FY22 RESULTS PRESENTATION

30 AUGUST 2022

Best&Less Group

AGENDA

1. Results overview
2. Financial summary
3. Strategy update
4. Trading update and outlook

FY22 RESULTS OVERVIEW

RODNEY ORROCK, CHIEF EXECUTIVE OFFICER

FY22 OVERVIEW

RESILIENT BUSINESS DELIVERING STRONG RETURNS THROUGH THE CYCLE

Revenue
$622.2m
(FY21: $663.2m)
Online sales +15.6% yoy

LFL revenue growth
-0.7%
Q4: +6.4%

Gross margin
49.1%
(FY21: 48.9%)
Gross profit: $305.4m

Net cash
$36.7m
(FY21: $35.7m)
Inventory: $95.0m

EBITDA
$62.5m
(FY21: $71.6m)

EBITDA margin
10.0%
(FY21: 10.8%)

NPAT
$41.1m
(FY21: $47.0m)
EPS: 29.2¢[3]

Dividend
12¢ per share
8.8% dividend yield[4]
79.8% payout ratio[5]

1. Pro forma financials for the 53 weeks ended 3 July 2022 (FY22: 52 weeks). See page 22 for Statutory to pro forma reconciliation.
2. All comparisons relate to the prior corresponding period (pcp) unless otherwise stated.
3. Statutory earnings per share.
4. Based on the 29 August 2022 closing share price of $2.62.
5. Dividend payout ratio relative to statutory NPAT.

OPERATING HIGHLIGHTS

DISCIPLINED EXECUTION DELIVERS STRONG MARGIN PERFORMANCE

- Core non-discretionary lines drive significantly improved performance in H2
- Strong sales momentum in Q4 with LFL sales up +6.4%
- Adapted effectively to changing consumer behaviour due to COVID
- Managed operational disruption from elevated absenteeism as a result of COVID
- More than 2,500 new team members onboarded
- Impact of inflation and supply chain disruption well managed
- Product Lifecycle Management (PLM) system implemented
- Cybersecurity audit and systems upgrade
- POS replacement project underway, with discovery, scoping and solution design completed
- Australian Cotton sourcing and tracing established, with volume committed for FY23

OPERATING ENVIRONMENT

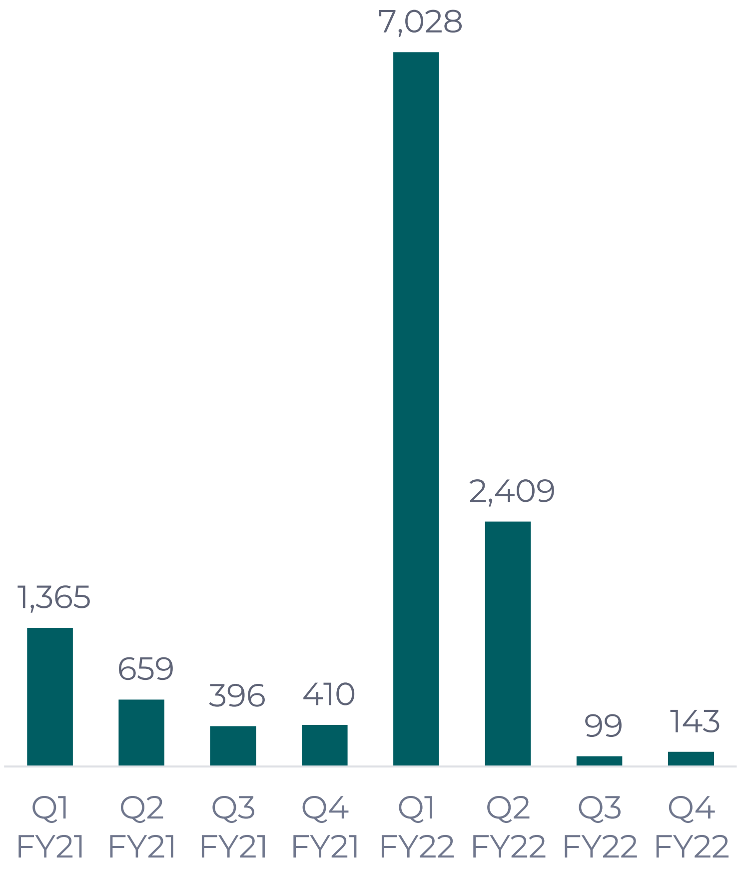
SUPPORTING OUR CUSTOMERS, PEOPLE AND COMMUNITIES

- 9,679 (10.8%) total trading days lost in FY22 result in over $50 million of lost sales vs. plan
- Mount Druitt, Toormina, Gympie and Lismore stores closed for extended periods due to storms and flooding
- Foot traffic and consumer behaviour impacted post-lockdowns
- New store openings delayed due to availability of trades and materials

OUR RESPONSE

- Reopened 44 NSW stores during lockdown for essential products
- Introduced diverse store fulfilment options to mitigate sales impact
- Adjusted orders and moved inventory with agility
- Reduced CODB to offset impact of lower sales and support strong EBITDA outcome
- Supply chain, shipping and labour costs well managed
- Paid COVID-19 leave and vaccination leave to support team members

Lost trading days by quarter



MANAGING OUR SUPPLY CHAIN

INFLATION

- COGS inflation managed through selective price increases enabled by 'good, better, best' pricing strategy and cost mitigation negotiations with suppliers
- ASP continues to grow, up 3.2% in FY22

SHIPPING COSTS

- 75%[1] of orders executed on contract rates significantly lower than spot rates
- Increased lead times to protect against shipping disruption

INVENTORY

- Inventory $95.0 million at end FY22 includes $19.1 million new stock on water to ensure stock availability ahead of key summer selling period
- Clear-as-you-go approach maintains aged inventory at recent low levels (1.7%[2] of total inventory, FY21: 1.8%[3])
- Disciplined promotional activity to clear seasonal stock

1. % of containers shipped to Australia.
2. As at 22 August 2022.
3. As at 22 August 2021.

FY22 FINANCIAL SUMMARY

ANDREW MOORE, CHIEF FINANCIAL OFFICER

FINANCIAL SUMMARY

FINANCIAL PERFORMANCE[1]	FY22	FY21	Var	FY20	Var
Pro forma financial summary					
Revenue ($m)	**622.2**	663.2	-6.2%	625.0	-0.4%
Gross profit ($m)	**305.4**	324.5	-5.9%	278.6	+9.6%
Gross margin (%)	**49.1%**	*48.9%*	+20bps	44.6%	+450bps
Total CODB ($m)	**242.9**	252.9	-4.0%	251.6	-3.5%
EBITDA ($m)	**62.5**	71.6	-12.7%	27.0	+131.5%
EBITDA margin (%)	**10.0%**	*10.8%*	-80bps	4.3%	+570bps
NPAT ($m)	**41.1**	47.0	-12.6%	16.1	+155.3%
Key financial metrics					
Number of stores	**242**	245	-3	250	-8
Online sales growth (%)	**+15.6%**	+33.5%	-	+56.8%	-
LFL revenue growth (%)	**-0.7%**	10.8%	-	+4.8%	-
Trading days lost	**9,679**	2,830	+242%	3,151	+207%

Highlights[2]

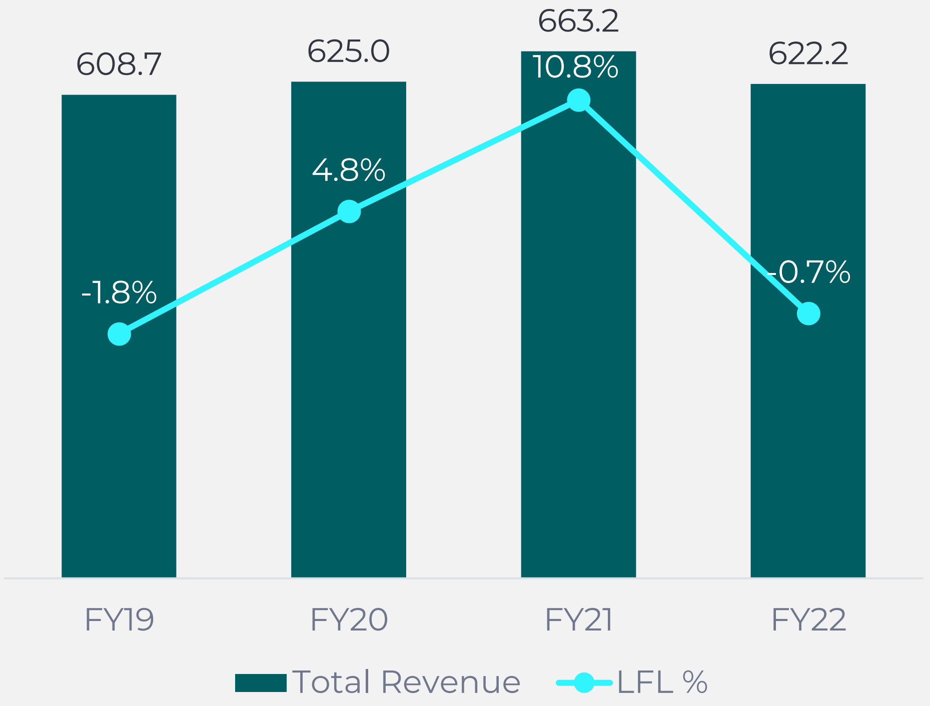
- Resilient performance despite 10.8% lost trading days, with revenue down -6.2% on FY21
- Online revenue +15.6%, now 11.3% of total (FY21: 9.2%)
- LFL sales down -0.7%, strong momentum in Q4, up +6.4%
- Gross margin up +20bps (+450bps on FY20), with agile inventory management and targeted margin reductions to clear seasonal inventory
- Strong double-digit EBITDA margin of 10.0%

1. Pro forma financials for the 53 weeks ended 3 July 2022 (FY22: 52 weeks).
2. All comparisons FY22 vs. FY21 unless otherwise stated..

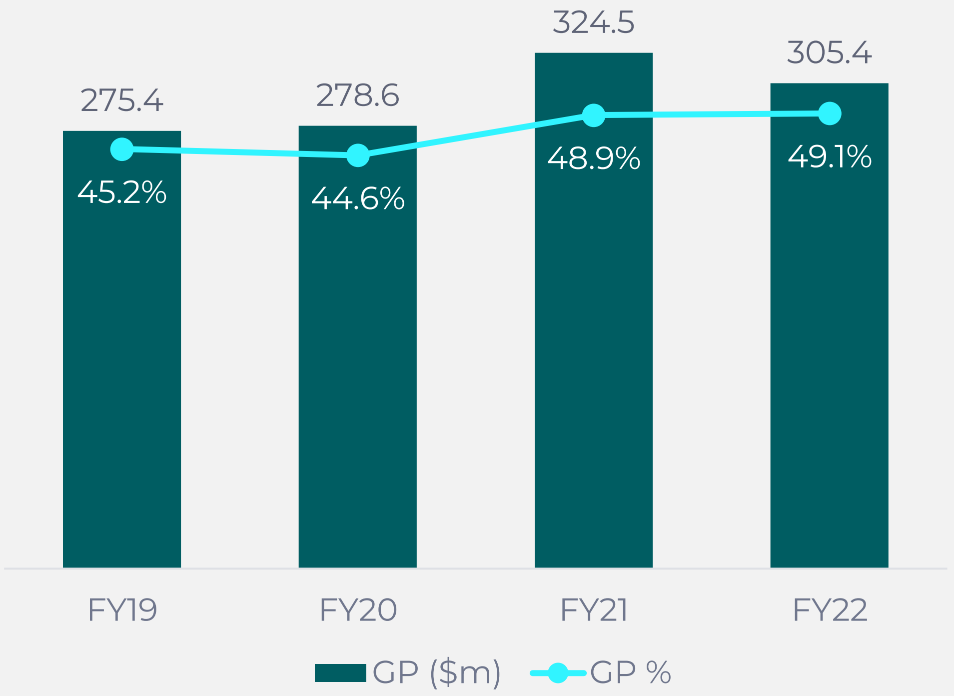
GROSS MARGIN

VERTICAL RETAIL MODEL DELIVERS STABLE GROSS MARGIN OF 49.1%

Sales



Gross profit



BALANCE SHEET

$m	3 July 2022	27 June 2021
Assets		
Cash and cash equivalents	36.7	35.7
Inventories	95.0	80.5
Property, plant and equipment	15.2	9.8
Right-of-use assets	198.0	186.6
Intangibles	11.3	11.8
Other assets	20.5	18.5
Total assets	**376.7**	**342.9**
Liabilities		
Trade and other payables	62.0	72.2
Borrowings	-	-
Lease liabilities	213.2	197.7
Provisions	7.3	7.3
Income tax payable	6.6	8.1
Employee benefits	14.9	14.5
Total liabilities	**304.0**	**299.8**
Net assets	**72.7**	**43.1**
Net cash/(debt)	**36.7**	**35.7**

Highlights[1]

- Robust net cash position of $36.7 million
- Inventory of $95.0 million includes $19.1 million new stock on water
- Aged inventory of $1.9 million is 2.1% of total inventory (FY21: $1.4 million (1.6%), FY20: $5.3 million (7.4%))
- Undrawn working capital facilities with CBA ($40 million) and BNZ (NZ$5.5 million), provides flexibility and headroom to fund growth strategy
- Trade and other payables in FY21 included $5.6 million IPO costs and $3.9 million associated with management equity plan

1. All comparisons FY22 vs. FY21 unless otherwise stated.

CASH FLOW

$m	FY22	FY21
EBITDA	62.5	71.6
Non-cash items	0.6	(0.4)
Changes in working capital		
Inventory	(14.5)	(8.2)
Receivables and prepayments	(0.2)	1.6
Trade and other payables	1.0	(4.7)
Operating cash flow	**49.4**	**59.8**
Capital expenditure (net of landlord contributions)	(6.2)	(4.1)
Free cash flow	**43.2**	**55.7**

Highlights

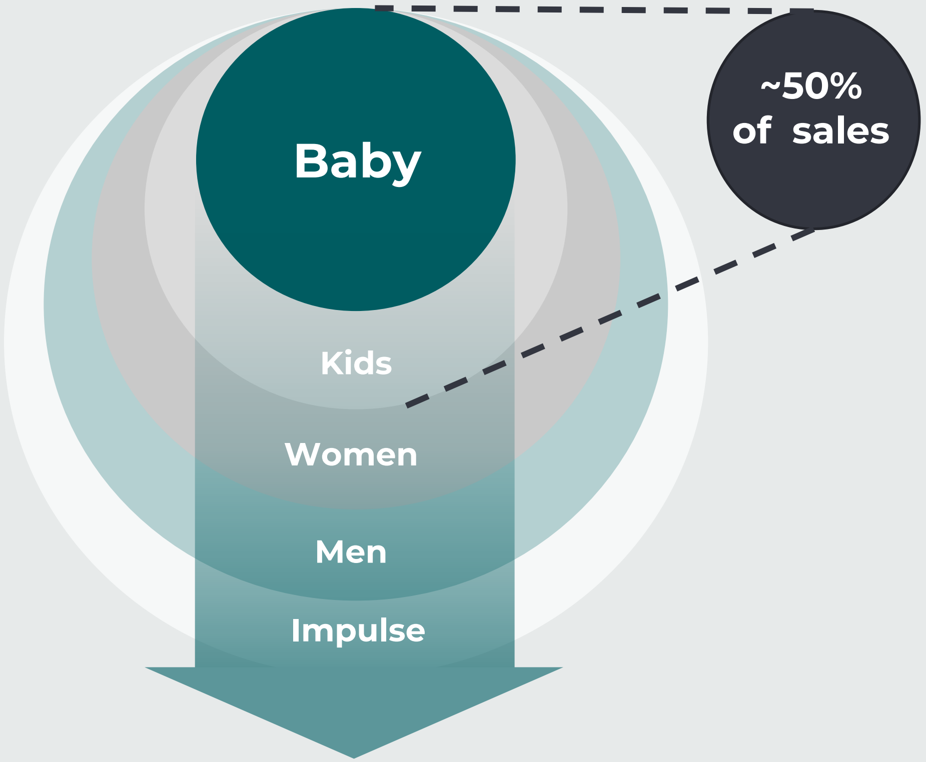
- Operating cash flow of $49.4 million
- Operating cash flow conversion 79.0%
- Free cash flow of $43.2 million
- Free cash flow conversion 69.1%
- Capex increased by 51% due to six new stores, 17 refurbishments and four relocations
- Capex expected to increase in FY23 with 11 new stores opening, more refurbishments scheduled, new POS rollout and further systems upgrades
- $36.7 million cash and no debt
- $13.8 million in dividend payments in FY22

STRATEGY UPDATE

RODNEY ORROCK, CHIEF EXECUTIVE OFFICER

OPPORTUNITY FROM ACCELERATED MIGRATION TO VALUE

Privileged relationship with mum



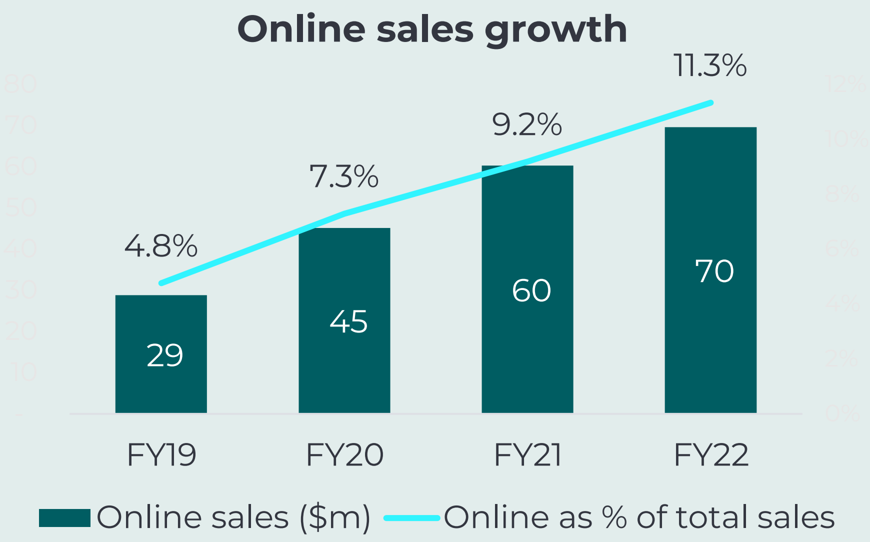
BLG favourably positioned

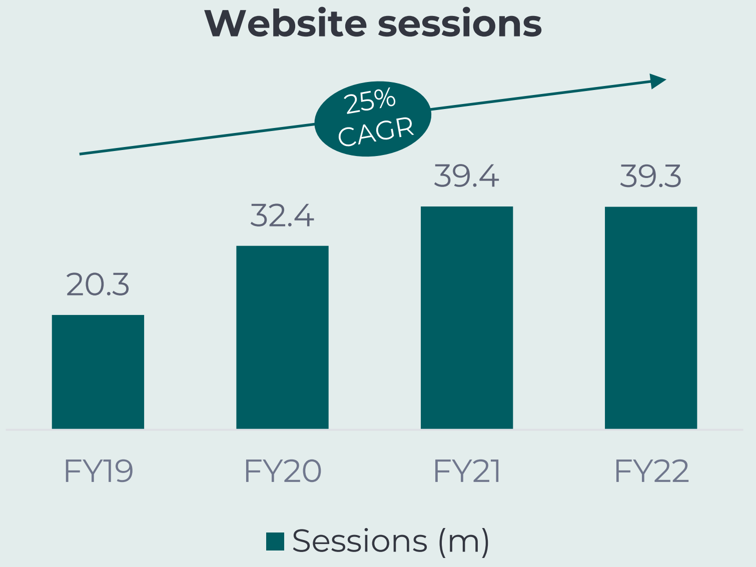
- Baby is the entry point
- Better quality than DDS, better value than specialty
- Differentiated market positioning
- #1 retailer in Australia for low price and #2 for value for money[1]
- 90% of items sold under $20
- Low ASP of $8.33

1. Australian Strategy Partners, Retail Proposition Index 2021.

OMNICHANNEL PROGRESS

Investment delivering results





- Adapted effectively to changing consumer preference for online shopping during COVID
- Over 45% of online orders fulfilled through stores
- Mobile accounted for 73% of online sales
- Online category hubs delivered higher engagement and conversion
- Effective digital marketing
- 1.88 million loyalty members[1], +10% on FY21
- Friends Club NPS up 8pts to +37, drove higher engagement and shopping frequency[2]

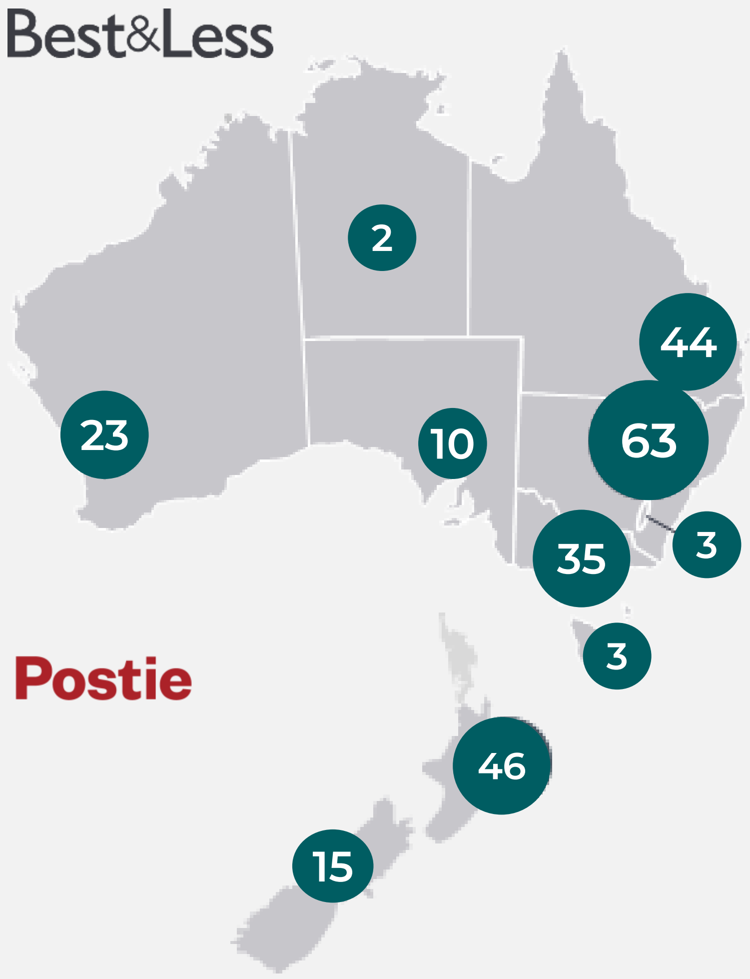
Coming up in FY23

- Relaunching consumer website
- Using AI to deliver personalised customer experience
- Launching mobile app 2.0
- Online sales % expected to moderate as customers return to stores

1. Historical active customer data assumes the current total member to active member ratio between Best and Less and Postie businesses is similar, given Postie active member data is not available.
2. Shadow Wolves, Brand and Shopper Tracker Winter 22.

STORE NETWORK EXPANSION

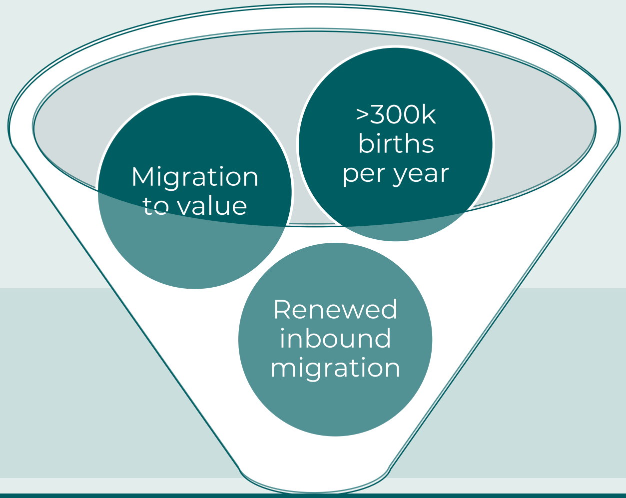
- Six new stores opened in FY22
- Four store relocations, including two to larger sites
- Nine stores closed, including five planned closures
- Agreements to open 11 new stores in FY23, with three additional relocations to larger sites
- Remain willing to discontinue leases where there is no compelling commercial rationale
- Store profile to remain equally weighted between metro and regional



Total stores as at 25 August 2022.

STRATEGIC PRIORITIES

Value market growth drivers



Market share initiatives	Increase share in baby	Increase share in kids	Increase share in womenswear	Above market online sales growth	Targeted store network expansion

Strategic enablers

- Enhance data capability and CRM to improve customer experience and drive loyalty
- Further our commitment to operating sustainably
- Proactively manage gross margin, CODB and working capital

Outcomes	Increased sales, stable GM%, CODB leverage	Sustainable growth in EBITDA, EBIT and NPAT	Increase cash flow and dividends

TRADING UPDATE & OUTLOOK

RODNEY ORROCK, CHIEF EXECUTIVE OFFICER

FY23 TRADING UPDATE & OUTLOOK

- Through eight weeks of trading in FY23 total sales +38.0%[1] with LFL sales +1.4% (store sales +7.5%, online sales -29.1%)
- Foot traffic remains below pre-COVID levels but is recovering
- Customer conversion rates elevated and average selling prices increasing, driving sales growth and mitigating input cost price increases

Outlook

- Inflationary environment expected to accelerate migration to value
- Non-discretionary offer and unique value proposition to continue to drive sales
- Disciplined execution of growth strategy, including expanding store footprint
- Focus on maintaining gross profit margin and managing costs and inventory
- Continue to upgrade our systems and data capability
- Given ongoing economic uncertainty, BLG is not providing sales or earnings guidance at this time

1. Corresponding eight-week period in FY22 significantly impacted by store closures.

Q&A

APPENDIX

Best&Less Group

STATUTORY TO PRO FORMA RECONCILIATION

$m	FY22 Statutory	Reallocate depreciation expense[1]	FY22 Statutory after reallocation of depreciation expense	Impact of application of AASB 16[2]	FY22 (pre AASB 16)	IPO costs and pro forma tax adjustment[3]	Pro forma P&L
Revenue							
Sales revenue	622.2	-	622.2	-	622.2	-	622.2
Cost of goods sold	(321.1)	4.3	(316.8)	-	(316.8)	-	(316.8)
Gross profit	301.1	4.3	305.4	-	305.4	-	305.4
Other income	0.1	-	0.1	-	0.1	-	0.1
Expenses							
Selling expenses	(186.1)	46.3	(139.8)	(54.0)	(193.8)	-	(193.8)
Administration expenses	(50.1)	2.5	(47.6)	(1.6)	(49.2)	-	(49.2)
Other operating expenses	(4.5)	-	(4.5)	-	(4.5)	4.5	-
Operating profit / pro forma EBITDA	60.5	53.1	113.6	(55.6)	58.0	4.5	62.5
Depreciation expense[1]	-	(53.1)	(53.1)	50.4	(2.7)	-	(2.7)
Net finance costs	(10.0)	-	(10.0)	8.7	(1.3)	-	(1.3)
Profit before tax	50.5	-	50.5	3.5	54.0	4.5	58.5
Income tax expense	(14.4)	-	(14.4)	(1.1)	(15.5)	(1.9)	(17.4)
NPAT	36.1	-	36.1	2.4	38.5	2.6	41.1

Notes

1. Total depreciation and amortisation expense of $53.1m as per Note 7 of the consolidated financial statements is classified by function on the face of the BLG income statement. We have reallocated depreciation and amortisation expense to its own line to derive the 'Statutory EBITDA' of $113.6m (as per Note 4 of the FY22 BLG consolidated financial statements).
2. This adjustment reflects the reversal of the impact of AASB 16 in order to present the pro forma financial information in accordance with AASB 117.
3. This adjustment reflects the reversal of non-recurring IPO costs incurred in FY22. It includes employee gift shares, joint lead manager fees, legal and consultancy/advisory services relating to the IPO. The tax adjustment reflects the cumulative income tax effect of the pro forma adjustments. The pro forma income tax expense reflects the application of a 30% Australian corporate tax rate on Australian taxable profits and a 28% New Zealand corporate tax rate on New Zealand taxable profits

TWO ICONIC BRANDS, ONE DIFFERENTIATED VALUE PROPOSITION

1. "Twice the quality at half the price"

100

day quality guarantee

2. First choice for baby value apparel

~50%

of group sales from baby and kids' categories

3. Extensive and easy to shop format

244

stores across Australia and New Zealand[1]

4. Omnichannel convenience

11.3%

of sales online, growing at 16%[2]

5. Connected to mum

~1.9m

loyalty club members

6. Vertical retail model

~86%

sales from own labels

7. Trusted brands

Best&Less

Postie

Two much-loved brands with "good, better, best" pricing

Combining the two brands provides scale benefits and operational synergies for BLG

1. As at 25 August 2022.
2. FY22 vs. FY21.

COMMITTED TO SUSTAINABILITY

QUALITY AND SAFETY
- 100-day guarantee
- Quality Assurance team
- Reputable safety record

LIVING WAGES
- Living Wage Statement
- Gap analysis conducted
- Next step open costings to identify labour component

COMMUNITY
- Supported Australian charities through Good360
- Supported Givit Flood Appeal
- Supported Next Steps

ANIMAL WELFARE
- No fur or leather used in our garments

ETHICAL SOURCING
- Modern Slavery Statement
- 252 supplier audits[1]
- Workers Grievance Hotline
- PLM implementation
- Sedex membership

SUSTAINABILITY
- Materiality assessment for ESG framework
- All packaging re-usable, recyclable or compostable by 2025
- Integrating UN SDGs[2]
- GOTS[3] certified organic cotton range
- Carbon audit complete
- Silver membership of NSW Sustainability Advantage program
- Australian Cotton sourcing and volume commitment for FY22

1. Two-year rolling period.
2. United Nations Sustainable Development Goals.
3. Global Organic Textile Standard.

IMPORTANT NOTICE AND DISCLAIMER

IMPORTANT NOTICE

The material in this presentation has been prepared by Best & Less Group Holdings Limited (ASX:BST) ABN 76 642 843 221 ("BLG" or the Company") and is general background information about BLG's activities, current as at the date of this presentation. By reviewing/attending this presentation, you agree to be bound by the following conditions.

No representation or warranty, expressed or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law none of BLG, its subsidiaries, or their respective officers, employees, agents or consultants nor any other person accepts any liability, including, without limitation, any liability arising out of the fault or negligence, for any loss or damage arising from the use of this presentation or information contained in it, including any error or omission in connection with it.

The information in this presentation is given in summary form and does not purport to be complete in every aspect. In particular you are cautioned not to place undue reliance on any forward-looking statements regarding our belief, intent or expectations with respect to BLG's businesses, market conditions and/or results of operations, as although due care has been used in the preparation of such statements, actual results may vary in a material manner. Information in this presentation or subsequently provided to a recipient of this presentation, whether orally or in writing, including forecast financial information, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities in the Company.

This presentation is for information purposes only and is not a prospectus or product disclosure statement, financial product or investment advice or a recommendation to acquire BLG shares or other securities. It has been prepared without taking into account the objectives, financial situation or needs of individuals. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

The financial information should be read in conjunction with the Company's financial statements and BLG's other periodic and continuous disclosure announcements.

Forward-looking statements

This presentation may contain forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "could", "expects", "intends", "anticipates", and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this document, are expected to take place. No person who has made any forward-looking statements in this document has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, other than to the extent required by law or any relevant stock exchange listing rules. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company.

This presentation also contains references to certain intentions, expectations and plans of the Company. These intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ.