

Universal Store

Brisbane, 24 May 2023

FY23 TRADING UPDATE & GUIDANCE

Universal Store Holdings Limited (ASX: “UNI”, “Group” or the “Company”), a specialty retailer of youth casual apparel, provides a trading update and guidance for the full year ending 30 June 2023 (“FY23”).

Overview and Trading Update

UNI is on track to deliver record sales in FY23, and material growth in EBIT compared to FY22.

Despite a deteriorating macro environment, and increasingly clear signs that the youth customer is seeing pressures on their discretionary spending levels, FY23 is on track to be a year where the Group delivers significant financial and operational milestones:

- The Universal Store business is on track to deliver record sales, new stores have performed well, and the business has successfully adjusted its’ offering to cater to the changing channel preferences of customers;
- Perfect Stranger as a retail format is performing strongly and continues to demonstrate its strong potential for an economically attractive national roll out;
- The Group has successfully relocated its support office and distribution facilities to Eagle Farm without significant disruption to stock flow, team retention and operations; and
- The CTC business acquired on 31 October 2022 has settled well into the Group. CTC will deliver record sales, solid earnings, and especially encouraging performance from the emerging Worship brand.

Group margins and business unit inventory levels have been well managed against a backdrop of increased promotional discounting activity from peers and some evidence of overstocking in the market. The Group results speak to the strength of the business model as well as its agility and skill in navigating market volatility.

More recently, trading conditions observed throughout April and May to date have further tightened indicating that some customers are reducing their spending. The Group expects this subdued environment to continue for the balance of FY23 and into FY24.

We are comfortable with the current inventory position across the Group. Inventory at 30 June 2023 is expected to be higher than the prior year, primarily due to the CTC acquisition, incremental new store openings, and the higher inventory holding supported by the upgraded distribution centre.

FY23 Guidance & Outlook

UNI provides the following guidance for FY23 (unaudited):

- **Sales:** Group sales are expected to be in the range of \$258 million to \$261 million (versus \$208 million reported in FY22¹);
 - Universal Store sales are expected to be in the range of \$238 million to \$240 million (which compares to \$208 million in FY22, and \$211 million in FY21)
 - Underlying FY23 sales for CTC (full year, including the period pre acquisition) is expected to be in the range of \$40 million to \$42 million, which compares to \$35 million in FY22.
- **Gross Margins:** margins are expected to moderately exceed 61.1% delivered in FY22¹;
- **Underlying EBIT²:** expected to be in the range of \$39 million to \$41 million, which compares to \$32.6 million in FY22¹; and
- **Store footprint:** a total of 95 physical store locations are expected to be open as at 30 June 2023, comprising 77 Universal Store sites, 8 Perfect Stranger sites, and 10 THRILLS stores. Four new store openings, originally slated for H2 FY23, are now expected to open in Q1 FY24.

The Group remains committed to delivering superior in-store customer service and outstanding on-trend product, deepening relationships and reputation with customers. The team continue to drive productivity both in-store and online, optimising the cost efficiencies available from the new distribution centre in Eagle Farm.

The Group will continue to make the right long-term decisions despite the challenges of near-term sales volatility and a difficult macro environment.

The Company will release its full-year results for the 12 months ending 30 June 2023 on 25 August 2023.

¹ FY22 UNI results exclude CTC (Cheap Thrills Cycle), acquired Oct 31, 2022

² Underlying EBIT excludes CTC acquisition costs and is post AASB16 (Leases)

Investor call

The Company will host an investor call with Chief Executive Officer, Alice Barbery and Chief Financial Officer, Renee Jones today – Wednesday 24th May – at 10:00am AEST.

Investors and interested parties can register for the call via the following link:
https://us02web.zoom.us/webinar/register/WN_xykiYDtPRwCvKHE0ZZxZww

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

For more information, please contact:

Alice Barbery
Chief Executive Officer
+617 3368 6503

Sam Wells
Investor / Media Relations
sam@nwrcommunications.com.au
+61 427 630 152

ABOUT THE GROUP

Universal Store Holdings (ASX: UNI) owns a portfolio of premium youth fashion brands and omni-channel retail and wholesale businesses. The Company's principal businesses are Universal Store and CTC (trading the THRILLS and Worship brands). The group is currently trialling the Perfect Stranger brand as a standalone retail concept. The Company currently operates 94 physical stores across Australia and 3 online stores.

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