



BELL POTTER EMERGING LEADERS CONFERENCE

15 September 2021

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 basis of preparation set out in Note 2 of 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.

AGENDA

1. FY21 results overview
2. Introducing Best & Less Group
3. Growth strategy
4. Trading update and outlook





FY21 RESULTS OVERVIEW

RECORD PROFIT IN A MILESTONE YEAR

- ✓ Strong FY21 performance driven by disciplined execution of growth strategy
- ✓ Exceeded Prospectus forecasts on all key metrics
- ✓ Performance of core non-discretionary categories reinforce defensive characteristics
- ✓ Key strategic initiatives progressed in difficult trading environment
- ✓ Listed on the ASX in July
- ✓ Strong balance sheet and net cash position, well positioned for the bounce back

FY21 OVERVIEW



Revenue

\$663.2m

Up 6.1%
(FY20: \$625.0m)



LFL revenue growth

10.8%



Gross margin

48.9%

Up 430bps
(FY20: 44.6%)



EBITDA

\$71.6m

Up 165.2%
(18.0% ahead of
Prospectus forecast)



EBITDA margin

10.8%

Up 650bps
(FY20: 4.3%)



NPAT

\$47.0m








Up 191.9%
(18.1% ahead of
Prospectus forecast)





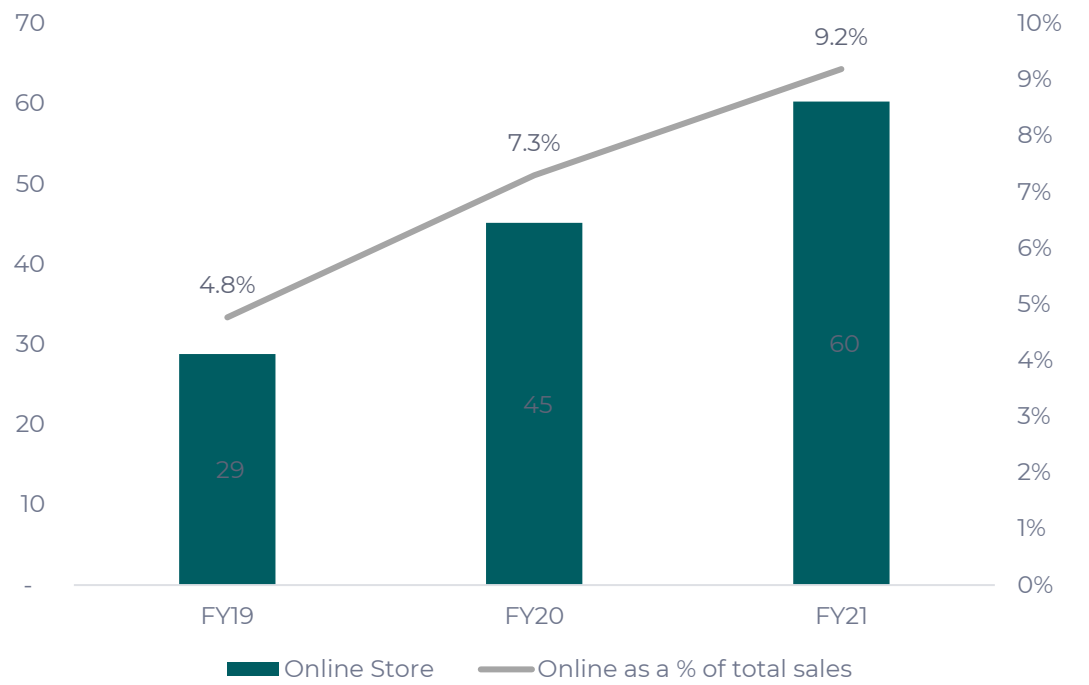
INTRODUCING BEST & LESS GROUP

TWO ICONIC BRANDS, ONE DIFFERENTIATED VALUE PROPOSITION

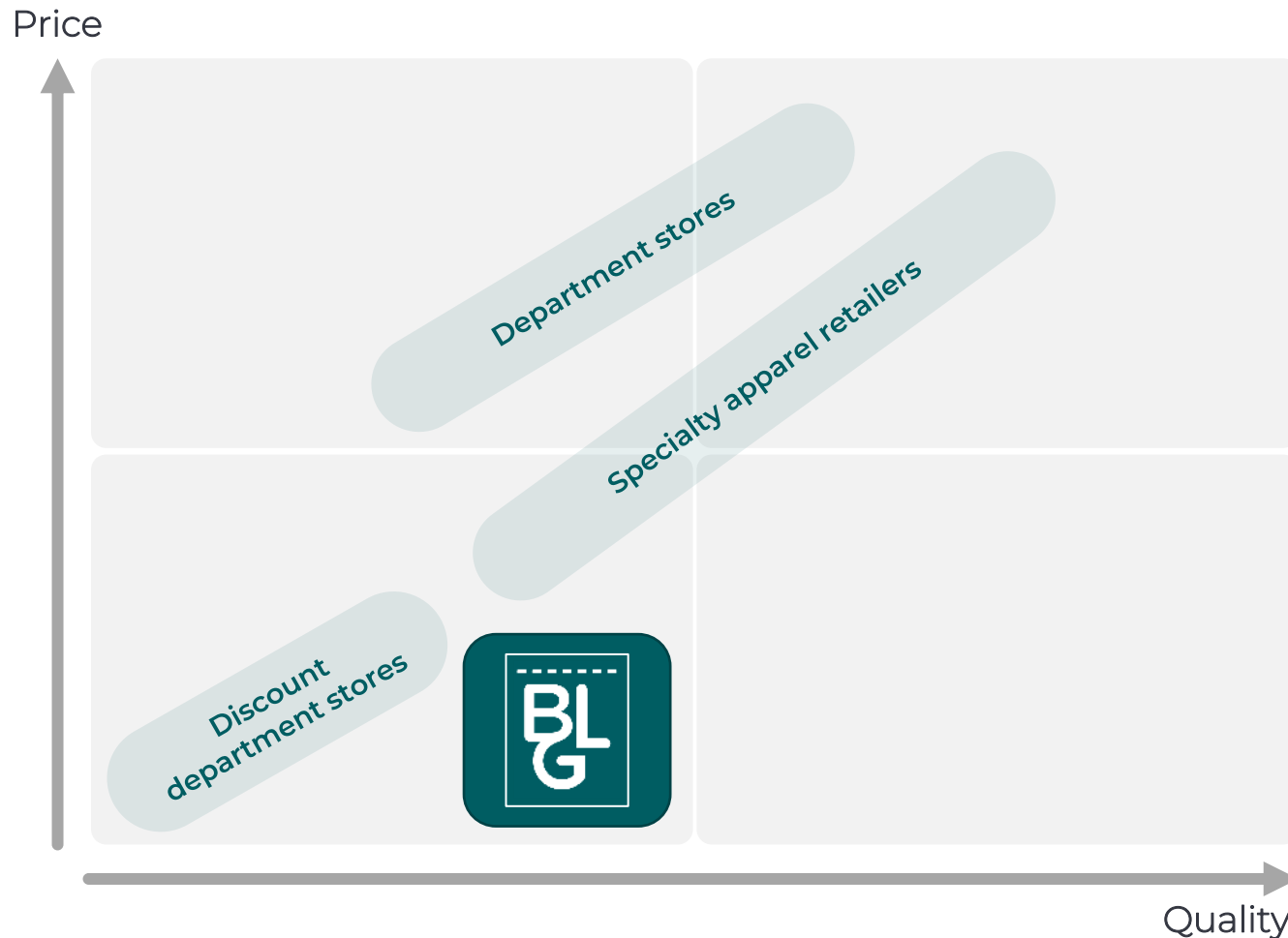
1	2	3	4	5	6	7
"Twice the quality at half the price"	First choice for baby value apparel	Extensive and easy to shop format	Omnichannel convenience	Connected to mum	Vertical retail model	Trusted brands
						
100	~50%	245	9.2%	~1.7m	86%	Best&Less Postie
day quality guarantee	of group sales from baby and kids' categories	profitable stores across Australia and New Zealand	of sales online, growing at 33% ¹	loyalty club members	sales from own labels	Two much-loved brands with "good, better, best" pricing

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

FINANCIAL PROFILE



SPECIALTY VALUE FOCUS UNLOCKS SIGNIFICANT MARKET OPPORTUNITY



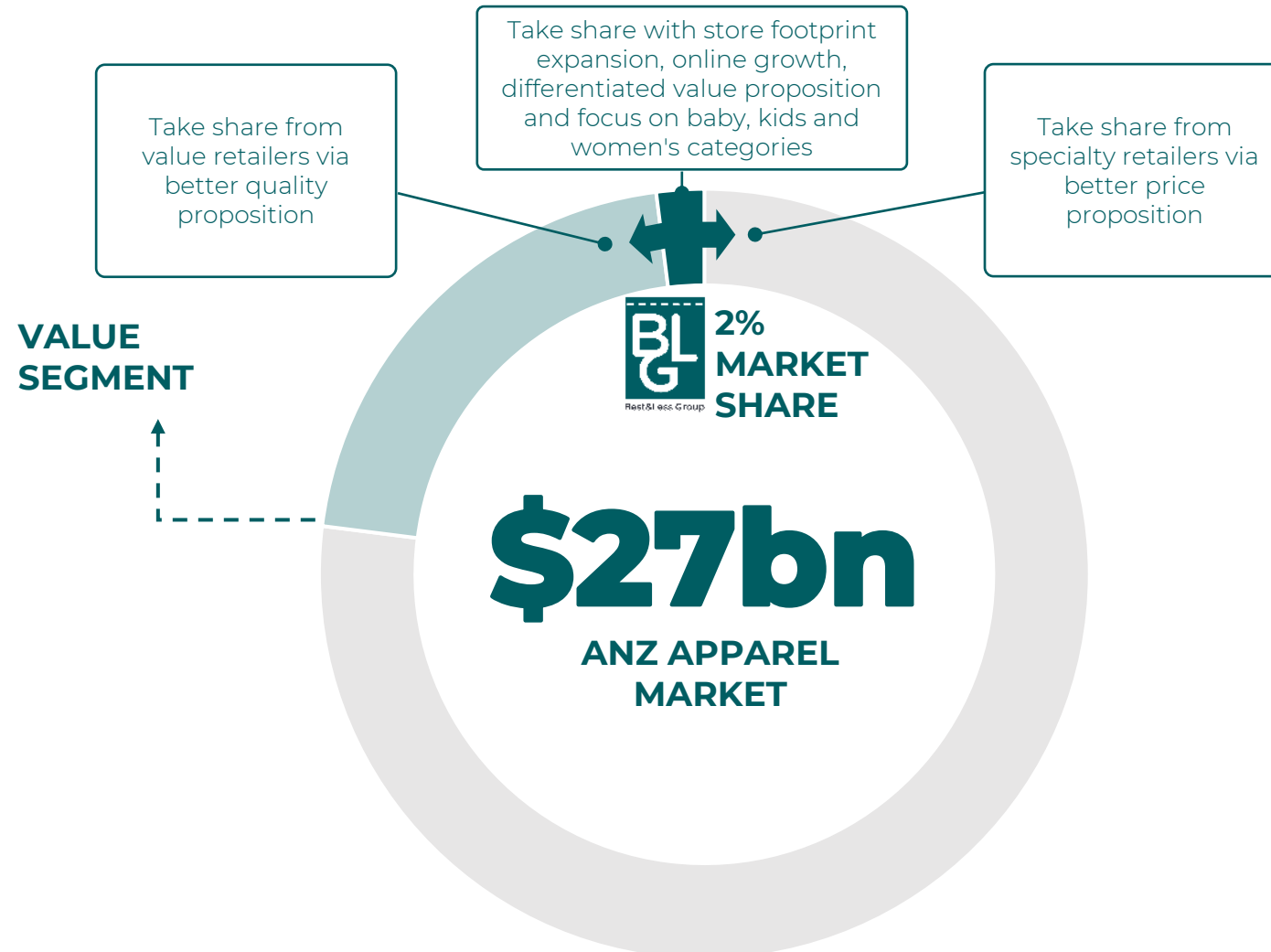
Market opportunity

- ✓ Migration to value
- ✓ Structural growth drivers
- ✓ Highly fragmented

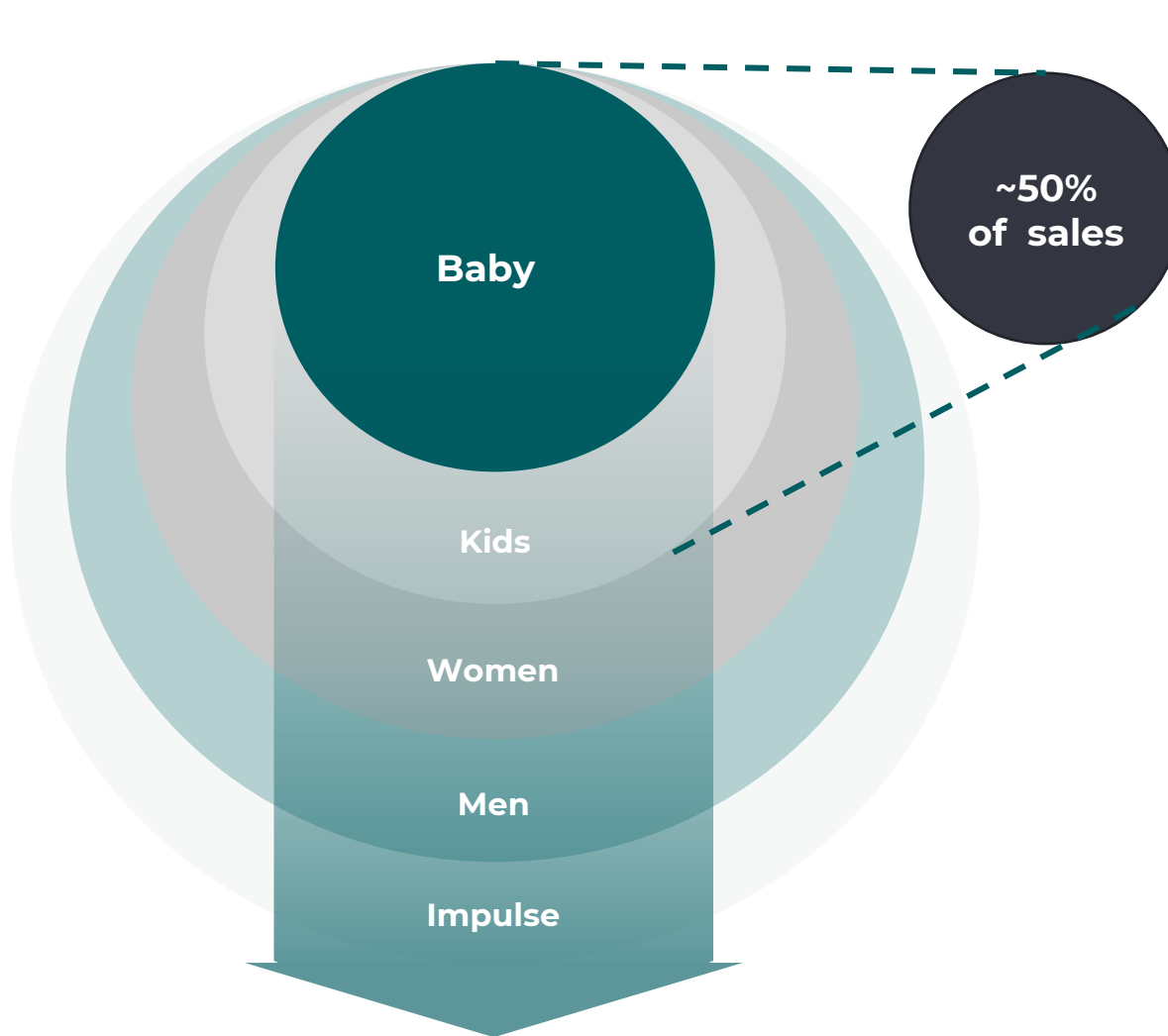
BLG characteristics

- ✓ Baby is the entry point
- ✓ Unique specialty value focus
- ✓ Better quality than DDS, better value than specialty
- ✓ Differentiated market positioning

WELL POSITIONED TO INCREASE MARKET SHARE

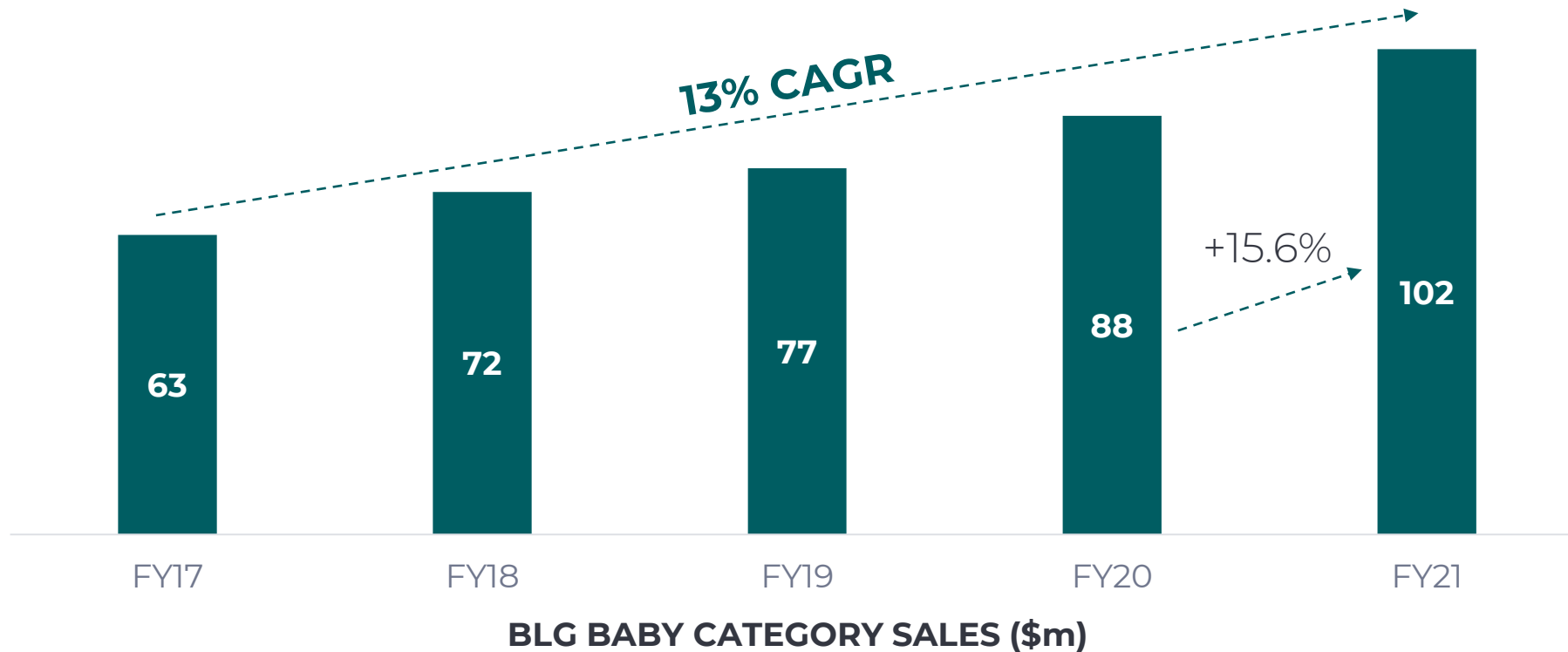


THE HALO EFFECT – IT STARTS WITH BABY



- 1 Establishes long-term relationship based on credibility and trust
- 2 As babies and kids grow, we grow with them – extending customer lifetime value
- 3 Opens adjacent opportunities and leverages traffic to grow basket size
- 4 Closely aligned with BLG's value apparel focus
- 5 Highly defensive as a consumer staple, not a discretionary purchase
- 6 High barriers to entry/competition

BABY THE KEY GROWTH DRIVER



VALUES-LED APPROACH TO ESG



QUALITY AND SAFETY

- 100-day guarantee
- Quality Assurance team
- Reputable safety record



ETHICAL SOURCING

- Modern Slavery Statement
- 217 supplier audits
- Workers Grievance Hotline
- PLM implementation



LIVING WAGES

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



SUSTAINABILITY

- All packaging re-usable, recyclable or compostable by 2025
- Integrating UN SDGs¹
- GOTS² certified organic cotton range
- Carbon audit complete



COMMUNITY

- Supported 173 different charities through Good360
- Partnered with Drought Angels





ANIMAL WELFARE

- No fur used in our garments



GROWTH STRATEGY

DELIVERY AGAINST OUR GROWTH STRATEGY

	Increase share in baby	<ul style="list-style-type: none"> • Introduced online Baby Land hub for improved customer engagement • Introduced silicone feeding lines to extend category presence • Increased size range in reaction to customer research of core volume lines
	Increase share in kids	<ul style="list-style-type: none"> • Introduced new sizes for girls and boys based on customer research • Increased availability of volume lines to lift service proposition • Conducted market research on wardrobe composition
	Increase share in womenswear	<ul style="list-style-type: none"> • Increased sales due to improved denim offer • Increased size availability in underwear categories • Increased ASP through improved mix
	Above market online sales growth	<ul style="list-style-type: none"> • Continued improvement to Click & Collect and store fulfilment • Improved conversion and transaction volumes • Delivered mobile platform
	Increasing gross margin % to sales	<ul style="list-style-type: none"> • Implementing Product Lifecycle Management (PLM) system • Continued enhancement of mix and ASP growth • Ongoing management of current inventory ageing profile
	Targeted store network expansion	<ul style="list-style-type: none"> • Optimisation of store network largely complete • 4 net new stores committed for FY22 to date • Continued focus on expansion in under serviced catchments
	CODB cost reduction initiatives	<ul style="list-style-type: none"> • Implemented Tanda workforce management system • 60 lease renewals to be negotiated in FY22 • Everyday Low Cost ("EDLC") culture



CONNECTED TO MUM



ONLINE INVESTMENT DELIVERS RESULTS

- Online sales up 33.5% on FY20 and 109.2% on FY19 (pre-COVID)
- Customer conversion now 3.26% (FY20: 2.33%) due to improved customer experience and fulfilment capability
- 'Click and collect' and 'ship from store' driving increased transaction volume
- Introduction of 'Baby Land' online hub has increased session duration by 162% and conversion by 80%
- Best & Less mobile app launched in July – increased session duration by over 20% and mobile conversion by 17%
- 'Click and collect' being trialed in NZ after successful Australian rollout

TRADING UPDATE & OUTLOOK

FY22 TRADING UPDATE

- Through 8 weeks of trading in FY22 (to 22 August):
 - Total sales down 25.7% on FY21
 - LFL sales down 11.7% on FY21 and flat on FY20
 - Gross margin percentage ahead of expectations
 - Closely managing inventory, costs and cash flow
- Operational agility paying off:
 - BLG continues to operate online stores and 'click and collect' in some stores – rapid turnaround capability a differentiator
 - 16 of 62 NSW stores now fully open, with 29 other NSW stores open for essential products and contactless 'click and collect'
 - 9 of 12 stores in NSW hotspot LGAs open for contactless 'click and collect'
 - 14 regional VIC stores reopened from 11 September 2021
 - 46 of 60 NZ stores reopened from 8 September 2021



OUTLOOK

- Controlling the things we can control
- Expect bounce back once lockdowns are lifted
- CY21 Prospectus forecasts for EBITDA and NPAT confirmed; H1 FY22 forecasts dependent on intensity and duration of lockdown and the strength of consumer demand once restrictions ease
- BLG remains well positioned to capture long-term opportunity in specialty value apparel market
- Core non-discretionary categories to remain a key growth driver
- Will provide further update on trading at AGM on 23 November



Q&A
