

**ASX Announcement**

22 November 2022

**Trading update**

Best & Less Group Holdings Limited (BLG or the Company) (ASX:BST) provides an update on its year-to-date trading performance.

Through 20 weeks of trading in the first half of FY23, total sales are +22.8% ahead of the first 20 weeks of FY22. Like-for-like (LFL) sales<sup>1</sup> are -7.4% overall, with store LFL sales -2.3% and online sales -32.9%, noting that sales in the prior corresponding period (PCP) were significantly impacted by lockdowns and trading restrictions in several states.

After reporting +38.0% total sales growth for the first eight weeks of FY23, sales growth has since moderated, reflecting the delayed start to summer weather and supply chain delays. BLG is also cycling inflated sales in Q2 FY22, when NSW, Victoria and New Zealand emerged from lockdown and consumers returned to shopping in re-opened stores in large numbers.

With the major shopping season ahead, including Black Friday and Christmas, the Company expects a strong finish to the first half of FY23, with ~60% of first half profits typically recorded in the final six weeks. While unaudited YTD earnings to the end of October are in line with the PCP, a significant increase in sales growth from current levels is required to maintain this result for the first half.

BLG's inventory position is excellent, having sold through significantly more winter stock than in the PCP, with aged stock representing only 1.8% of total inventory. Nearly all seasonal stock is newly arrived summer stock, which is expected to trade well throughout the summer period. The average sale price (ASP) to date remains above the PCP, supporting a robust gross margin outcome, and costs are being managed carefully.

With the expected benefit of sales being deferred to H2 FY23 and assuming the absence of the impact of COVID as experienced in the PCP, second half sales are

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<sup>1</sup> Like-for-like (LFL) revenue growth is calculated as a percentage change between the total aggregated revenue generated from stores (including online) in a relevant period, compared to the total aggregated revenue from the same set of stores in the relevant previous corresponding period. A store is included in BLG's LFL revenue growth calculation after it has been trading for a minimum period of 12 months. Each period in which stores were temporarily closed due to COVID-19 for a period in excess of three days has been excluded from the LFL calculation. The periods in which stores were closed for a prolonged period due to refurbishments are also excluded from the LFL calculations.

expected to exceed the PCP and gross margin percentage to be in line with that achieved in the PCP.

BLG Executive Chair, Jason Murray, said: "After a slow start to summer, we are starting to gain positive trading momentum, supported by our recent investment in lower prices and excellent seasonal inventory position. With six weeks to go and the major shopping season ahead of us, we expect a strong finish to the half and for our summer product to perform well through Q3. Looking ahead, we expect value conscious shoppers to continue to be attracted to our differentiated specialty value offer, and we will retain our relentless focus on preserving margins and driving cost efficiencies."

**ENDS**

This announcement was authorised for release by the Board of Best & Less Group Holdings Limited.

**For further information:**

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**About Best & Less Group:**

Best & Less Group (BLG) is a leading value apparel specialty retailer with an omnichannel sales network comprising 243 physical stores and a fast-growing online platform. BLG's aim is to be the number one choice for mums and families buying baby and kids' value apparel in Australia and New Zealand through its two trusted brands: Best & Less (in Australia) and Postie (in New Zealand).

For more information, visit BLG's investor website at

[www.bestandlessgroup.com.au](http://www.bestandlessgroup.com.au)