

ASX Announcement

22 June 2023

IBC Chairman's Letter to BLG Shareholders – Off-market takeover bid by BBRC Admin 1 Pty Ltd

Dear BLG Shareholder,

As you will be aware, BBRC Admin 1 Pty Ltd (the **Bidder**), an entity associated with Brett Blundy and Ray Itaoui, has made an off-market takeover offer (**Offer**) to acquire all of the shares in Best & Less Group (**BLG** or the **Company**) that BBRC did not already hold for \$1.89 per share. The Offer has since been declared unconditional and been further extended and will now close at 7:00pm (Sydney time) on Friday 30 June 2023 (unless extended).¹ The Bidder has Voting Power of approximately 71.54% in the Company as at 5.00pm (Sydney time) on 21 June 2023.

Since the announcement of the Offer, BLG has released two separate trading updates² in which pro forma net profit after tax (**NPAT**) guidance for H2 FY23 has been downgraded. Accordingly, the Company now expects HY FY23 pro forma NPAT of \$3.6m - \$4.2m³, which is materially below the original guidance of \$18m – \$20m provided on 25 January 2023. This decrease in NPAT will have an adverse impact on the quantum of any final dividend for FY23.

In light of the deterioration in BLG's trading performance, as well as the likely reduced trading liquidity of BLG shares given the Bidder's increased Voting Power as a result of acceptances received under the Offer, the BLG Independent Board Committee (comprising of Stephen Heath, Melinda Snowden and Colleen Callander) (**IBC**) believes that the BLG share price may fall materially following the close of the Offer. Accordingly, the IBC recommends that those shareholders who have a shorter-term horizon for their investment in BLG or who have concerns about their future ability to exit their holdings should **ACCEPT NOW**.

Shareholders who have a longer-term investment horizon and are comfortable in remaining a minority shareholder in BLG may consider 'taking no action'. However, the IBC encourages you to read in full the risks of remaining a minority shareholder as noted in BLG's Original Target's Statement dated 22 May 2023.

The BLG Board (which now comprises the IBC members plus Brett Blundy and Ray Itaoui) has also announced that Erica Berchtold will no longer be joining the

¹ See end of this letter for formal notices of variation.

² Dated 17 May 2023 and 20 June 2023, respectively.

³ Excludes a potential after tax impairment charge on Right of Use Assets of between \$1.5 million and \$3.0 million.

Company and that Ray Itaoui will remain in an Executive Director capacity for the foreseeable future.

The Company has also issued a Second Supplementary Target's Statement which includes, amongst other things, an update to the recommendations for shareholders and the Independent Expert's updated views. A copy of BLG's Second Supplementary Target's Statement can be found at <https://bestandlessgroup.com.au/investor-centre/>, and shareholders are encouraged to read this in full.

The Bidder has announced that the closing date for the Offer has been further extended to 7.00pm (Sydney time) on Friday 30 June 2023 (unless further extended). Shareholders should act quickly if they wish to accept the Offer for \$1.89 per share. If you have any doubt as to how to respond to the Offer before its expiry date you should consult an appropriately licenced professional adviser immediately.

BLG shareholders who wish to accept the Offer should do so online at <https://events.miraqle.com/BestAndLess-TakeoverOffer> or by using the Acceptance Form sent with the Takeover Booklet.

Offer Information Line

Should you have any queries, please 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).

Yours sincerely,



Stephen Heath

Chair of the BLG Independent Board Committee
Non-Executive Director and Chair of the People and Remuneration Committee

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 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

Attachment

Notices of extension:

22 June 2023 - Second Notice of Extension of Offer Period

*"In accordance with section 650D of the Corporations Act and pursuant to section 650C(1) of the Corporations Act, the Bidder hereby varies its Offer by extending the Offer Period during which the Offer will remain open for acceptance. The Offer Period will now end at **7.00pm (Sydney time) on Friday 30 June 2023** (unless further extended by the Bidder in accordance with the Corporations Act). All references in the Bidder's Statement, First Supplementary Bidder's Statement and Second Supplementary Statement to "22 June 2023" or "27 June 2023" are replaced with "30 June 2023" in each place that the closing date of the Offer or Offer Period is referred to. A copy of this notice was lodged with ASIC on 22 June 2023. ASIC takes no responsibility for the contents of this notice."*

20 June 2023 – First Notice of Extension of Offer Period (superseded)

"In accordance with section 650D of the Corporations Act and pursuant to section 650C(1) of the Corporations Act, the Bidder hereby varies its Offer by extending the Offer Period during which the Offer will remain open for acceptance. The Offer Period will now end at 7.00pm (Sydney time) on Tuesday 27 June 2023 (unless further extended by the Bidder in accordance with the Corporations Act). All references in the Bidder's Statement and First Supplementary Bidder's Statement to "22 June 2023" are replaced with "27 June 2023" in each place that the closing date of the Offer or Offer Period is referred to. A copy of this notice was lodged with ASIC on 20 June 2023. ASIC takes no responsibility for the contents of this notice. BLG shareholders who wish to accept the Offer should do so online at <https://events.miracle.com/BestAndLess-TakeoverOffer> or by using the Acceptance Form sent with the Takeover Booklet. As at 9:00am (Sydney time) on the date of this Second Supplementary Bidder's Statement, the Bidder has Voting Power in approximately 67.86% of the BLG Shares on issue."

Notice regarding dispatch of documents:

BLG Shareholders should be aware that ASIC has granted BLG and the Bidder relief from the usual requirement under the Corporations Act to send the Target's Statement, Bidder's Statement and any offers (within the meaning of section 620 of the Corporations Act) and variations, including the notices of variation above (**Documents**) to BLG Shareholders via post. This means that:



- if you have elected to receive shareholder communications from BLG by email, then you will receive an electronic copy of the Documents to your nominated email address; and
- if you have not elected to receive shareholder communications from BLG electronically, then you will be sent a letter or postcard to your registered postal address which will contain details of where you may access an electronic copy of the Document or instructions on how to request a hard copy of the Document.

BLG Shareholders may also request a hard copy of the Document be sent to them (if in Australia, by pre-paid ordinary post or by courier, or, if outside Australia, by pre-paid airmail post or by courier) by contacting the BLG Shareholder Information Line using the numbers provided above. The fact that ASIC has granted this relief in connection with the Offer should not be taken as a reflection of ASIC's views on any other aspect of the Offer.