

Universal Store

UNIVERSAL STORE INVESTOR PRESENTATION TO GOLDMAN SACHS CONFERENCE

Brisbane, 27 April 2021

Universal Store Holdings Limited ('Universal Store', ASX: UNI), will today present to institutional investors at the Goldman Sachs Twelfth Annual Emerging Leaders Conference.

During the conference Universal Store's Chief Executive Officer, Alice Barbery and Chief Financial Officer, Renee Jones will be presenting the attached presentation.

Slide 12 in the attached presentation provides an update on our Q3 21 sales and outlook for FY21.

Authorised for release by the Board of Directors of Universal Store Holdings Limited.

For more information, please contact:

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ABOUT UNIVERSAL STORE

Universal Store is a specialty retailer of youth casual apparel that operates 65 physical stores across Australia and a fast-growing online store.

The Company's strategy is to deliver a frequently changing and carefully curated selection of on-trend apparel products to a target 16–35 year old fashion focused customer. Universal Store seeks to provide a high level of customer service, consistent price proposition and a welcoming and engaging store environment. It offers a diversity of brands and styles in order to cater to the constantly evolving and widely varied tastes and trends observed in the youth apparel market.

EMERGING LEADERS
CONFERENCE: GOLDMAN
SACHS

TUESDAY 27TH APRIL





Universal Store

UNIVERSAL STORE HOLDINGS LIMITED
ACN 169 039 721

Presentation

SECTION

1

APRIL 2021

PRESENTING

CONTENTS



Alice Barbery
CEO

- 10 years at Universal Store
 - CEO for the past three years
 - Previously COO for seven years, including store operations, marketing, distribution, HR, learning and development
- 30 years' industry experience
- Previous leadership roles at Virgin Australia, Colorado Group, EAST Clothing and the GAP



Renee Jones
CFO

- Commenced at Universal Store in 2019
- 20+ years' experience across retail and service industries
- Previous leadership roles include General Manager Finance Telstra (Consumer and Small Business), Divisional CFO at Ardent Leisure, Divisional CFO Fantastic Furniture

1. Universal Store Overview
2. Financial Overview
3. Questions
4. Appendix

UNIVERSAL STORE – OVERVIEW

A leading Australian youth-focused apparel retailer with customer service at its core

Who is Universal Store?

Omni-channel retailer
Casual youth fashion apparel
66 stores around Australia (including online)
Curated domestic, international and private brand collections
High service, friendly experience

Who is our quintessential customer?

Millennials and Gen Z (16-35 year old)	Fashion focused (and buy now preference)
~52% women, ~40% men, ~7% unisex ¹	Late education or early adult phase of life
Digital natives	Socially active
Sub-culture 'fluid'	Occasion and event driven

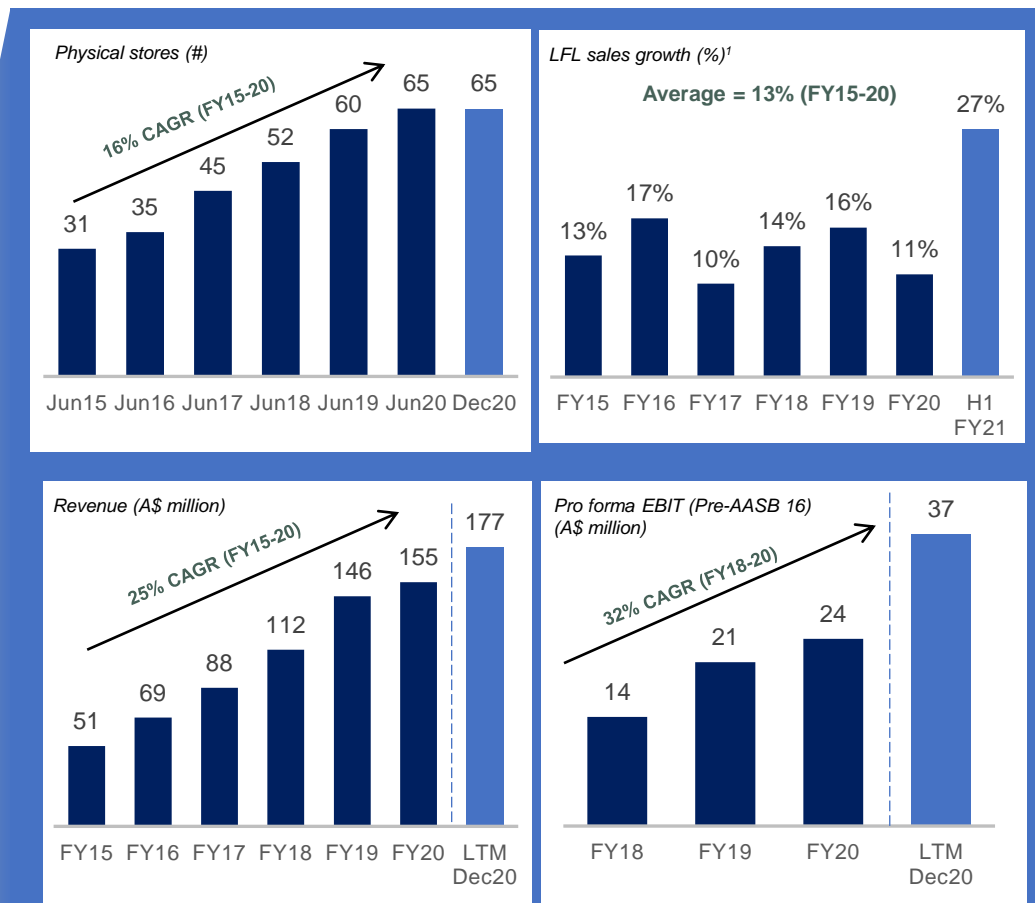
Some implications about our customers....

Relatively few financial commitments or long term savings goals
High proportion of income is "disposable"
Shop across multiple brands seeking what's new
Buy now pay later products and parents support spending capacity
Most active customers seek outfits to fit in or stand out



1. Based on FY20 revenue only, excluding ticket sales and other adjustments.

THE UNIVERSAL STORE DIFFERENCE

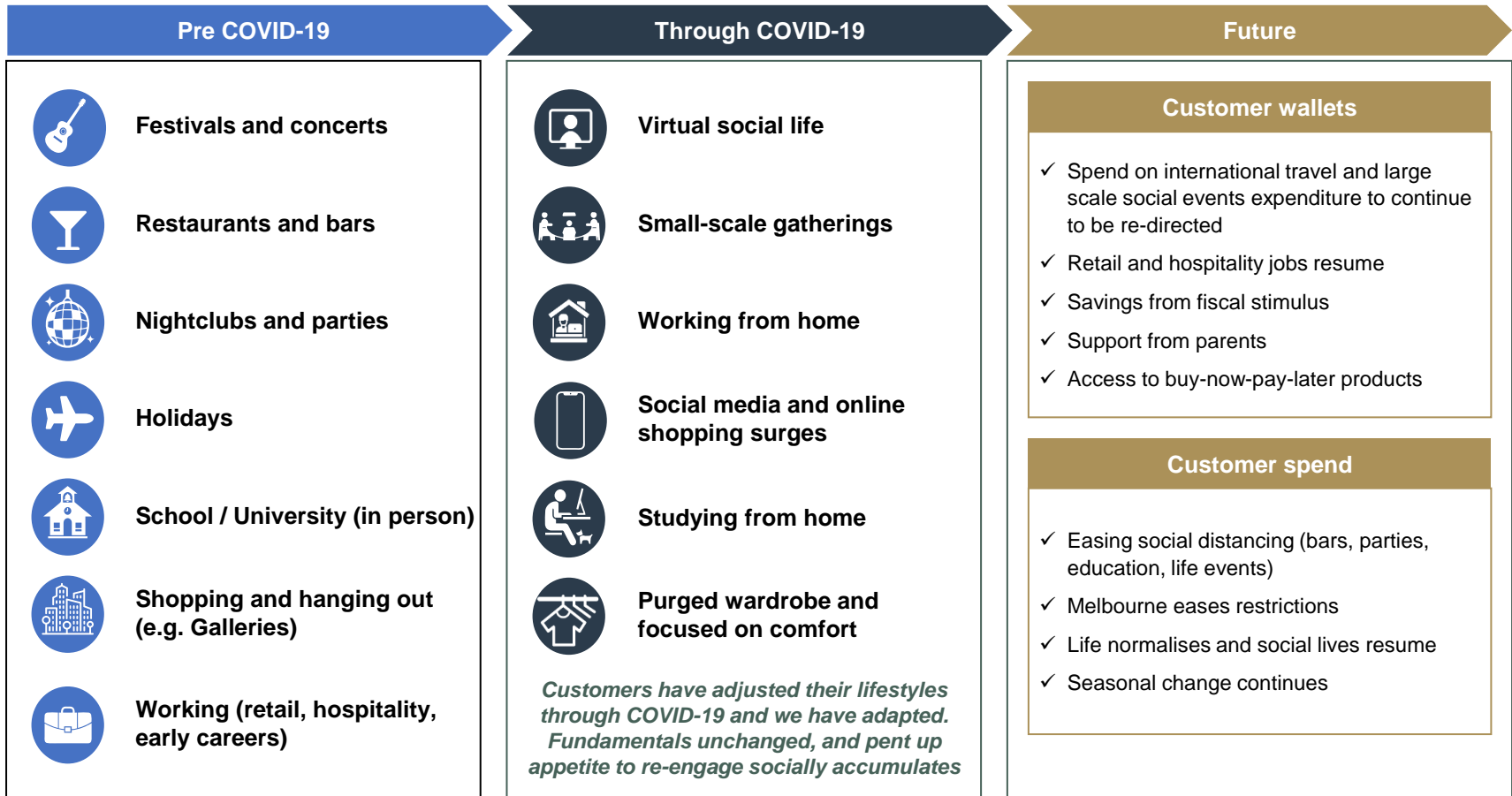


Universal Store continues to deliver consistent growth and margin expansion

1. New stores are included in LFL calculations once the store has traded for 55 weeks (reflecting one year plus an initial three week “ramp up” period). Closed stores are excluded from LFL calculations from the date of closure. Stores that were closed during COVID-19 are excluded from LFL sales growth calculations for the weeks that they were closed. Refurbished, resized or stores relocated in the same centre remain in the Like-for-Like calculations. Includes online. Excludes ticket sales, freight income, gift card income and fundraising revenues;

AGILE BUSINESS THAT CONTINUOUSLY ADAPTS TO CHANGING CUSTOMER PREFERENCES

The 'constant' is 'change' and change triggers reasons for new purchases. COVID-19 is an extreme example



Through COVID-19, we have seen our customer continue to spend albeit for a different social occasion. 'Change' benefits Universal Store as it triggers different shopping needs in consumers, prompting new purchase needs (or wants)

OUR GROWTH DRIVERS

1

NEW STORE ROLLOUT

- A number of new stores are currently being negotiated
- Overall target is 100+ stores across Aus/NZ
- We're present in just over half of the top 92 Australian shopping centres

2

STORE MATURATION

- A significant portion of the store network is relatively new and remains in the ramp up phase of development
- Our market share remains relatively low despite over five years of compounding growth
- Customers are still discovering us

3

ONLINE GROWTH

- Ship-from-store and click & collect to drive sales
- Introduction of store-to-door
- Continued investment in digital marketing and website capabilities
- Introduction of same day delivery

4

OPTIMISE PRODUCT MIX

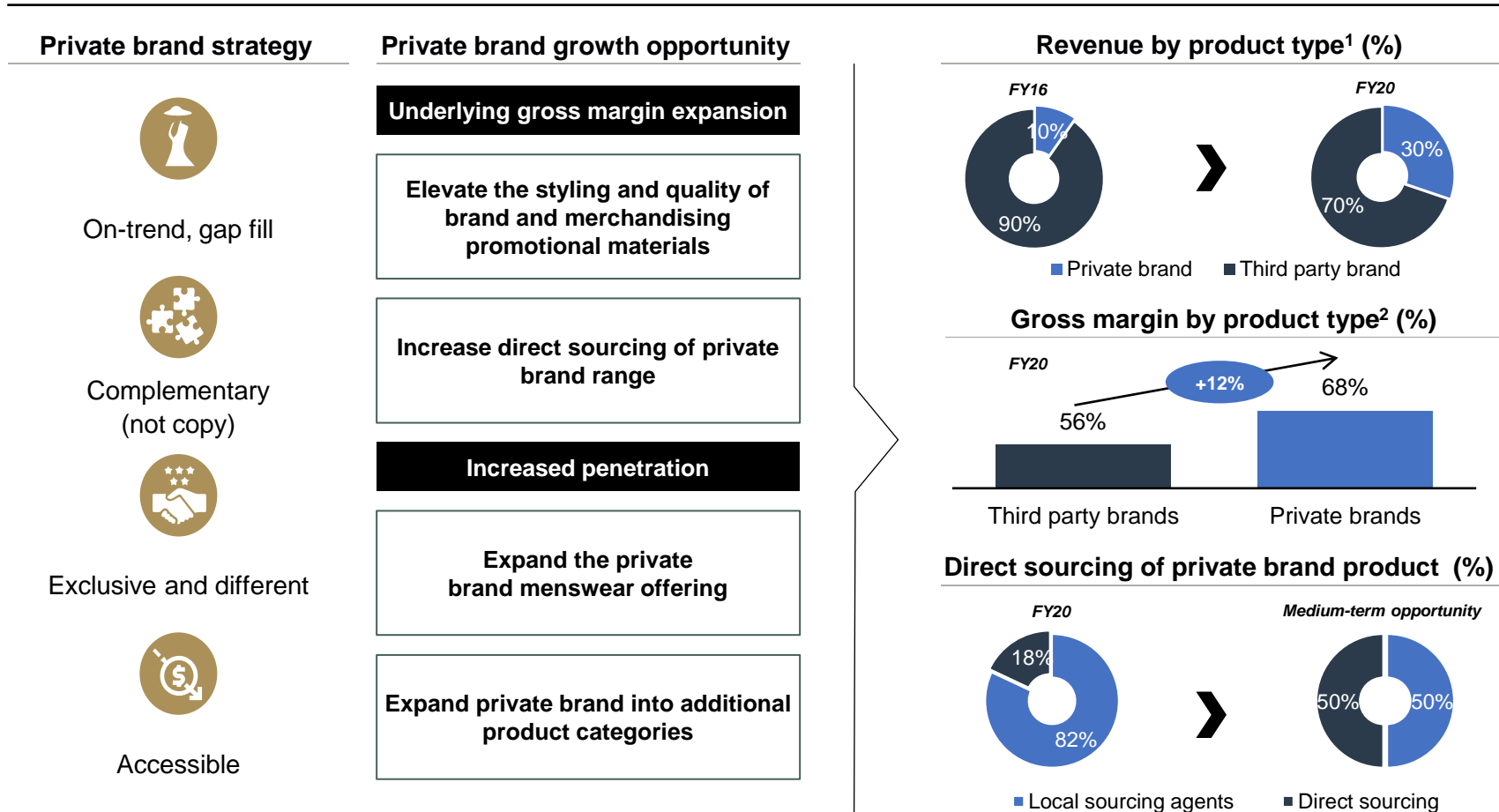
- Introduction of new brands and product subgroups
- Consistently testing new categories and products before backing in depth
- Continue to focus on differentiation and data and insights driven range curation and replenishment

5

PRIVATE BRAND EXPANSION

- Private brand expansion in under penetrated categories
- Our private brand strategy is customer led and complimentary (not a substitute) for our third party brands
- Continue direct sourcing shift to further improve gross margins

DIFFERENTIATED AND GROWING PRIVATE BRAND STRATEGY



1. As a percentage of total product sales
 2. Gross margin (%) based on total sales (including ticket sales) and total COGS (including merchant charges and commissions, online delivery charges, shrinkage, settlement discounts received and other items which are captured within total gross margin but not allocated to individual products/brands)

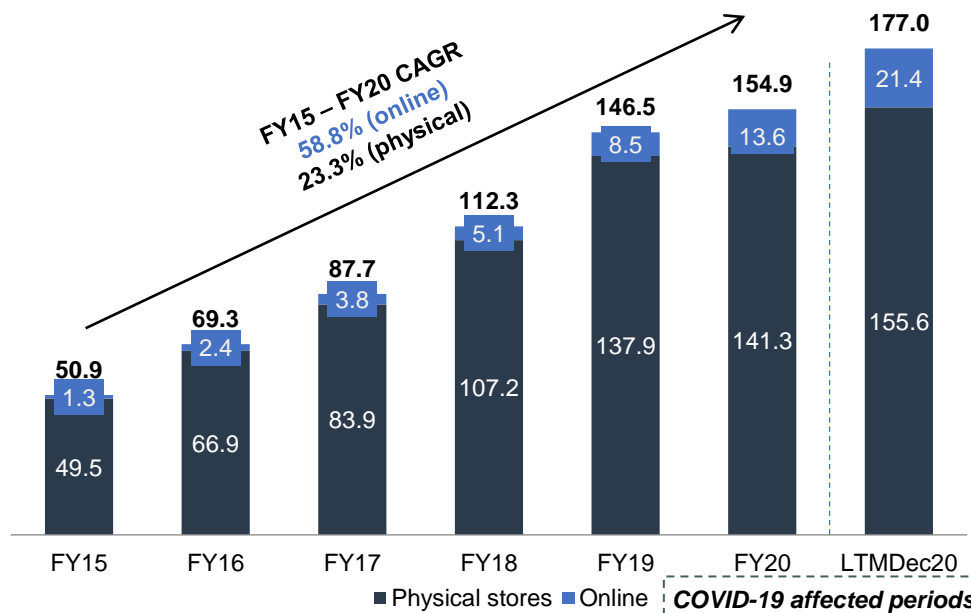
Financial overview

2



CONSISTENT TRACK RECORD OF STRONG REVENUE GROWTH

Revenue (A\$ millions)



Highlights

✓ Consistent double digit LFL sales growth (13.4% average²)

✓ Strong track record of new store roll-out (5–10 per annum over the past five years)

✓ Online revenue growth (>50% CAGR²)

✓ Cost effective growth of brand awareness and online penetration

Stores (#) ¹	31	35	45	52	60	65	66
LFL sales growth (%)	12.6%	17.1%	10.2%	13.8%	15.9%	10.7%	19.8%
Online sales (% total)	2.6%	3.5%	4.3%	4.5%	5.8%	8.8%	102.4%

Note: Pro forma financials shown

1. Physical stores only, excludes the online store
2. FY15-FY20

1H FY21 HIGHLIGHTS

Robust sales growth for the sixth consecutive year

- Sales +23.3% to \$118.0m, with LFL sales +26.2%
- Store sales +16.1% to \$104.0m, LFL +19.1%
- Online sales +128.3% to \$14.0m, representing 12% of total sales for 1H FY21

Strong gross profit result

- Gross profit \$ +24.5% to \$67.9m
- Gross profit % +60 bps to 57.6%

Underlying EBIT¹ +69.4% to \$31.5m

- Strong operating leverage drove underlying EBIT margin to 26.7% (1H FY20 19.4%)
- Includes \$3.0m net JobKeeper benefit (to be repaid in 2H FY21)

Excellent NPAT growth

- Statutory NPAT up 47.7% to \$15.8m
- Underlying NPAT¹ of \$21.1m up 63.6% on 1H FY20 (\$12.9m)

Outstanding operating cashflow

- Underlying operating cash flow \$36.1m
- Net cash position \$22.5m at period end
- Five cents per share fully franked interim dividend declared



1. Results are underlying and exclude the impact of (i) AASB 16 leases and (ii) one-off costs associated with the November IPO. Refer to Appendix 2 for a reconciliation of underlying and statutory results. LFL sales are adjusted for COVID-19 related store closures.

SALES UPDATE AND OUTLOOK

Q3 FY21 (un-audited)

- Excellent sales performance across Stores and Online with headline sales growth at +39.6% and comparative (L4L) growth at +37.3%.
- Q3 sales growth aided by softer sales across March last year as the initial impacts of COVID-19 began and we led into our first national lockdown in April.
- LFL Store sales +27.5% and Online +148.2%.

Looking at Q4 FY21

- We enter an uncertain period where our comparative sales measure becomes less meaningful as we cycle a period of national store closures in April and early May 2020.
- All stores had reopened by 11th May 2020 (at reduced trading hours), however foot traffic remained depressed especially in CBD stores and tourist areas.
- We are seeing our customers resume more aspects of their social lives with CBDs continuing to recover along with a return to domestic tourism (inc NZ).



Questions

3



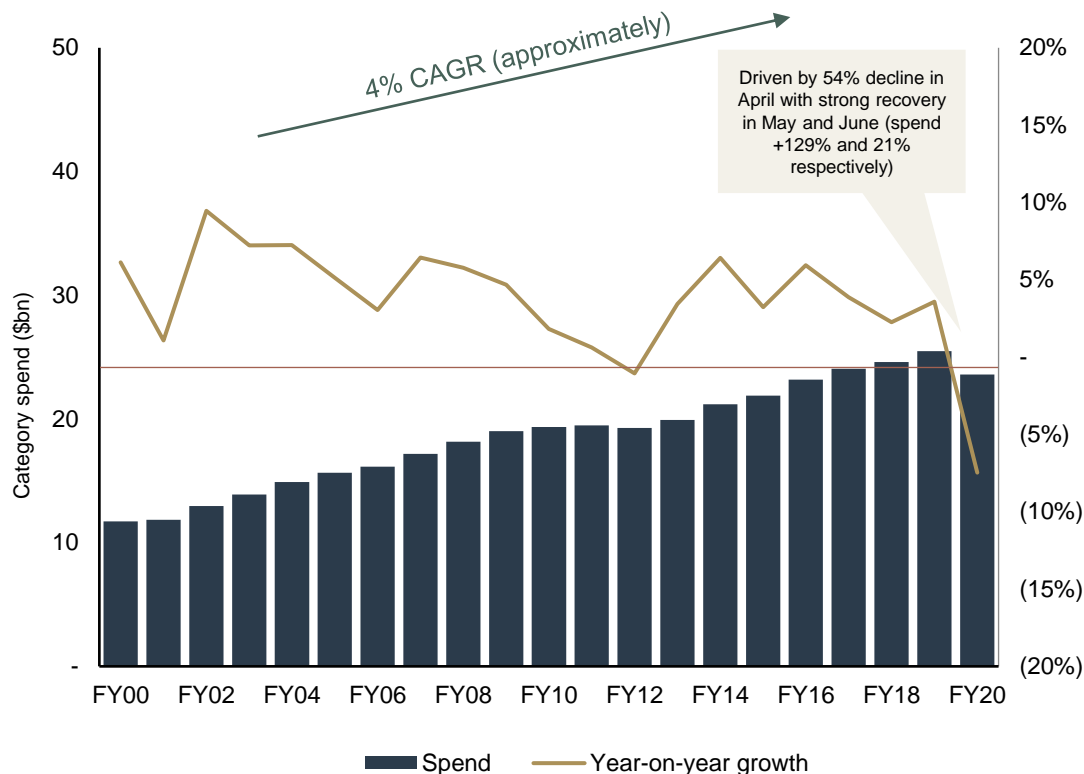
Appendix

4



LARGE AND GROWING APPAREL MARKET WITH TAILWINDS FOR YOUTH CASUAL APPAREL SEGMENT

~\$24 billion in annual spend, growing at ~4% p.a. historically^{1,2}



High and growing levels of youth spending

- 1 Deferral of traditional life milestones and robust parental financial support
- 2 Prioritising spending on social experiences and focus on appearance
- 3 Growing adoption of Buy Now Pay Later products
- 4 Casualisation of workplace attire and increased working-from-home
- 5 Large and growing number of students

Spend on clothing, footwear and accessories in Australia, which totals ~\$24bn, exhibited resilient growth having grown in 18 of the last 20 years.³ Management believes that the youth apparel segment, which represents one-third of Australia's population, is growing faster than the broader market, driven by a number of positive tailwinds

Source: ABS data series 8501, Retail Trade Australia; 1 CAGR of clothing, footwear and accessories spend FY2000–FY2020; 2 Seasonally adjusted; 3 7 million people in Australia aged 16-35; Australian Bureau of Statistics, Data series 3101.0, Australian Demographic Statistics. Data available to June 2019

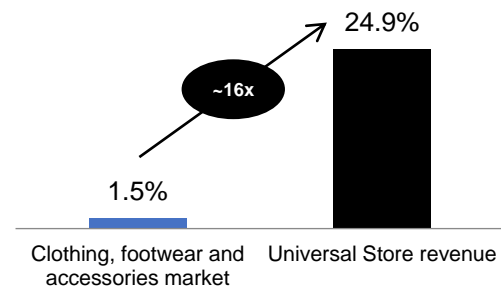
CONTINUE TO CAPTURE SHARE THROUGH DIFFERENTIATION AND SUPERIOR EXECUTION

Youth casual apparel segment overview (examples)

Segment	
Brand aggregator specialty retailers of casual fashion	
General domestic casual fashion retailers	
Global fast fashion retailers	
Mixed wholesale and retail brand owners retailers	
Premium footwear retailers	
Department stores	
Street, surf and skate retailers	

Universal Store growth vs. market

FY15-20 CAGR (%)



Universal Store remains a small player in a large and fragmented market

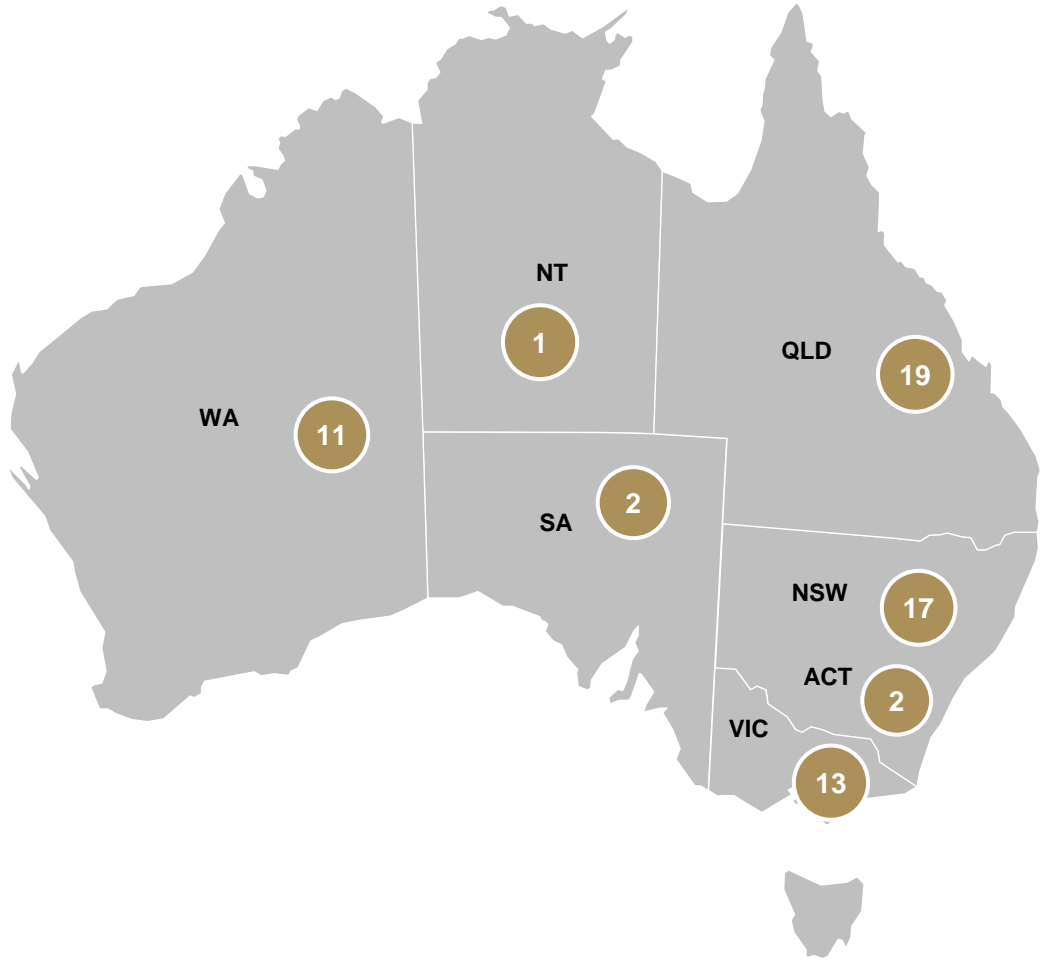
Differentiated and purpose built model to thrive from fashion change

Universal Store operates in a large and fragmented market in which it continues to successfully capture share

Source: ABS data series 8501, Retail Trade Australia;
 1 CAGR of clothing, footwear and accessories spend FY2000–FY2020;
 2 Unadjusted data (no seasonal adjustment);
 3 IBISWorld, Clothing Retailing in Australia (February 2019) 2018-2019 figures based on clothing retailing only.

APPENDIX 4: STORE FOOTPRINT

Total Stores: 65



Disclaimer and important information

The material contained in this presentation has been prepared by Universal Store Holdings Limited ABN 94 628 836 484 (Universal Store) and is general background information about the businesses, operations and activities of Universal Store and its subsidiaries, current as at the date of this presentation. The information is provided in summary form only and does not purport to be complete or comprehensive. The information in this presentation should not be considered as advice or a recommendation for investment purposes, as it does not take into account your particular investment objectives, financial position or needs. These factors should be considered, with or without independent professional advice, when deciding if an investment is appropriate.

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