the store network for online fulfilment
- Feature enhancements to the website including augmented reality and three-dimensional product view implemented
- Migration to a headless e-Commerce architecture underway, leveraging best of breed applications delivering a world class customer experience through digital channels

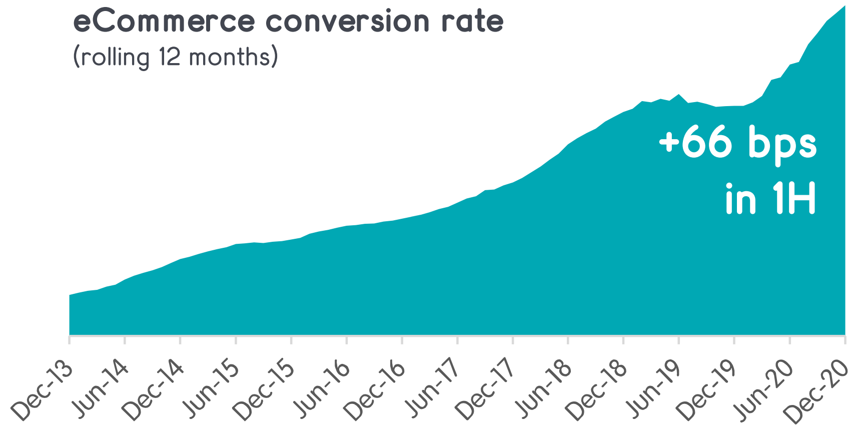
Online Sales ($m)



Website sessions
(rolling 12 months)



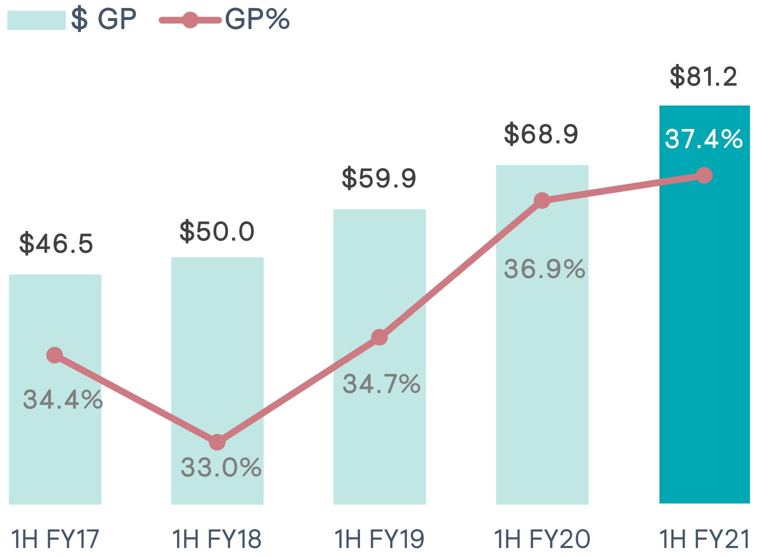
eCommerce conversion rate
(rolling 12 months)



Gross Margin growth continues - now 37.4%

Gross Margin % up 41 bps vs pcp:

- Range improvements with supplier partners delivering great products at sustainable margins
- Continued focus on growing our Private Label & Exclusive Product range
- Investment in our Baby on Board services business contributes to margin expansion
- Higher freight costs as a result of:
  - significant Click & Deliver sales growth of 50.0% vs pcp
  - significant interstate sales growth compared to Vic
- Investment in value - introduction of 'Our Price Promise' and the launch of our new 'Baby Bunting family' loyalty program designed to further grow market share



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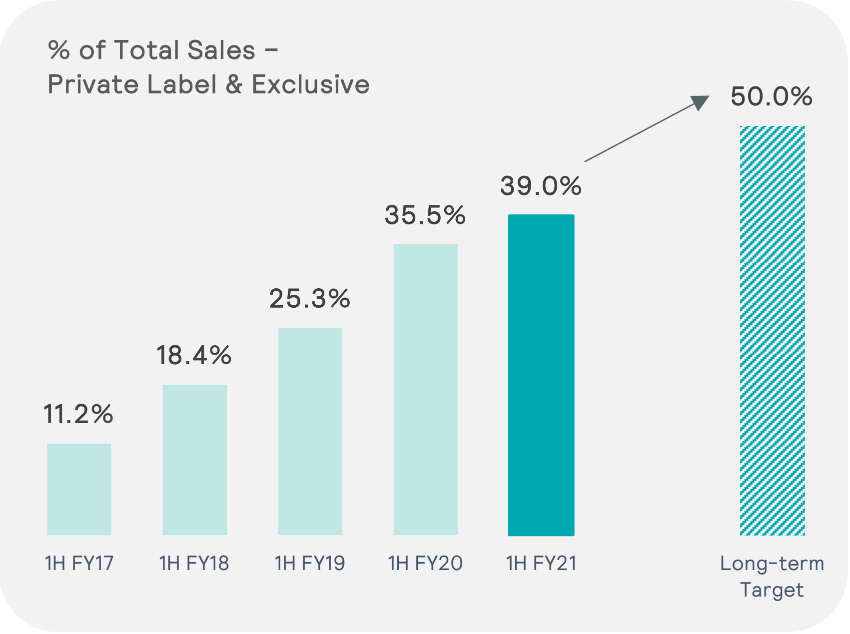
With the million and one things you have to worry about, price won't be one of them.

Value is the number one driver to purchase in our category

- Competitive pricing with the widest range to:
  - Deliver great value to our customers
  - Build trust with our customers through 'Our Price Promise' – find a lower priced item and we'll beat it by 5%
  - Reward our customers through our 'Baby Bunting family' loyalty program
- Best Buys (EDLP) making up 26.9% of total sales in 1H FY21, in line vs pcp. We continue to invest in the Best Buys program
- Private Label & Exclusive Product sales grew 28.2%, now 39.0% of total sales compared to 35.5% (pcp)
  - Private Label & Exclusive Product sales represented ~51% of our Top 250 product sales in 1H FY21
  - Launch of our hard goods Private Label brand scheduled for 2H FY21
  - Long-term target of 50%, targeting +40% in FY21

Our strategy is to differentiate against pure-play online retailers through range, price and services offer



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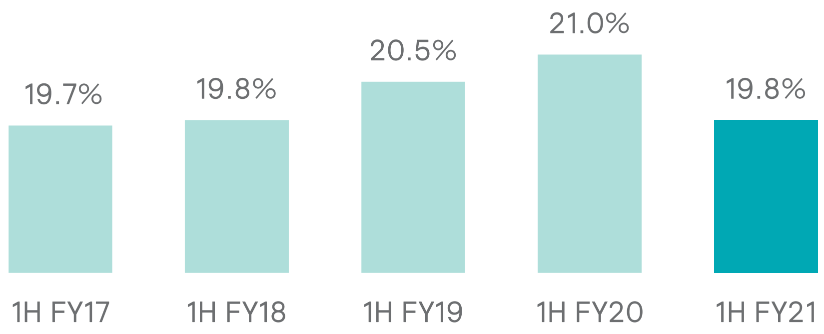
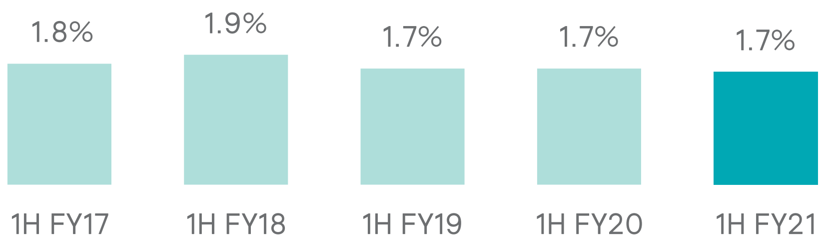
Cost of Doing Business metrics (% sales) (1)

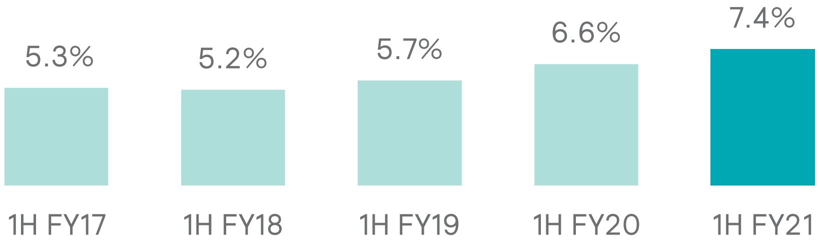
Store expenses



Marketing expenses



Pro forma overhead expenses



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CODB leverage achieved

Store expense leverage achieved of 120 bps vs pcp

Store expenses of 19.8% of sales decreased by 120 bps (vs pcp) as we leverage fixed store costs and investments in process and technology enable labour efficiency

Marketing expenses of 1.7% of sales in line with prior year

- We continue to market through a range of channels including both digital marketing and traditional mediums (radio and catalogues)
- Increased focus on maximising digital marketing opportunities to grow market share

Pro forma overheads of 7.4% of sales increased by $3.9 million (vs pcp) to support growth

- COVID related expenses of $1.0m and expected to moderate significantly in 2H FY21 (total ~40 bps impact)
- Additional roles in Supply Chain to support the Direct Imports and Exclusive Product programs
- Investment in IT capability and infrastructure to deliver our IT roadmap
- Annualisation of new roles

Note:
1. Restated on a pre AASB 16 basis for comparative purposes.

Refer to Appendix for AASB 16 reconciliation

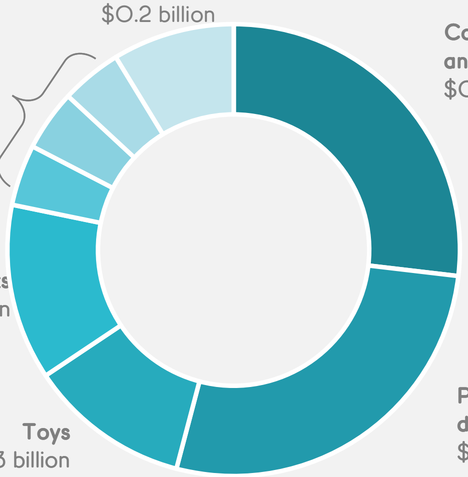
2.
Maternity & Baby Goods Market

Competitive landscape - our market expansion continues

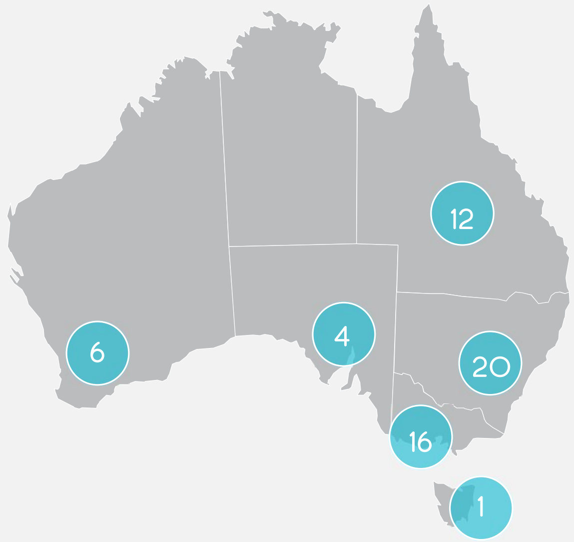
Baby Bunting leads the industry in a fragmented market

Baby Bunting $2.5bn estimated addressable market [1]

(breakdown by category)

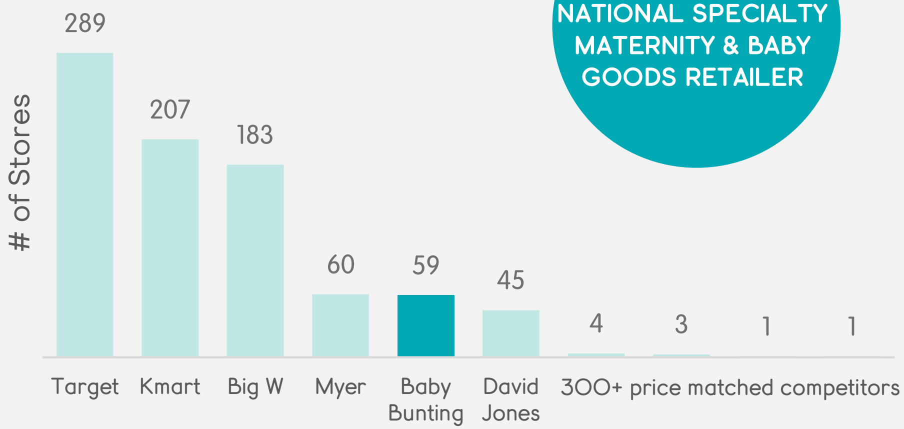


Baby Bunting store numbers by state



100+ STORE NETWORK PLAN

Competition



WE ARE THE ONLY NATIONAL SPECIALTY MATERNITY & BABY GOODS RETAILER

Other competing retailers

amazon

catch

kogan.com

CHEMIST WAREHOUSE

hobby warehouse

ebay

Baby Bunting has a branded store presence on ebay

Drivers of differentiation

Click & Collect increasingly preferred way to shop (~55% of all Online sales in store catchments)

Private Label & Exclusive Products

Store based fulfilment

82% (204 products) of our Top 250 selling SKU's are **not available on Amazon.com.au**

81% (202 products) of our Top 250 selling SKU's are **not available on Catch.com.au**

Expanded services offer

1. To arrive at Baby Bunting's addressable market we use IBIS World data and then discount the food, apparel and nappies categories which are a smaller component of our broad product offering

3.

Transformation Update

Transformation – investing to grow

FY20: $4m capex and $4m project expenses
$2.6m write down of old brand assets

FY21: ~$9m capex and ~$6m project expenses
~$1m write down of PPE (old support office)

Significant business transformation project pipeline continues

Brand Modernisation

Introduced a modern contemporary brand that reflects the brand essence of supporting new and expectant parents in the early years of parenthood.

Core Systems

Implementation of automated replenishment software completed in Q4 FY20, with merchandise forecasting systems anticipated to go live in 2H FY21. Review of point of sale, people & financial systems.

Supply Chain Strategy

Improving margin by realising value through the investment in supply chain, a new distribution centre and logistical capability.

Investment in Data Analytics

Utilising the power of data to make more informed decisions, specifically in the areas of digital and loyalty.

Website and e-commerce re-platform

Migration to a headless e-commerce architecture underway and investment in strategic digital platforms.

Online Fulfilment Hubs

Leverage existing store network to facilitate same day fulfilment for 90% of online metro orders. Hobart, Cannington (WA), Casula (NSW) operational.

Expand Services Business

Grow car seat fittings, leverage our stores to grow nursery hire business. Establish a wholesale nursery business servicing B2B and government needs.

Loyalty Program

Launch of our 'Baby Bunting family' loyalty program in 1H FY21 to build engagement and increase lifetime value of the customer.

Customer Care

Evolve Customer Care and improve the customer experience across all channels.

Supply Chain Strategy

Supply chain evolution to improve gross margin. Lowers our cost to serve. Improves the customer experience through speed to market and increased on-shelf stock availability.

New Distribution Centre & Support Office opening in 2H FY21

We are entering into a lease for a new purpose-built 24,000 sqm Distribution Centre in Melbourne. This will support:

- our growing store network
- increases in direct imports (up 42% vs pcp)
- increases in stock availability
- reduction in 3PL storage costs (currently 2 in Vic)
- long-term Exclusive Product targets
- reduction in supplier direct-to-store deliveries
- reduction in rent per sqm of 15%

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4.
Financial Information

Summary Pro Forma Income Statement

Summary Pro Forma Income Statement			
	Pro Forma 1H FY21	Pro Forma 1H FY20	Change
$ million			
Sales	**217.3**	**186.4**	**16.6%**
Cost of sales	(136.1)	(117.5)	
Gross Profit	**81.2**	**68.9**	**17.9%**
Gross Profit Margin	*37.4%*	*36.9%*	
Cost of doing business(1)	**(62.7)**	**(54.6)**	
Cost of doing business %	*28.8%*	*29.3%*	
EBITDA(1)	**18.5**	**14.3**	**29.7%**
EBITDA margin %	*8.5%*	*7.7%*	
Impact of AASB 16 application (3)			
- Reverse operating leases expenses	13.0	11.6	
- Add ROU Asset Depreciation & Interest	(12.9)	(12.1)	
Depreciation - Plant & Equipment	(2.7)	(2.7)	
Finance costs - Borrowings	(0.4)	(0.4)	
Profit before tax	**15.5**	**10.6**	**46.6%**
Income tax expense	(4.8)	(3.1)	
Net profit after tax (2)	**10.8**	**7.5**	**43.5%**
Net profit after tax margin %	*5.0%*	*4.0%*	

(1) Pre AASB 16 application
(2) Post AASB 16 application
(3) Refer Appendix 2 AASB 16 Transition Impact for further breakdown.

- Total pro forma sales of $217.3 million, up 16.6% vs pcp
  - Comparable store sales growth of 15.0%
- Gross margin of 37.4%, up 41 bps above pcp, the result of:
  - range improvements
  - increased Private Label & Exclusive products
  - expansion of services business
  - direct imports
- Pro forma Cost of Doing Business $62.7 million (1)
  - Store expenses of $43.0m, increase of $3.9m vs pcp
    - $2.3m increase relating to new & annualising stores
    - increase of 2.0% in store wages
  - Warehouse expenses of $3.1m, increase of $0.5m vs pcp
  - Administrative expenses of $13.0m, increase of $3.4m vs pcp
    - New & annualising roles – COO, GM IT, Property & Leasing, Product Development & Compliance, Health & Wellbeing, Loyalty & Digital roles
    - Continued investment in IT infrastructure & systems
    - COVID-19 related expenses of $1.0m which we expect to moderate significantly in 2H FY21
- Pro forma EBITDA (1) of $18.5 million, above pcp 29.7%
- Pro forma NPAT (2) of $10.8 million, above pcp 43.5%

Statement of Financial Position

$ million	Statutory 27-Dec-20	Statutory 28-Jun-20	Statutory 29-Dec-19
Cash and cash equivalents	14.7	13.3	10.4
Inventories	92.8	65.1	80.8
Plant and equipment	28.0	22.5	26.3
Goodwill & Intangibles	48.7	49.0	49.8
Right of Use assets	93.3	93.5	100.3
Other assets	18.7	14.8	12.1
Total Assets	**296.2**	**258.3**	**279.6**
Payables	59.0	51.9	47.3
Borrowings	29.2	0.0	21.1
Lease liability	106.0	106.0	112.2
Provisions	6.5	5.7	5.0
Income tax payable	0.0	1.3	1.3
Total Liabilities	**200.7**	**164.9**	**186.8**
Net Assets	95.5	93.4	92.8
Net Cash / (Debt)	(14.5)	13.3	(10.7)

- Inventory increase of $12m compared to 29 Dec 2019 reflects:
  - New stores ~$3.5m
  - Higher inventory to service higher demand
  - Additional 1 week of inventory to cover international vessel and container availability constraints in early Jan
  - Stock on hand at end of January back to ~$85m
- Plant & Equipment increase reflects investment in new stores, IT infrastructure and transformation projects.
- Payables increase of ~$12m in line with inventory increase of $12m
- Net Debt increase of ~$4m relative to Dec-19 to fund additional inventory cover during significant sales period
  - Movement relative to June reflects the different stages within our standard working capital cycles

Cash Flow

$ million	Statutory 27-Dec-20	Statutory 29-Dec-19
Operating cash flow from trade	26.1	22.1
Movement in Working Capital	(22.7)	(11.4)
Finance costs – borrowings	(0.4)	(0.4)
Finance costs – leases	(2.2)	(2.5)
Transformation project expenses	(2.7)	(1.3)
Net cash flow from operating activities	**(2.0)**	**6.6**
New store capex	(2.9)	(1.7)
Capex (excluding new stores)	(5.1)	(2.3)
Net cash flow from investing activities	**(8.0)**	**(3.9)**
Repayment of leases	(9.8)	(9.6)
Free cash flow	**(19.7)**	**(7.0)**
Dividends paid	(8.2)	(6.4)
Borrowings (net)	29.2	18.0
Net cash flow	**1.3**	**4.6**

(1) Post AASB 16 application

- Change in working capital reflects short-term increase in inventory and three new stores
- Capital expenditure of $8.0m includes investments in:
  - $2.9m in new store capex for 3 new stores opened in 1H FY21
  - $4.1m in transformation projects (including IT systems & branding)
  - $1.0m in store and support office to maintain ongoing operations

Dividends

- FY20 final dividend of 6.4 cents per share was paid in September
- 1H FY21 interim dividend of 5.8 cents per share with a payment date of 12 March (Board's policy is to target ongoing payout ratio of 70-100% of pro forma NPAT)

5. Outlook

FY21 outlook

Sales momentum continues

We have seen positive trading momentum continue. Sales reflect the less discretionary nature of the maternity and baby goods category.

As at 7 February 2021, comparable store sales growth of:

- 15.7% year-to-date
- 18.5% for the first 6 weeks of 2H FY21

Guidance

We anticipate 1-2 new store openings in 2H FY21 (including Westfield Belconnen - ACT), with a strong pipeline of new stores anticipated for FY22.

With the continuing economic uncertainty and on-going risk of COVID-19 restrictions, FY21 earnings guidance cannot be given at this time.

QUESTIONS

6. Appendices

Appendix 1: Statutory - Pro Forma Income Statement Reconciliation

	1H FY2021			1H FY2020		
	Statutory 1H FY21	Add Pro Forma Adj [1]	Pro Forma 1H FY21	Statutory 1H FY20	Add Pro Forma Adj	Pro Forma 1H FY20
$ million						
Sales	**217.3**		**217.3**	**186.4**		**186.4**
Cost of sales	(136.1)		(136.1)	(117.5)		(117.5)
Gross Profit	**81.2**		**81.2**	**68.9**		**68.9**
Other Income	2.4	(2.4)	0.0	0.0		0.0
Store expenses	(30.8)		(30.8)	(28.2)		(28.2)
Marketing expenses	(3.6)		(3.6)	(3.2)		(3.2)
Warehouse expenses	(2.4)		(2.4)	(2.1)		(2.1)
Administrative expenses	(16.5)	3.7	(12.9)	(11.6)	2.0	(9.6)
Other Expenses	(1.1)	1.1	0.0	0.0		0.0
Project Expenses	(2.7)	2.7	0.0	(1.3)	1.3	(0.0)
EBITDA	**26.5**	**5.0**	**31.5**	**22.6**	**3.3**	**25.8**
Depreciation and amortisation	(13.3)		(13.3)	(12.4)		(12.4)
EBIT	**13.2**	**5.0**	**18.2**	**10.2**	**3.3**	**13.5**
Net finance costs	(2.7)		(2.7)	(2.9)		(2.9)
Profit before tax	**10.5**	**5.0**	**15.5**	**7.4**	**3.3**	**10.6**
Income tax expense	(3.0)	(1.8)	(4.8)	(2.5)	(0.6)	(3.1)
Net profit after tax	**7.5**	**3.3**	**10.8**	**4.8**	**2.7**	**7.5**

1. Pro forma financial results have been calculated to exclude the following items (refer Directors' Report (dated 12 February 2021) for further detail):
    a) amortisation of performance rights (LTI) on issue
    b) shares issued under the General Employee Share Plan with no monetary consideration ($0.8m)
    c) cash incentive payment to participating executives in connection with EPS performance rights (FY16 to FY20) granted in October 2015 as part of the Company's Long Term Incentive Plan ($2.8m)
    d) transformation project expenses relating to:
        a) assessment and when necessary, replacement of core information technology systems, including a merchandise demand planning and replenishment, order fulfilment, Loyalty and People systems and assessment of digital technology assets ($1.6m)
        b) other transformation expenses including external consultant costs associated with the setup of the new National Distribution Centre and project management costs ($1.1m)
    e) cash payment received relating to certain digital commerce technology assets that were impaired in FY20 ($2.4m)
    f) costs relating to the interception of insects found in packaging of goods in an imported shipping container. These issues have now been resolved ($1.1m)
    g) income tax benefit relating to performance rights vested under the Company's Long Term Incentive Plan ($0.3m)

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

$ million	1H FY2021 Pro Forma 1H FY21	1H FY2021 Reversal of AASB 16 Depreciation and Interest	1H FY2021 Add Operating Lease Expenses	1H FY2021 Pre-AASB 16 1H FY21	1H FY2020 Pro Forma 1H FY20	1H FY2020 Reversal of AASB 16 Depreciation and Interest	1H FY2020 Add Operating Lease Expenses	1H FY2020 Pre-AASB 16 1H FY20
Sales	217.3			217.3	186.4			186.4
Cost of sales	(136.1)			(136.1)	(117.5)			(117.5)
Gross Profit	81.2			81.2	68.9			68.9
Other Income	0.0			0.0	0.0			0.0
Store expenses	(30.8)		(12.2)	(43.0)	(28.2)		(11.0)	(39.1)
Marketing expenses	(3.6)			(3.6)	(3.2)			(3.2)
Warehouse expenses	(2.4)		(0.7)	(3.1)	(2.1)		(0.6)	(2.6)
Administrative expenses	(12.9)		(0.1)	(13.0)	(9.6)		(0.0)	(9.6)
Other Expenses	0.0			0.0	0.0			0.0
Project Expenses	0.0			0.0	(0.0)			(0.0)
EBITDA	31.5	0.0	(13.0)	18.5	25.8	0.0	(11.6)	14.3
Depreciation and amortisation	(13.3)	10.6		(2.7)	(12.4)	9.7		(2.7)
EBIT	18.2	10.6	(13.0)	15.8	13.5	9.7	(11.6)	11.6
Net finance costs	(2.7)	2.3		(0.4)	(2.9)	2.5		(0.4)
Profit before tax	15.5	12.9	(13.0)	15.4	10.6	12.1	(11.6)	11.2
Income tax expense	(4.8)	(3.9)	3.9	(4.7)	(3.1)	(3.6)	3.5	(3.3)
Net profit after tax	10.8	9.1	(9.1)	10.7	7.5	8.5	(8.1)	7.9

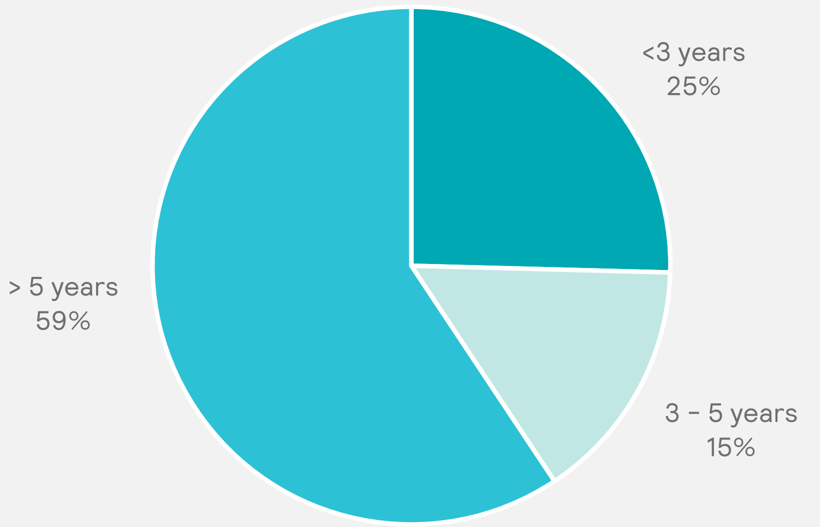
APPENDIX 3: STORE ECONOMICS

	New Baby Bunting stores (all stores opened from June 2008)		Group Average (all stores opened > 4 years)
	YEAR 1	YEAR 2	FY2020
Revenue per store ($m)	4.9	5.4	7.8
EBITDA per store ($m)	0.4	0.5	1.3
Store EBITDA margin	~8%	~10%	~17%
Return on Invested Capital	~28%	~39%	>80%

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 ~$3.7m in annual sales (not including opening year) and average ROI of 57%

Store maturity profile as at 27 December 2020 (years opened)
(stores on average take 4 years to reach sales maturity)



40% of our stores are less than 5 years old and in their growth phase

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)
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" and "Bilbi" brand names)
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