

Universal Store

ASX ANNOUNCEMENT

TRADING UPDATE

Brisbane, 24 November 2022

Universal Store Holdings Limited (ASX:UNI, “Universal Store” or the “Company”) today provides a trading update for the 21 weeks ended 20th of November 2022 (“YTD FY23”).

YTD FY23 Highlights:

- **Total Group sales (excluding THRILLS) +40.2% versus previous corresponding period (pcp)**
- **Total sales growth and like-for-like (LFL) sales growth impacted by H1 FY22 COVID-related store closures**
- **Bricks & Mortar (B&M) stores continue to perform well:**
 - **B&M sales growth +56.8% versus pcp**
 - **B&M LFL sales growth +3.5% versus pcp**
- **Online sales declined by 18.5% versus pcp, also cycling elevated comparisons due to H1 FY22 lockdowns**
- **Gross margin improvement versus pcp, cycling clearance of winter stock in Q1 FY22**
- **Successful relocation of support office and distribution centre (DC) into larger, purpose-built facility**
- **Acquisition of THRILLS completed 31 October 2022**
- **3 new stores to open pre-Christmas (2 Universal Store and 1 Perfect Stranger)**

YTD FY23 Update

Universal Store has experienced solid trading for the first 21 weeks of FY23. The Company has seen customers embrace the re-emergence of festivals and large gatherings, leading to positive sales momentum for the period. Total Group sales (excluding THRILLS) for the period were 40.2% higher versus pcp (or up \$26.4 million) as the Company continues to cycle significant business disruption arising from government mandated store closures in H1 FY22, impacting both total sales growth and LFL sales growth.

Bricks & Mortar (B&M) sales continue to perform well, with B&M sales growth +56.8% versus pcp. B&M LFL sales growth was +3.5% versus pcp¹.

The Company’s online channel is cycling unusually elevated FY22 sales due to B&M store lockdowns over the same period. As a result, online sales were down 18.5% versus pcp (cycling +65.5% growth YTD FY22).

YTD gross margins improved versus pcp. During the same period last year, the Company cleared winter stock more aggressively than in prior years to ensure the product offer was fresh and enticing upon re-opening of physical stores.

The Company successfully implemented a new warehouse management system in the 1st quarter and relocated the store support office and DC into a larger, purpose-built facility.

1. FY23 Group and store comparative (LFL) sales are calculated daily and excludes closed stores from the day of closure and New stores until they have cycled the first three weeks of opening. Stores that were closed during COVID are excluded from LFL sales.

As expected, cost of doing business increased versus pcp as the Company invests into systems and processes to operate the new DC facility and support the growth of the business, whilst also absorbing the inflationary pressures of operating in the current macro environment.

While the Company has only owned THRILLS for a matter of weeks, early indicators suggest the business is on track to meet, or exceed, the internal investment case for FY23.

FY23 Outlook

Universal Store growth ambitions remain. The Company continues to invest in its people, online initiatives along with driving product optimisation and expanding store network. Perfect Stranger will expand to include 7 stores by the end of H1 FY23, with one location still to open pre-Christmas. The Company seeks to expand and cluster the store rollout plan by state. Overall, the Company is pleased with the ongoing performance of Perfect Stranger, in line with expectations.

The pursuit of new sites for Universal Store is also ongoing, with two new stores to open pre-Christmas in addition to a further 4-5 stores expected to open in H2 FY23.

The Company expects 'channel mix' to continue to normalize through the balance of FY23.

With respect to the recent acquisition of THRILLS – completed 31 October 2022 – the Company is encouraged by early trading since acquisition and remains confident in Universal Store's ability to add value. The brand has strong fundamentals, produces quality products and enjoys high levels of consumer appeal.

YTD FY23 performance is promising as our customers are progressively re-engaging in social activities, enjoying reconnecting in a pre-COVID like manner, which should lead to favorable trading conditions.

The Company anticipates the seasonal change and ongoing ramp-up social occasions to continue to trigger apparel purchases. Considering this, intense focus across the entire team remains on the festive period.

Given the continued uncertainty regarding macro-economic conditions, the Company does not consider it appropriate to provide FY23 guidance.

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

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ABOUT UNIVERSAL STORE

Universal Store Holdings owns a portfolio of premium youth fashion brands and omni-channel retail and wholesale businesses. The Company's principal businesses are Universal Store and THRILLS and it is currently trialling the Perfect Stranger brand as a standalone retail concept. The Company, excluding THRILLS, operates 80 physical stores across Australia and two online stores.

The Company's strategy is to grow and develop its brands and retail and wholesale businesses to deliver a carefully curated selection of on-trend apparel products to a target 16-35 year-old fashion focused customer.