

# Universal Store

Brisbane

25 November 2021

ASX Market Announcements  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**UNIVERSAL STORE HOLDINGS LIMITED (ASX:UNI) 2021 AGM  
CHAIR AND CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR'S PRESENTATION**

Please find attached a copy of the Chair and Chief Executive Officer & Managing Director's presentation which will be delivered at the Annual General Meeting being held at 2:00pm (Brisbane time) today.

This announcement has been approved by the Board of Universal Store Holdings Limited.

Yours faithfully



Renee Jones  
Chief Financial Officer and  
Joint Company Secretary



**Universal Store**

**CHAIR'S  
ADDRESS**

## FY21 FINANCIAL RESULTS

AN EXCEPTIONAL YEAR IN WHICH THE TEAM DELIVERED RECORD RESULTS WHILE MANAGING THE IMPACT OF COVID-19 AND THE SUCCESSFUL INITIAL PUBLIC OFFERING OF THE COMPANY'S SHARES PROFIT & LOSS

- Group revenue increased by 36.1% to \$210.8 million
- Group net profit after tax up by 90% to \$24.4 million
- Basic earnings per share of 39.8 cents
  
- Underlying operating cash flow (pre IPO transaction costs) of \$35.2 million up by 9.8%
- Net cash of \$18.6 million at 30 June 2021
  
- Post IPO dividends of 15.5 cents per share



# STRATEGY

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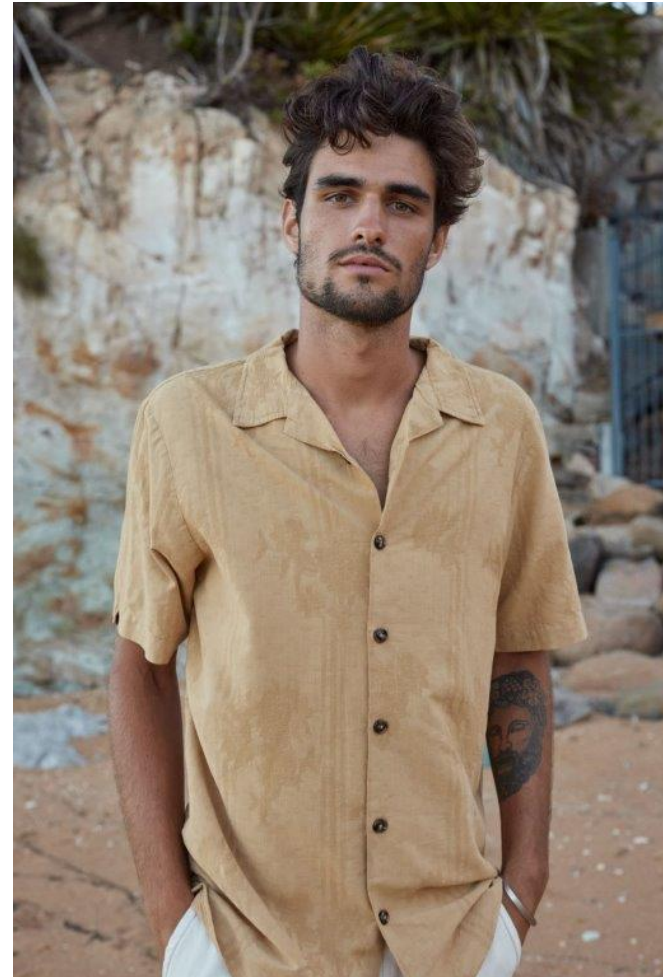
WE BELIEVE THERE IS SIGNIFICANT POTENTIAL TO INCREASE OUR PENETRATION OF THE YOUTH CASUAL APPAREL SEGMENT OF THE BROADER AUSTRALIAN FASHION MARKET

Organic growth is our primary focus and will be driven from five areas:

- Expansion of the physical store network, including progressing the standalone Perfect Stranger trial
- Maturation of existing stores
- Developing the online experience and integration with physical stores
- Focus on range differentiation and dynamic curation
- Growth of the private brand portfolio

The implementation of our strategy is underpinned by:

- Our unique team culture
- Our commitment to our retail formula
- Our focus on execution



# ENVIRONMENTAL SOCIAL GOVERNANCE

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UNIVERSAL STORE IS COMMITTED TO RESPONSIBLE SOCIAL AND ENVIRONMENTAL PRACTICES, AND TO MEET THE EXPECTATIONS OF ALL STAKEHOLDERS WHILE DELIVERING LONG-TERM VALUE TO OUR SHAREHOLDERS



## Sustainability

### FY21 initiatives

- Engaging the entire team in developing a deeper understanding of key social and environmental risks
- Supplier code of conduct and factory audit program
- Installation of low energy consumption lighting through our store network

### FY22 plan

- Refining approach to sustainability and ethical sourcing
- Priority areas identified in Annual Report
- Development of the right measures

## Diversity and Inclusion

- Actively showcasing our support for diversity and inclusion in our brand marketing
- 67% of senior leaders are female at June 2021

## Governance

- All corporate governance policies and charters reviewed and updated in preparation for the IPO

# REMUNERATION

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OUR REMUNERATION POLICIES ARE DESIGNED TO ALIGN THE REWARD TO KMP WITH THE SUCCESSFUL IMPLEMENTATION OF STRATEGY AND DELIVERY OF SUSTAINABLE PERFORMANCE IN A MANNER CONSISTENT WITH THE VALUES OF THE COMPANY



- Our senior leaders hold significant equity stakes in the company with a portion of the capital invested prior to IPO funded by limited recourse loans from the company
- The CEO and CFO did not receive an increase in base salary in FY21 given the challenges and uncertainties created by COVID-19
- Over the past two years there has been a significant increase in the scale and sophistication of the company and as a consequence the Company's People and Remuneration Committee has a plan to reduce the imbalance in CEO and CFO remuneration over the next two years
- The People and Remuneration Committee will continue to develop the company's remuneration arrangements over the next two years including the development of a new long-term incentive plan

## BOARD OF DIRECTORS

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THE BOARD OF DIRECTORS HAS A STRONG MIX OF THE NECESSARY AND RELEVANT SKILLS AND EXPERIENCE TO APPROPRIATELY GOVERN THE COMPANY AND SUPPORT THE SENIOR LEADERSHIP

- Board of Directors at 25 November 2021

Mr Trent Peterson (appointed September 2018)

Mr Srdjan Dangubic (appointed October 2018)

Mr David MacLean (appointed October 2019)

Ms Alice Barbery (appointed October 2020)

Mr Peter Birtles (appointed October 2020)

Ms Kaylene Gaffney (appointed October 2020)

- Mr Srdjan Dangubic has provided notice of his intention to resign as a Director on 31 December 2021
- The Board has resolved to appoint Ms Renee Gamble as a Director on 1 December 2021. Ms Gamble will stand for election at the 2022 Annual General Meeting
  - Ms Gamble brings over 20 years experience in the digital and information technology industries and has 10 years experience of working in Asia. She is currently the Industry Leader – Commerce for Google Australia Pty Ltd



**Universal Store**

**CEO/MD  
ADDRESS**



# UNIVERSAL STORE DELIVERS RECORD RESULTS AGAIN

✓ Exceptional results achieved despite the ongoing COVID-19 challenges including rolling lockdowns, restrictions and limited opportunities for our customers to dress up

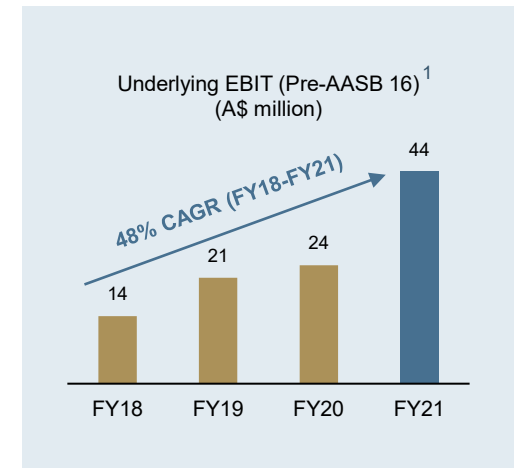
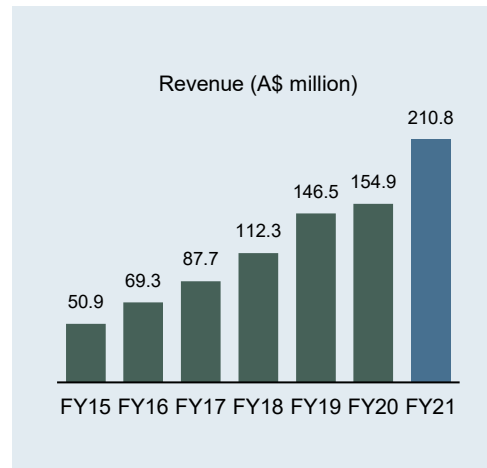
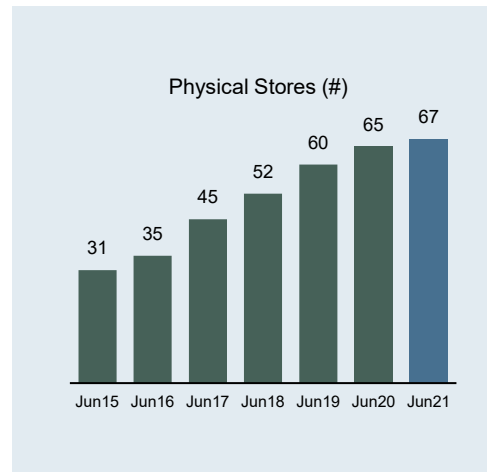
✓ Total sales \$210.8m with Group LFL +28.5%

✓ Online sales of \$25.8m (12.2% of total sales)

✓ Two new stores opened with store roll out impacted by COVID-19

✓ Underlying EBIT of \$44.0m up +\$20.4m on FY20

✓ \$24.4M NPAT or +90% YoY with a final dividend 10.5 cents per share



1. Underlying EBIT excludes the impact of (i) accounting for leases under AASB16; (ii) one-off IPO transactions and MEP expenses (for FY21 only). Includes standalone public company cost incl. \$0.1m of interest income.  
 2. LFL sales excludes closed stores from date of closure and new stores which have traded less than 55 weeks. Stores that were closed during COVID are excluded from LFL sales growth calculation for the weeks that they were closed. LFL are calculated on 4/4/5 financial week.

# FY22 GROUP PRIORITIES

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WE WILL CONTINUE TO EXECUTE ON OUR STRATEGIC PRIORITIES AND MANAGE FOR THE UNIQUE AND VOLATILE TRADING ENVIRONMENT

**1****NEW STORE ROLLOUT**

- 7–10 stores planned for FY22
- “Full Potential” target is 100+ stores across Australia/ New Zealand
- Standalone Perfect Stranger concept progressing to next phase of trial stage

**2****STORE MATURATION**

- Continue to grow market share through superior customer service, inspirational stores and strongly curated product brands
- Continue to build brand awareness in underpenetrated markets

**3****ONLINE GROWTH**

- Continue to scale up our digital and eCom capacity and services
- Improve speed and delivery options
- Launch Standalone Perfect Stranger website

**4****OPTIMISE PRODUCT MIX**

- Continue brand and range curation, injecting fresh new product and brands into our offer
- Maintain our customer led and complimentary private brand strategy
- Progress direct sourcing shift to further improve margins

**5****SUSTAINABILITY**

- Increase our investment in expertise and resources
- Making conscious fibre choices
- Seek opportunities to improve working conditions for workers in the supply chain and ensuring ethical practices are the norm, not the exception
- Model better practices to create the change we want to see

**6****PRODUCTIVITY**

- Continue caring for our team and ensure Covid-safe workplaces
- Implement WMS into our Distribution Centre
- Relocate our DC and Office Q1 FY23
- Execute on our IT roadmap

## FY22 TRADING UPDATE

### UNIVERSAL STORE TRADED STRONGLY THROUGH THE FIRST 20 WEEKS IN LOCATIONS THAT WERE OPEN, HOWEVER WE EXPERIENCED SIGNIFICANT BUSINESS DISRUPTION ARISING FROM GOVERNMENT MANDATED STORE CLOSURES

- Store closures in NSW, VIC and the ACT resulted in 3,192 lost trading days up to 14th November 2021, representing 34% of available trading days.
  - Total Group sales for the first 20 weeks of FY22 were 14.1% lower than FY21.
  - Sales are 3.3% higher than FY20 despite store closures in FY22.
  - While our total YTD sales are down vs FY21, we continue to see sales performance that demonstrates the strength of our offering.
  - Our trading stores continue to perform well, despite cycling exceptional LFL sales growth in the prior corresponding period. YTD LFL sales growth up to the 14<sup>th</sup> November 2021 is 8.4% lower,<sup>1</sup> however strong at +16.2% when compared to FY20.
  - Online channel continues to grow strongly, delivering sales growth in excess of 67.8% over the YTD period, despite cycling 123.6% growth in the prior corresponding period; and
  - Group sales November month to date are up +8.3%, and comparative (LFL) sales growth up +3.8%.
  - Management estimates the total value of sales foregone from mandated store closures over July - October to be \$20-23 million, net of the incremental sales growth captured online.
  - The net EBIT impact of these trading disruptions in this period is estimated to be in the range of \$7-9million.
- Year to date, gross margins have moderated slightly from the record levels achieved in corresponding period, but remain above levels delivered in the FY20 corresponding period.
    - With significant lost trading days in Q1, we cleared winter stock more aggressively than in previous years to ensure the product offer was fresh and enticing on re-opening of our stores.
  - To position the business for a successful Christmas trading period the group has:
    - supported our store operations and distribution teams with COVID safe operating plans
    - taken steps to bring forward inventory purchases to ensure stock levels are in line with our operating requirements.
    - accelerated new store openings to nine, taking our total store numbers to 76.

1. Group and Store comparative (LFL) sales excludes closed stores from date of closure and new stores which have traded less than 55 weeks. Stores that were closed during COVID are excluded from LFL sales growth calculation for the weeks that they were closed. LFL are calculated on 4/4/5 financial week.

2. The two-year like-for-like (LFL) growth has been adjusted for COVID closures during Jul-Nov 2021 vs Jul-Nov 2019 and is calculated on a store-by-store weekly basis for online and stores that have traded across the two-year period for WA, QLD, SA and NT. NSW, ACT and VIC stores have been excluded as they were predominantly closed during this period 2021.

3. Underlying EBIT excludes the impact of (i) accounting for leases under AASB16.

## FY22 OUTLOOK

LOOKING THROUGH THIS DISRUPTION TO TRADE THE CORE PERFORMANCE OF THE BUSINESS REMAINS STRONG, AND OUR FUTURE AMBITIONS REMAIN UNCHANGED.



### Investments in Growth

- Online growth is one of the Groups FY22 strategic priorities.
- A key focus is building brand awareness in the NSW and VIC markets where our research indicates significant opportunity. We expect to almost double our investment into advertising and related activities this year.
- This increased spend demonstrates both the opportunity we see to accelerate sales growth in NSW and VIC and our commitment to building a brand that is more digitally proactive.
- While the program is largely focused on digital channels and tactics, we plan to grow total sales, and we remain agnostic to which channel realises the sale with our tactics being customer centric and omni channel in nature.
- The relocation of our distribution centre and office facilities is progressing. This move will accommodate further growth and drive operational efficiencies. Further, we continue to build out our support office team to ensure we have the resources to support our growth ambitions.

## FY22 OUTLOOK

WE ARE CONTINUING TO INVEST IN OUR PEOPLE, ONLINE INITIATIVES ALONG WITH DRIVING PRODUCT OPTIMISATIONS AND EXPANDING OUR STORE NETWORK.



### Outlook

- The Perfect Stranger trial has now expanded to include three stores, with two new locations opened in November.
- Our standalone Perfect Stranger website is due to launch early next year as we continue into phase two of this important trial.
- We continue to pursue new sites for Universal Store locations at 7-10 per annum.
- While we have only been able to trade freely on a national basis for the past couple of weeks, the early signs are encouraging. Our customers and team members are pleased to be back in bricks and mortar stores.
- Our customers are now re-engaging in their social activities and enjoying reconnecting more freely in a community setting.
- We expect the seasonal change and the ramping up of holidays, attending festivals and concerts, bars and restaurants and clubs, family celebrations, yearend parties, and being back on-site at work and learning locations will all be triggers for apparel purchases.
- We are well stocked and excited to have all our stores open and trading for the Christmas and school holiday period.

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