

**Universal Store Holdings Limited  
(formerly known as US Holdings  
Pty Ltd)**

**ABN 94 628 836 484**

Appendix 4D and interim consolidated  
financial report for the half-year ended  
31 December 2020

# Appendix 4D

## For the half-year ended 31 December 2020

### 1 Company details

**Name of entity:** Universal Store Holdings Limited (formerly known as US Holdings Pty Ltd)  
**ABN:** 94 628 836 484  
**Reporting period:** For the half-year ended 31 December 2020  
**Previous period:** For the half-year ended 31 December 2019

### 2 Results for announcement to the market

	<b>Percentage change</b>	<b>Amount</b>
	<b>%</b>	<b>\$000</b>
Revenue from ordinary activities	up 23% to	117,986
Profit after income tax for the period	up 48% to	15,829
Profit for the period attributable to the owners of Universal Store Holdings Limited (formerly known as US Holdings Pty Ltd)	up 48% to	15,829

#### Dividends

During the financial period, the Group paid a pre-IPO dividend of \$34,076,000 (31 December 2019: \$nil).

	<b>Amount per security</b>	<b>Franked amount per security</b>
	<b>Cents</b>	<b>Cents</b>
Pre-IPO dividend	54	54
Interim dividend	5	5

Dividend payment date:

- Financial year ended 30 June 2020: pre-IPO dividend 18 November 2020
- Financial year ending 30 June 2021: interim dividend 4 May 2021

### 3 Net tangible liabilities per security

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$000</b>	<b>\$000</b>
Net tangible liabilities per ordinary security	(0.68)	(1.15)

Net tangible liabilities are calculated by deducting intangible and right-of-use assets from the net assets of the Group.

### 4 Other information

This report is based on the consolidated financial statements which has been reviewed by PricewaterhouseCoopers.

For further explanation of the figures above please refer to the ASX Announcement dated 25 February 2021 on the results for the half-year ended 31 December 2020 and the notes to the interim consolidated financial statements.

**Universal Store Holdings Limited  
(formerly known as US Holdings  
Pty Ltd)**

**ABN 94 628 836 484**

Interim consolidated financial report  
for the half-year ended  
31 December 2020

## Contents

---

Directors' report	1
Auditor's independence declaration	4
Interim consolidated statement of profit or loss and other comprehensive income	5
Interim consolidated statement of financial position	6
Interim consolidated statement of changes in equity	7
Interim consolidated statement of cash flows	8
Notes to the interim consolidated financial statements	9
Directors' declaration	20
Independent auditor's review report	21

## Directors' report

The directors submit their report on the consolidated entity consisting of Universal Store Holdings Limited (formerly known as US Holdings Pty Ltd) (the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2020.

### Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

Peter Alan Birtles	(Appointed: 27 October 2020)
Dorothy Alice Carlisle Barbary	(Appointed: 27 October 2020)
Srdjan Dangubic	
Kaylene Joan Gaffney	(Appointed: 27 October 2020)
David MacLean	
Trent Peterson	
Nicholas Maurice Larkin	(Resigned: 27 October 2020)

### Principal activity

During the year, the principal activity of the Group consisted of fashion retailing.

There were no significant changes in the nature of this activity during the period.

### Dividends

During the financial period, the Group paid a dividend of \$34,076,000 (31 December 2019: \$nil).

In respect of the half year ended 31 December 2020 the Directors of Universal Store Holdings Limited declared an interim fully franked dividend of \$0.05 per share to be paid on 4 May 2021.

### Review of operations

The net profit from ordinary activities after tax of the Group for the half-year 31 December 2020 was \$15,829,000 (31 December 2019: \$10,717,000).

	6 months to 31 December 2020 \$000	6 months to 31 December 2019 \$000	Change
Revenue from contracts with customers	117,986	95,711	23.3%
Other income	2	6	(66.7)%
Expenses	(81,746)	(66,246)	23.4%
<b>EBITDA<sup>1</sup></b>	<b>36,242</b>	<b>29,471</b>	<b>23.0%</b>
Depreciation and amortisation expense	(11,517)	(10,738)	7.3%
<b>EBIT<sup>2</sup></b>	<b>24,725</b>	<b>18,733</b>	<b>32.0%</b>
Finance costs	(2,362)	(3,297)	(28.4)%
Finance income	797	20	3,885.0%
<b>Profit before tax</b>	<b>23,160</b>	<b>15,456</b>	<b>49.8%</b>
Income tax expense	(7,331)	(4,739)	54.7%
<b>Profit after tax</b>	<b>15,829</b>	<b>10,717</b>	<b>47.7%</b>

  

	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Basic earnings per share	0.27	0.19
Diluted earnings per share	0.25	0.19

## Directors' report (continued)

---

### Review of operations (continued)

<sup>1</sup> Earnings before interest, tax, depreciation and amortisation (EBITDA)

<sup>2</sup> Earnings before interest and tax (EBIT)

#### Retail

Total sales grew to \$118.0 million in H1 FY21, an increase of 23.3 % on the prior year. Like for like growth was 26.2%.

Store sales grew by 16.1% in H1 FY21. Like for like growth was 19.1%.

Online sales grew 128% during H1 FY21, on top of the 38% growth achieved in H1 FY20.

Sustainable margin improvement remains a key focus for the business, including increasing vertical brands, optimising product mix and driving operating efficiencies.

Universal Store Holdings Limited did not open any new stores during the period due to the COVID-19 pandemic. The Group expects to open an average of 7 new stores per annum going forward.

### Significant changes in the state of affairs

The Group listed on the ASX on 16 Nov 2020 raising \$38,354,000 of new capital. In doing so the company changed its status from a private to a public company with a name change from US Holdings Pty Ltd to Universal Store Holdings Limited.

During the period, transaction costs of \$6,697,000 have been recognised as an expense and a further \$1,606,000 net of tax has been classified to equity as a cost of raising capital.

COVID-19 continues to provide operational challenges. Universal Store closely monitors the market, team safety and business operations to ensure we make informed decisions, mitigate risk and manage the full range of impacts and opportunities. In July, Metro Melbourne entered stage 4 restrictions for a 6-week period resulting in the closure of our Metro stores, which on 6 September was subsequently extended for an additional 2-week period.

Furthermore, the Group received phase 1 JobKeeper wage subsidies of \$4,445,000. The net benefit to EBIT was \$3,023,000 and the profit after tax net benefit was \$2,116,000. The Group ceased eligibility to receive the JobKeeper subsidy on 27 September 2020.

On 31 August 2020, the Group made an early repayment of the vendor loan note with a principal value of \$15,000,000. Upon completion of the IPO, the Group repaid \$35,554,000 of bank borrowings.

There were no other significant changes in the state of affairs of the Group during the period.

### Significant events after the reporting date

On 24 February 2021, the directors of Universal Store Holdings Limited determined that on the basis of the performance of the Group during H1 FY21, it was appropriate to return the net JobKeeper wage subsidy benefit received during the period to the Australian Government. This represents \$3,023,000 of subsidised wages. This will be repaid and recognised in the Group's financial results in the second half of FY21. The Group acknowledges and appreciates the important role this policy played in enabling the Group to support its team through significant periods of store closures in 2020.

In respect of the half year ended 31 December 2020 the Directors of Universal Store Holdings Limited declared an interim fully franked dividend of \$0.05 per share to be paid on 4 May 2021.

There were no other significant events occurring after the reporting date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

### Rounding

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the legislative instrument applies.

## Directors' report (continued)

---

### **Auditor's independence declaration**

The directors have received a declaration for the auditor of Universal Store Holdings Limited (formerly known as US Holdings Pty Ltd). A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'P. Birtles', is positioned above the printed name and title.

Peter Alan Birtles  
Chairman  
24 February 2021



## *Auditor's Independence Declaration*

As lead auditor for the review of Universal Store Holdings Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Universal Store Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'K Challenor'.

Kim Challenor  
Partner  
PricewaterhouseCoopers

Brisbane  
24 February 2021



## Interim consolidated statement of profit or loss and other comprehensive income

**For the half-year ended 31 December 2020**

		6 months to 31 December 2020 \$000	6 months to 31 December 2019 \$000
	Notes		
Revenue from contracts with customers	4	117,986	95,711
Raw materials and consumables used		(50,084)	(41,167)
		67,902	54,544
Other income		2	6
Other losses		(64)	(10)
Employee benefits expenses		(17,535)	(18,287)
Occupancy expenses		(3,429)	(3,531)
Depreciation and amortisation expense		(11,517)	(10,738)
Transaction costs	5	(6,697)	-
Marketing expenses		(1,851)	(1,479)
Banking and transaction fees		(24)	(16)
Other expenses		(2,062)	(1,756)
Finance costs		(2,362)	(3,297)
Finance income		797	20
<b>Profit before tax</b>		<b>23,160</b>	<b>15,456</b>
Income tax expense	6	(7,331)	(4,739)
<b>Profit for the period</b>		<b>15,829</b>	<b>10,717</b>
<b>Profit for the period is attributable to:</b>			
Owners of Universal Store Holdings Limited		15,829	10,717
Basic earnings per share		0.27	0.19
Diluted earnings per share		0.25	0.19
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>15,829</b>	<b>10,717</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of Universal Store Holdings Limited		15,829	10,717

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# Interim consolidated statement of financial position

As at 31 December 2020

		31 December 2020 \$000	30 June 2020 \$000
	Notes		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		37,193	41,813
Trade and other receivables		1,678	3,044
Inventories	7	15,369	13,705
<b>Total current assets</b>		<b>54,240</b>	<b>58,562</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	10,179	11,153
Right-of-use assets	11	54,649	60,311
Intangible assets	9	92,686	92,569
<b>Total non-current assets</b>		<b>157,514</b>	<b>164,033</b>
<b>Total assets</b>		<b>211,754</b>	<b>222,595</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		23,683	15,761
Borrowings	10	-	1,000
Lease liabilities	11	18,434	18,266
Deferred revenue		1,643	493
Current tax liabilities		6,471	3,230
Provisions		1,459	1,273
Derivative financial liabilities		81	243
<b>Total current liabilities</b>		<b>51,771</b>	<b>40,266</b>
<b>Non-current liabilities</b>			
Borrowings	10	14,741	50,554
Lease liabilities	11	41,530	46,373
Deferred tax liabilities		5,354	8,087
Provisions		798	803
<b>Total non-current liabilities</b>		<b>62,423</b>	<b>105,817</b>
<b>Total liabilities</b>		<b>114,194</b>	<b>146,083</b>
<b>Net assets</b>		<b>97,560</b>	<b>76,512</b>
<b>Equity</b>			
Contributed equity	12	92,161	56,251
Other reserves	13	3,746	361
Retained earnings		1,653	19,900
<b>Total equity</b>		<b>97,560</b>	<b>76,512</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Interim consolidated statement of changes in equity

### For the half-year ended 31 December 2020

	Contributed equity (Note 12) \$000	Other reserves (Note 13) \$000	Retained earnings \$000	Total equity \$000
<b>At 1 July 2020</b>	<b>56,251</b>	<b>361</b>	<b>19,900</b>	<b>76,512</b>
Profit for the period	-	-	15,829	15,829
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>15,829</b>	<b>15,829</b>
<b>Transactions with owners in their capacity as owners</b>				
Contribution of equity from IPO (Note 12)	38,354	-	-	38,354
Dividends paid (Note 14)	-	-	(34,076)	(34,076)
Share option recognised	-	561	-	561
MEP loan repayment	-	4,623	-	4,623
Buy-back of ordinary shares	(838)	(1,799)	-	(2,637)
Transaction costs, net of tax	(1,606)	-	-	(1,606)
<b>At 31 December 2020</b>	<b>92,161</b>	<b>3,746</b>	<b>1,653</b>	<b>97,560</b>
<b>At 1 July 2019</b>	<b>56,151</b>	<b>136</b>	<b>7,077</b>	<b>63,364</b>
Profit for the period	-	-	10,717	10,717
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>10,717</b>	<b>10,717</b>
<b>Transactions with owners in their capacity as owners</b>				
Contribution of equity from IPO (Note 12)	100	-	-	100
Share option recognised	-	106	-	106
<b>At 31 December 2019</b>	<b>56,251</b>	<b>242</b>	<b>17,794</b>	<b>74,287</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Interim consolidated statement of cash flows

For the half-year ended 31 December 2020

		6 months to 31 December 2020 \$000	6 months to 31 December 2019 \$000
	Notes		
<b>Operating activities</b>			
Receipts from customers (inclusive of GST)		132,956	106,202
Payments to suppliers and employees (inclusive of GST)		(80,166)	(70,823)
Interest received		47	21
Interest paid		(2,373)	(2,930)
Income taxes paid		(6,134)	(4,897)
Transaction costs in relation to existing shares		(6,697)	-
<b>Net cash flows from operating activities</b>		<b>37,633</b>	<b>27,573</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		365	283
Payments for property, plant and equipment	8	(1,335)	(4,107)
Payments for intangibles	9	(168)	-
<b>Net cash flows used in investing activities</b>		<b>(1,138)</b>	<b>(3,824)</b>
<b>Financing activities</b>			
Proceeds from issues of shares and other equity securities	12	38,354	-
Proceeds from borrowings	10	14,728	-
Proceeds from management MEP loan repayments		4,623	-
Payments for buy-back of ordinary shares		(2,637)	-
Payments of transaction costs in relation to initial public offering		(2,293)	-
Dividends paid to equity holders of the Parent	14	(34,076)	-
Payment of principal portion of lease liabilities		(8,564)	(6,680)
Repayment of borrowings	10	(51,250)	(1,000)
<b>Net cash flows used in financing activities</b>		<b>(41,115)</b>	<b>(7,680)</b>
Net (decrease)/increase in cash and cash equivalents		(4,620)	16,069
Cash and cash equivalents at 1 July		41,813	10,814
<b>Cash and cash equivalents at 31 December</b>		<b>37,193</b>	<b>26,883</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the interim consolidated financial statements

## For the half-year ended 31 December 2020

---

### 1 Corporate information

The consolidated financial statements of Universal Store Holdings Limited (formerly known as US Holdings Pty Ltd) (the "Company" or "Parent") and its controlled entities (the "Group") for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 24 February 2021.

Universal Store Holdings Limited (formerly known as US Holdings Pty Ltd) is a for-profit company limited by shares, incorporated and domiciled in Australia.

The registered office and principal place of business of the Group is Unit 6, 2 Jenner Street, Nundah, QLD 4012.

The nature of the operations and principal activity of the Group are described in the directors' report.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

These consolidated financial statements for the period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These consolidated financial statements do not include all the notes of the type normally included in annual financial reports. Accordingly, these consolidated financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated financial statements have been prepared under the historical cost conversion, except for, where applicable, derivative financial instruments and share-based payments which have been measured at fair value at grant date.

The preparation of the consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. There have been no changes to the Group's significant accounting judgements, estimates, and assumptions since the year ended 30 June 2020.

Comparatives have been reclassified where appropriate to ensure consistency and comparability with the current period.

#### 2.2 Changes in accounting policies and disclosures

##### New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. The Group has not adopted any new or amended accounting standards or interpretations that have been issued but are not yet effective.

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 3 Operating segments

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-maker (CODM's). The CODM's has been identified as the Board of Directors on the basis that they make the key operating decisions of the Group and are responsible for allocating resources and assessing performance.

Key internal reports received by the CODM's, primarily the management accounts, focus on the performance of the Group as a whole. The performance of the operations is based on EBIT (earnings before interest and tax). The accounting policies adopted for internal reporting to the CODM's are consistent with those adopted in the consolidated financial statements.

The Group has considered its internal reporting framework, management and operating structure and the directors' conclusion is that the Group operates as a single operating segment as a retailer operating within Australia.

#### 4 Revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time as follows:

	6 months to 31 December 2020	6 months to 31 December 2019
	\$000	\$000
Sale of goods	117,986	95,711
<b>Total revenue from contracts with customers</b>	<b>117,986</b>	<b>95,711</b>

#### 5 Transaction costs

	6 months to 31 December 2020	6 months to 31 December 2019
	\$000	\$000
Transaction costs in relation to initial public offering	6,697	-

IPO transaction costs net of tax of \$1,606,000 have been classified as equity as they relate to the issuance of new shares.

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 6 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim consolidated statement of profit or loss and other comprehensive income are:

	6 months to 31 December 2020 \$000	6 months to 31 December 2019 \$000
<b>Income taxes</b>		
Current income tax expense	9,937	5,571
Deferred income tax benefit	(2,606)	(832)
<b>Income tax expense recognised in the interim consolidated statement of profit or loss and other comprehensive income</b>	<b>7,331</b>	<b>4,739</b>

#### 7 Inventories

	31 December 2020 \$000	30 June 2020 \$000
Stock on hand at cost	16,009	14,100
Valuation provision	(640)	(395)
<b>Carrying value of inventory</b>	<b>15,369</b>	<b>13,705</b>

Inventories recognised as an expense during the half-year ended 31 December 2020 amount to \$45,470,000 (31 December 2019: \$37,949,000). Write-downs of inventories to net realisable value recognised as an expense during the half-year ended amounted to \$433,000 (31 December 2019: \$436,000). These were included in raw materials and consumables used (together with merchant fees and freight).

#### 8 Property, plant and equipment

	31 December 2020 \$000	30 June 2020 \$000
At cost	16,834	16,336
Accumulated depreciation	(6,655)	(5,183)
<b>Net book value</b>	<b>10,179</b>	<b>11,153</b>
<b>Movement in net book value</b>		
Opening net book value	11,153	11,045
Additions	1,335	4,209
Depreciation charge	(1,882)	(3,635)
Disposals (at written down value)	(427)	(466)
<b>Closing net book value</b>	<b>10,179</b>	<b>11,153</b>

# Notes to the interim consolidated financial statements (continued)

## For the half-year ended 31 December 2020

### 9 Intangible assets

	31 December 2020 \$000	30 June 2020 \$000
<i>Goodwill</i>		
At cost	55,516	55,516
Accumulated impairment	-	-
<b>Net book value</b>	<b>55,516</b>	<b>55,516</b>
<i>Patents, trademarks and other rights</i>		
At cost	1	1
Accumulated impairment	(1)	-
<b>Net book value</b>	<b>-</b>	<b>1</b>
<i>Software</i>		
At cost	600	432
Accumulated amortisation	(50)	-
<b>Net book value</b>	<b>550</b>	<b>432</b>
<i>Brand names</i>		
At cost	36,620	36,620
Accumulated impairment	-	-
<b>Net book value</b>	<b>36,620</b>	<b>36,620</b>
<i>Total intangible assets</i>		
At cost	92,737	92,569
Accumulated amortisation and impairment	(51)	-
<b>Net book value</b>	<b>92,686</b>	<b>92,569</b>

	Goodwill \$000	Patents, trademarks and other rights \$000	Software \$000	Brand names \$000	Total \$000
At 1 July 2020	55,516	1	432	36,620	92,569
Additions	-	-	168	-	168
Amortisation charge	-	(1)	(50)	-	(51)
<b>At 31 December 2020</b>	<b>55,516</b>	<b>-</b>	<b>550</b>	<b>36,620</b>	<b>92,686</b>

#### Impairment testing of goodwill

Goodwill was subject to a full annual impairment test as at 30 June 2020. No indicators of impairment were identified that would require a full impairment test to be performed as at 31 December 2020. The annual financial report details the most recent annual impairment tests undertaken for all goodwill. The key assumptions used for the impairment tests are disclosed in the annual financial report.



## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 10 Borrowings

	31 December 2020 \$000	30 June 2020 \$000
<b>Current</b>		
<i>Secured</i>		
Bank borrowings	-	1,000
<b>Non-current</b>		
<i>Secured</i>		
Bank borrowings	14,741	35,554
Vendor loan notes	-	15,000
	<b>14,741</b>	<b>50,554</b>

Upon completion of the IPO, the Group repaid \$35.6 million of bank borrowings and \$15.0 million of a Vendor Loan Note. Three new debt facilities were also entered into with ANZ.

- Facility A for \$15.0 million which is repayable in April 2023.
- Facility D, a \$8.5 million revolving working capital facility, which is undrawn.
- Facility E, a \$5.0 million standby letter of credit/guarantee facility.

Facilities A and D expire in April 2023. Facility E is reviewed annually.

#### 11 Leases

##### *(a) Amounts recognised in the interim consolidated statement of financial position*

The interim consolidated statement of financial position shows the following amounts relating to right-of-use assets and leases:

	31 December 2020 \$000	30 June 2020 \$000
Right-of-use-assets	54,649	60,311
Lease liabilities (current)	(18,434)	(18,266)
Lease liabilities (non-current)	(41,530)	(46,373)

Additions to the right-of-use assets during the half-year ended 31 December 2020 were \$3,914,000 (30 June 2020: \$25,538,000).

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 11 Leases (continued)

**(b) Amounts recognised in the interim consolidated statement of profit or loss and other comprehensive income**

The interim consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	6 months to 31 December 2020	6 months to 31 December 2019
	\$000	\$000
Depreciation expense of right-of-use assets	9,584	8,994
Interest expense on lease liabilities	1,182	1,352
Expense relating to short-term leases	55	46
Variable lease payments	3,073	3,178

Total cash outflow for leases for the half-year ended 31 December 2020 was \$12,874,000 (31 December 2019: \$11,257,000).

#### 12 Contributed equity

	31 December 2020	30 June 2020
	\$000	\$000
Ordinary shares	<b>92,161</b>	<b>56,251</b>

**(a) Movement in ordinary shares**

	Number of shares '000	\$000
<b>At 1 July 2019</b>	<b>63,555</b>	<b>56,151</b>
Management equity plan	667	100
<b>At 30 June 2020</b>	<b>64,222</b>	<b>56,251</b>
Buy-back of ordinary shares	(1,119)	(838)
Issuance of shares	10,093	38,354
Transaction costs, net of tax	-	(1,606)
<b>At 31 December 2020</b>	<b>73,196</b>	<b>92,161</b>

**(b) Ordinary shares**

Included in the period end balance of the contributed equity above are 7,028,000 shares which are subject to recourse loans under MEP arrangements.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. The Group does not have a limited amount of authorised capital.

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 12 Contributed equity (continued)

##### *(b) Ordinary shares (continued)*

The movement in share capital during the period was due to the IPO where an additional 10.093 million shares were issued on 16 November 2020, at a value of \$38,354,000. Transaction costs on the issue of these shares, net of tax, amount to \$1,606,000.

Share based payments awards which vested during the period as a result of the IPO amount to 7,028,000 shares, with a remaining share based payment expense of \$561,000.

##### *(c) Related party disclosures*

##### **Management sale of MEP shares**

On 25 September 2020, a former key management personnel exited the company and sold MEP shares back to US Holdings Pty Ltd and other key management personnel at market value. 1,118,519 shares sold back to US Holdings Pty Ltd were cancelled immediately. The number of shares that were exchanged on that date are as follows:

K Gaffney	-	25,000 shares
P Birtles	-	200,000 shares
US Holdings Pty Ltd	-	1,368,519 shares

On the same date, R Jones was issued with 250,000 shares, of which 200,000 were issued under the MEP.

##### **MEP options - accelerated vesting**

At the beginning of the period, there were 8,002,822 MEP shares outstanding which had yet to vest.

On 16 November 2020, 100% of these MEP shares vested due to the IPO being considered an "exit event" with the exception of the 1,118,519 MEP shares that had already been repurchased by US Holdings Pty Ltd in September 2020 (as described above). This resulted in a share-based payment charge of \$561,000 for the period, which has been recognised as an expense in the income statement.

The non-recourse loans relating to these MEP shares were reissued, and will only be repayable if/ when one of the following exit events occurs:

- Shares are sold
- Dividends from these shares are paid to the individual
- Employee ceases work with the Company

There were no other MEP arrangements issued during the period, and no other non-recourse loans issued (which are accounted for as a share-based payment transaction).

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 13 Other reserves

	Share options
	\$000
<b>At 1 July 2019</b>	<b>136</b>
Share option recognised	225
<b>At 30 June 2020</b>	<b>361</b>
Share option recognised	561
MEP loan repayment	4,623
Buy-back of ordinary shares	(1,799)
<b>At 31 December 2020</b>	<b>3,746</b>

#### Nature and purpose of other reserves

The management equity plan reserve is used to record the fair value of the shares attached to the non-recourse loans provided to management.

Non-recourse loans have been provided to employees under a management equity plan. These transactions are accounted for as a share based payment in-substance arrangement.

#### 14 Dividends

##### (a) Ordinary shares

	31 December 2020	31 December 2019
	\$000	\$000
Pre-IPO dividend for the year ended 30 June 2020 of \$0.54 cents (2019: nil) per ordinary share	<b>34,076</b>	-

##### (b) Franked dividends

The pre-IPO dividends recommended after 31 December 2020 will be fully franked out of existing franked credits, or out of franking credits arising from the payment of income tax in the 31 December 2020.

	31 December 2020	31 December 2019
	\$000	\$000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0%	6,844	15,319

The above amounts are calculated from the balance of the franking accounts as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the period.

In respect of the half year ended 31 December 2020 the Directors of Universal Store Holdings Limited declared an interim fully franked dividend of \$0.05 per share to be paid on 4 May 2021.

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 15 Earnings per share (EPS)

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	6 months to 31 December 2020	6 months to 31 December 2019
	\$000	\$000
<b>Profit attributable to ordinary equity holders</b>	<b>15,829</b>	<b>10,717</b>
	6 months to 31 December 2020	6 months to 31 December 2019
Weighted average number of ordinary shares for basic earnings per share	58,666	56,159
Effect of dilution from:		
MEP share options	4,300	511
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>62,966</b>	<b>56,670</b>
	6 months to 31 December 2020	6 months to 31 December 2019
	\$	\$
Basic earnings per share	0.27	0.19
Diluted earnings per share	0.25	0.19

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

#### 16 Fair value measurement

The only financial liabilities carried at fair value are interest rate swaps. This instrument is a Level 2 financial instrument because, unlike Level 1 financial instruments, their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$000	\$000	\$000	\$000
<b>31 December 2020</b>				
<b>Liabilities</b>				
Interest rate swaps	-	81	-	81
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$000	\$000	\$000	\$000
<b>30 June 2020</b>				
<b>Liabilities</b>				
Interest rate swaps	-	243	-	243

There were no transfers between levels during the year.

#### **Interest rate swap contracts**

Interest rate swap is measured at fair value through profit or loss. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

#### **Other financial assets and liabilities**

The carrying amount of other financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

#### 17 Commitments and contingencies

##### Contingent liabilities

The Group had contingent liabilities at 31 December 2020 in respect of:

##### **(i) Guarantees**

The Group has given guarantees in respect of various retail tenancies amounting to \$2,855,000 (30 June 2020: \$2,832,000 and 31 December 2019 \$5,590,000).

Upon signing certain leases, the Group has received a fixed contribution towards costs of fit-outs. Some of these leases contain repayment clauses should certain default events occur.

## Notes to the interim consolidated financial statements (continued)

### For the half-year ended 31 December 2020

---

#### 18 Events after the reporting period

On 24 February 2021, the directors of Universal Store Holdings Limited determined that on the basis of the performance of the Group during H1 FY21, it was appropriate to return the net JobKeeper wage subsidy benefit received during the period to the Australian Government. This represents \$3,023,000 of subsidised wages. This will be repaid and recognised in the Group's financial results in the second half of FY21. The Group acknowledge and appreciate the important role this policy played in enabling the Group to support its team through significant periods of store closures in 2020.

In respect of the half year ended 31 December 2020 the Directors of Universal Store Holdings Limited declared an interim fully franked dividend of \$0.05 per share to be paid on 4 May 2021.

There were no other significant events occurring after the reporting date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

## Directors' declaration

---

In accordance with a resolution of the directors of Universal Store Holdings Limited (formerly known as US Holdings Pty Ltd), I state that:

In the directors' opinion:

- (a) the consolidated financial statements and notes of the Group for the half-year ended 31 December 2020:
  - (i) give a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
  - (ii) comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulation 2001* and other mandatory professional reporting requirements
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2020.



Peter Alan Birtles  
Chairman  
24 February 2021





## **Independent auditor's review report to the members of Universal Store Holdings Limited**

### ***Report on the half-year financial report***

#### ***Conclusion***

We have reviewed the half-year financial report of Universal Store Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Universal Store Holdings Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibility of the directors for the half-year financial report***

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

#### ***Auditor's responsibility for the review of the half-year financial report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001  
T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Matters relating to the electronic presentation of the reviewed half-year financial report*

This review report relates to the half-year financial report of the Company for the half-year ended 31 December 2020 included on Universal Store Holdings Limited's web site. The Company's directors are responsible for the integrity of the Universal Store Holdings Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide a conclusion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A stylized, handwritten signature of 'Kim Challenor' in a cursive script.

Kim Challenor  
Partner

Brisbane  
24 February 2021