

ASX Announcement

20 June 2023

Trading update

Leading value apparel specialty retailer Best & Less Group Holdings Limited (**BLG** or the **Company**) (ASX:BST) today provides an update on trading for the period ending 18 June 2023.

Since the Company's most recent trading update on 17 May 2023, trading conditions have continued to soften, with sales and foot traffic lagging the prior year.

For the five trading weeks from 15 May to 18 June, total sales were -11.7% or \$9.0 million below the prior corresponding period (PCP) and LFL sales were -13.2% below the PCP (stores: -12.5%, online: -19.6%). Through 24 trading weeks in H2 FY23, LFL sales were -4.5% below the PCP (stores: -2.0%, online: -18.6%).

As previously announced, Ray Itaoui joined BLG as Executive Chair on 5 June 2023 and has assumed the responsibilities of CEO for an interim period. Since joining the Company, Mr Itaoui has rapidly implemented a range of actions to position BLG for more challenging trading conditions.

In-season promotional and discount activity to clear winter stock has been accelerated, and yearly inventory is also being reduced to align BLG's inventory position with current demand and maintain inventory quality. This activity has negatively impacted gross margin in Q4, which is expected to continue into Q1 FY24 as the winter season is closed out.

Further expense management initiatives have been implemented to right size BLG's cost base for the conditions, however the full benefit of these actions and lower product and shipping costs will not be seen until H1 FY24.

For H2 FY23, BLG now expects to deliver total revenue of between \$310 million and \$315 million and pro forma net profit after tax (NPAT) of between \$3.6 million and \$4.2 million, which excludes a potential after tax impairment charge on Right of Use Assets of between \$1.5 million and \$3.0 million. This compares to the Company's previous guidance for pro forma NPAT of between \$10 million and \$12 million.

Update on Takeover Offer

On 22 May 2023, BBRC Admin 1 Pty Ltd (the **Bidder**), an entity associated with BBRC International Pte. Ltd., as trustee for the BB Family International Trust (BBRC) and Ray Itaoui, made an off-market takeover offer (Offer) to acquire all of the shares in BLG. The Offer has since been declared unconditional.

As at 19 June 2023, the Bidder, together with entities associated with the Bidder, has voting power in BLG of approximately 66.46%.

Given today's announcement, BLG intends to issue a further Supplementary Target's Statement in the coming days.

Shareholders are encouraged to contact the Shareholder Information Line on 1800 426 150 (within Australia) or +61 1800 426 150 (from outside Australia), Monday to Friday (excluding public holidays) between 8.30am and 7.30pm (Sydney time) should they have any queries in relation to the Offer.

ENDS

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

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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 250 physical stores and an 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