# Universal Store

## H1 FY24 Results Presentation

**Brisbane, 22rd February 2024**

Universal Store Holdings Limited (ASX:UNI) encloses for immediate release its H1 FY24 Results Presentation.

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

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**ABOUT UNIVERSAL STORE**

Universal Store Holdings Limited (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 rolling out Perfect Stranger as a standalone retail format. The Company currently operates 100 physical stores across Australia in addition to online channels. 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.

# H1 FY24 RESULTS PRESENTATION

**22 FEBRUARY 2024**

Universal Store

Universal Store Holdings Ltd ABN 94 628 836 484

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# AGENDA

## PRESENTERS

**Alice Barbery**
CEO

- 14 years at Universal Store
- 30+ years' industry experience

**Renee Jones**
CFO

- 5 years at Universal Store
- 20+ years' experience across retail and service industries

## CONTENTS



*OUR LANGUAGE:*

*"UNI", "Group" or "the Company" = Consolidated group parent*

*"US" = Universal Store = Universal Store business*

*"CTC" = Cheap THRILLS Cycles business*

*"PS" = PS or Perfect Stranger retail format*

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# H1 FY24 OVERVIEW

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# UNI GROUP H1 FY24 HIGHLIGHTS

## UNI ACHIEVED 8.1% UNDERLYING EBIT GROWTH DRIVEN BY GROSS MARGIN IMPROVEMENT, STRONG CODB CONTROL AND FULL PERIOD OWNERSHIP OF CTC

**1**

Underlying EBIT[1] of $30.8 million, up $2.3 million, +8.1% versus pcp. Group gross margin grew +80bps despite increased discounting from peers

**2**

US LFL sales growth -5.4% H1 FY24, improving from Q1 (-7.7%) to Q2 (-3.7%), driven by stronger performance in November and December[2]

**3**

Strong balance sheet with closing net cash balance of $27.4 million[3]

Increased interim dividend declared of 16.5 cps vs 14.0 cps in the pcp

**4**

Perfect Stranger retail format expanded to 11 stores with strong contribution margins

**5**

CTC (THRILLS) continues to perform well. We continue to refine and expand the direct-to-customer (DTC) channels. Additionally, we are focused on building CTC's team, systems and processes to foster long term growth

**6**

Company-wide focus areas during the half included disciplined cost control, driving sustainable systems improvements, and enhancing customer service

1. Underlying EBIT excludes $0.7 million in relation to FV movement of DVC in FY24 and FY23 excludes $2.0 million one-off transaction costs from the CTC acquisition on 31 Oct 22.
2. US LFL (like-for-like) sales in H1 FY24 exclude CTC and Perfect Stranger and are calculated daily (Mon 3rd Jul to Sun 31st Dec), excluding closed stores from the day of closure and new stores until they have completed the first three weeks of operation.
3. Net Cash/(Debt) excludes lease liabilities.

# UNI GROUP H1 FY24 FINANCIAL HIGHLIGHTS

## GROUP SALES +8.5% AND STATUTORY NPAT+16.7% VS PCP[1]

**$158.0M**
Sales **+8.5%**
(+0.4% excl. CTC)

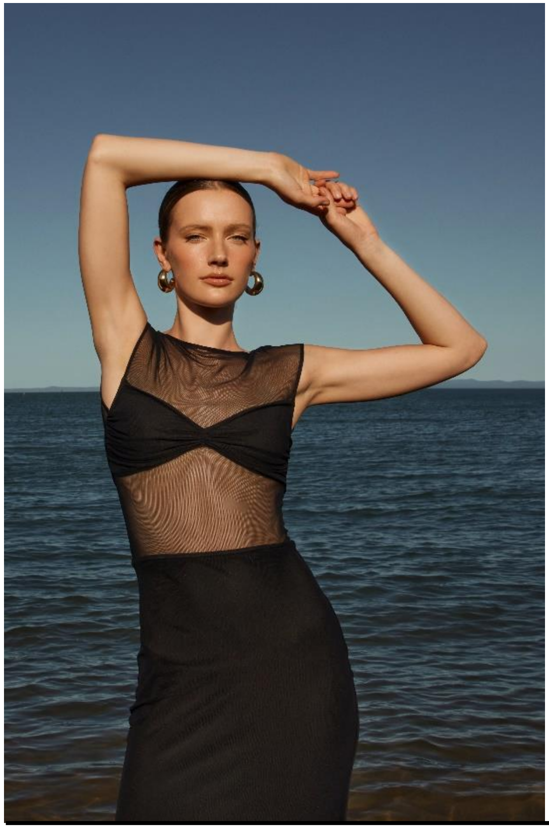
**-5.4%**
US LFL Sales[2]

**59.7%**
Gross Margin
**+80bps**

**$22.2M**
Online Sales
**14.1% of sales**

**$30.8M**
Underlying EBIT[3]
**+8.1%**
(-2.6% excl. CTC)

**$20.7M**
NPAT[4]
**+16.7%**
(+9.8% excl. CTC)



**26.6 cents**
Adjusted EPS[5]

**$27.4M**
Net Cash at Half Year[6]

**16.5 cps**
H1 FY24 Dividend
(vs 14.0 cps H1 FY23)

1. Including CTC business, acquired Oct 31 2022.
2. US LFL (like-for-like) sales in H1 FY24 exclude CTC and Perfect Stranger and are calculated daily (Mon 3rd Jul to Sun 31st Dec), excluding closed stores from the day of closure and new stores until they have completed the first three weeks of operation.
3. Underlying EBIT & Underlying NPAT exclude $0.7 million FV movement of DVC FY24 and FY23 excludes $2.0million (before tax) of one-off transaction costs from the CTC acquisition.
4. NPAT reflects statutory results including CTC.
5. Underlying EPS is calculated using underlying NPAT and the weighted average number of ordinary shares outstanding during the period 75.2 million (2022: 70.9 million).
6. Net Cash/(Debt) excludes lease liabilities.

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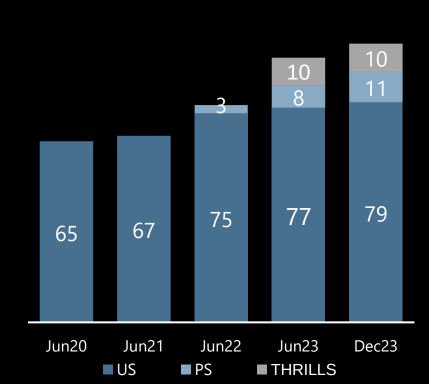
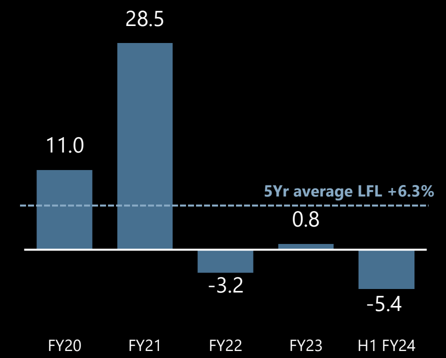
# UNI GROUP 5 YEAR TRENDS

- UNI has delivered H1 sales CAGR of +13.4% (FY20-FY24)[1]
- Universal Store 5-year average LFL sales growth of +6.3%
- History of opening 5-10 new stores pa. H1 FY24; 3 Perfect Stranger ("PS"), 2 Universal Stores ("US") & 1 THRILLS store added, bringing total Group stores to 100 (excl. webstores)
- The emerging retail formats in the Group are scaling. The first new THRILLS store format opened Dec-23, 11 PS stores trading as of December 31, 2023, with planned national rollout accelerating
- UNI has generated H1 Underlying EBIT CAGR of +13.0% (FY20-FY24)

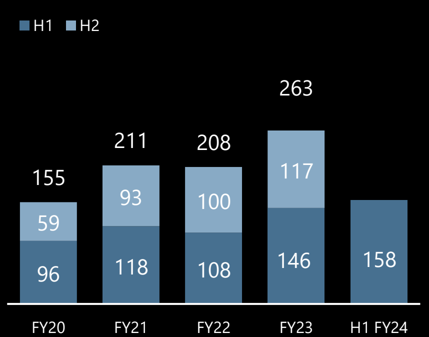
PHYSICAL STORES (#)



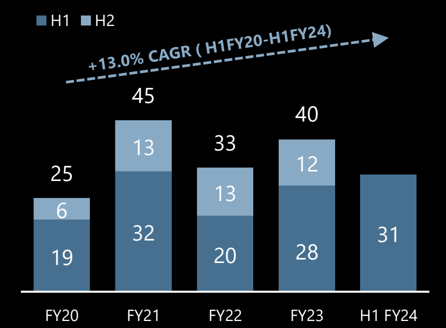

US LFL SALES GROWTH (%)[2]




GROUP SALES (A$ MILLION)[1]

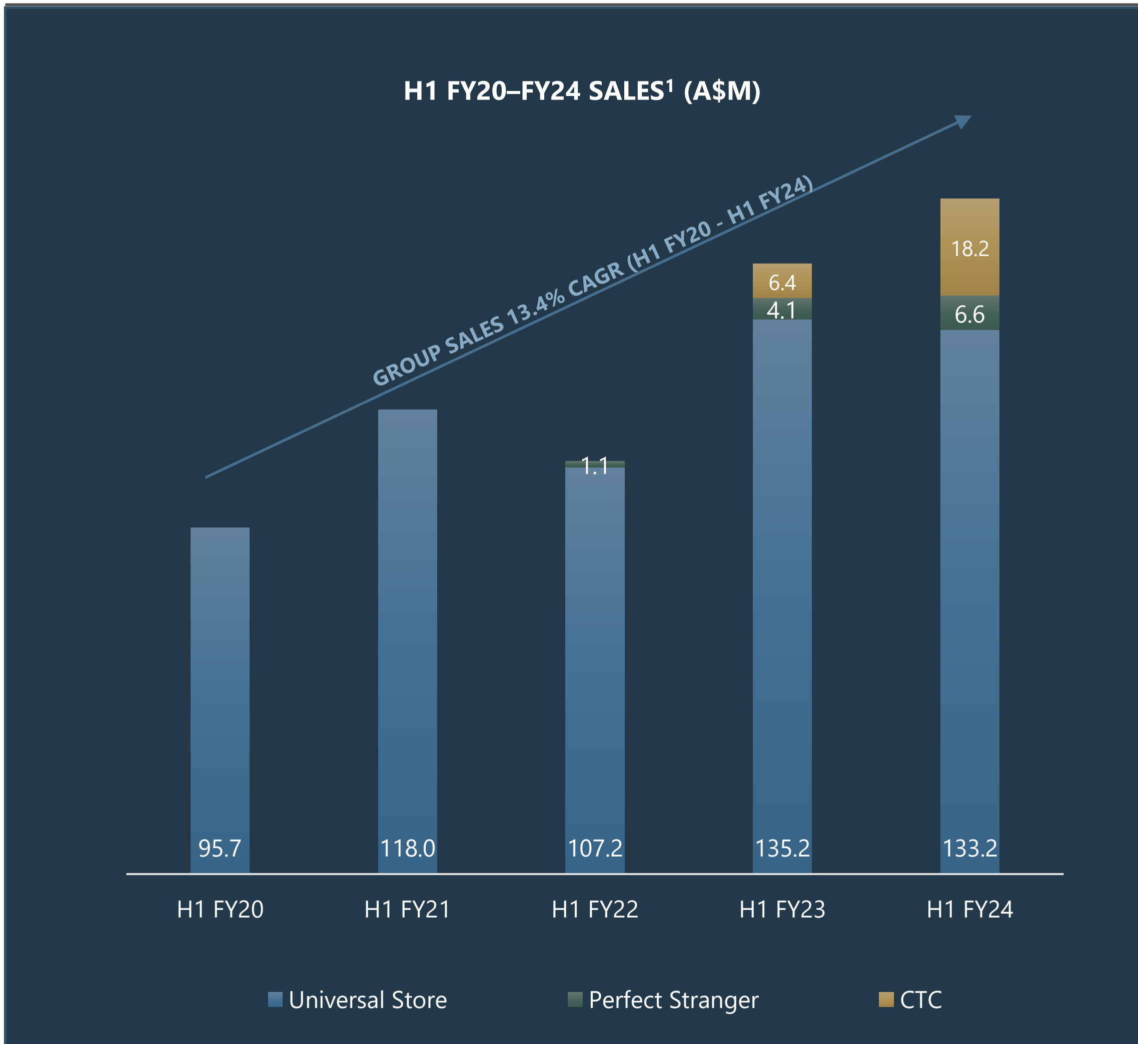



UNDERLYING EBIT (POST-AASB 16) (A$ MILLION)[3]




1. Total Group sales includes CTC revenue of $18.2m H1 FY24 and $6.4m in FY23 (Nov 22 to Dec 22) net of intercompany eliminations
2. US LFL (like-for-like) sales in H1 FY24 exclude CTC and Perfect Stranger and are calculated daily (Mon 3rd Jul to Sun 31st Dec), excluding closed stores from the day of closure and new stores until they have completed the first three weeks of operation. Stores that were closed during the COVID-19 pandemic are also excluded from LFL sales calculations. FY20-FY22, LFL sales were calculated using a 4/4/5 financial week.
3. Underlying EBIT excludes one-off transaction costs related to IPO & MEP expenses (FY21), onerous lease (FY22) and CTC acquisition costs (FY23) and the impact of FV movement of DVC (FY24).

# UNI GROUP SALES PERFORMANCE




- Group Sales up +65% vs FY20, representing a CAGR of +13.4% (H1 FY20-FY24)

  Headline growth driven by:

  - the continued growth of US with average LFL growth +6.3% over 5 years[2]
  - the launch of Perfect Stranger retail format
  - the acquisition of CTC
  - net stores increased from 65 in FY20 to 100 in H1 FY24 across our 3 retail formats

- The PS retail format continues to trade strongly, as we refine the offer. Three new stores opened during H1 FY24 taking our total PS stores to 11

- CTC delivered underlying sales growth of +4.2% H1 FY24 (proforma), driven mainly by the continued growth of the emerging Worship brand[3]

1. Total Sales includes CTC, with ownership from November 1st 2022. CTC wholesale is net of eliminations for sales to US.
2. US LFL (like-for-like) sales exclude CTC and Perfect Stranger and are calculated daily, excluding closed stores from the day of closure and new stores until they have completed the first three weeks of operation. Stores that were closed during the COVID-19 pandemic are also excluded from LFL sales calculations. FY20-FY22, US LFL sales were calculated using a 4/4/5 financial week..
3. Underlying sales excluding intercompany eliminations for sales to US,.

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# FINANCIAL RESULTS

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# UNI GROUP PROFIT & LOSS (POST AASB16)

## SALES

- UNI Sales $158.0 million (+8.5% vs pcp)
  - Universal Store sales $133.2m (-1.4% vs pcp), US LFL -5.4%[1]
  - Perfect Stranger sales $6.6m (+59.7% vs pcp)
  - CTC sales $25.3m (+4.2% proforma vs pcp)[2]

## GROSS PROFIT MARGIN

- GP margins improved 80bps versus pcp
- Supported by incremental margin associated with the CTC brands (THRILLS, Worship)
- Benefits of reduced inbound freight more than offset increases in domestic outbound freight to stores
- Increased markdowns taken, especially during Q1, to navigate the challenges of slower sales growth emerging

## CODB

- CODB% increased 60bps, driven by the inclusion of CTC
- Underlying US business managed costs inline with sales decline with $1.3 million cost-out achieved (mostly employee costs) across stores and the DC, despite mandatory award increases
- Support office costs consistent with pcp, notwithstanding further investment in critical strategic projects
- CTC added $4.9 million to Group CODB, largely associated with annualising employee costs post acquisition

## EBIT

- Underlying EBIT of $30.8 million, up $2.3 million versus pcp[3]
- Underlying EBIT of margin 19.5%, in line with prior year
- Adjusted EPS 26.6 cents (versus 27.5 cents in pcp)[4]

| Underlying Results ($m) | Dec-23 | Dec-22 | % Change |
|---|---|---|---|
| Sales | 158.0 | 145.7 | 8.5% |
| Gross Profit | 94.3 | 85.8 | 9.9% |
| % Sales | 59.7% | 58.9% | +0.8ppt |
| CODB | (49.3) | (44.6) | (10.5%) |
| % Sales | (31.2%) | (30.6%) | (0.6ppt) |
| Underlying EBITDA[3] | 45.0 | 41.2 | 9.2% |
| Depreciation (PP&E) | (2.6) | (2.2) | (18.2%) |
| Depreciation (ROU Assets) | (11.6) | (10.5) | (10.5%) |
| Underlying EBIT[3] | 30.8 | 28.5 | 8.1% |
| % Sales | 19.5% | 19.5% | 0.0ppt |
| Interest (debt) | (0.3) | (0.3) | (0.0%) |
| Interest (leases) | (1.8) | (1.2) | (50.0%) |
| Tax | (8.7) | (7.5) | (16.0%) |
| Underlying NPAT[3] | 20.0 | 19.5 | 2.6% |
| % Sales | 12.7% | 13.4% | (0.7ppt) |

1. US LFL (like-for-like) sales in H1 FY24 exclude CTC and PS and are calculated daily (Mon 3rd Jul to Sun 31st Dec), excluding closed stores from the day of closure and new stores until they have completed the first three weeks of operation.
2. Proforma assumes CTC was owned for the full 6 months in relevant period and excludes intercompany eliminations. The CTC acquisition was completed on 31 October 2022.
3. Underlying EBIT/EBITDA/NPAT excludes impact of FV movement of DVC (FY24) and one-off transactions associated with CTC acquisition (FY23).
4. Adjusted EPS is calculated using underlying NPAT and the weighted average number of ordinary shares outstanding during the period 75.2 million (2022: 70.9 million).

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# UNI GROUP GROSS MARGIN

## CONTINUED IMPROVEMENTS IN GROSS MARGIN (+80BPS)

- Group results were supported by incremental margin contributions from the acquired CTC brands (THRILLS, Worship)

- Private brand penetration moved slightly from 45% to 43%[1] in H1 FY24, driven by an overall mix shift from womenswear to menswear where private brand penetration is lower, and some outstanding contributions from various 3rd party brands.

- Perfect Stranger remains the top brand at Universal Store. Performance of Common Need and Neovision (now 9% of total sales) was very strong.

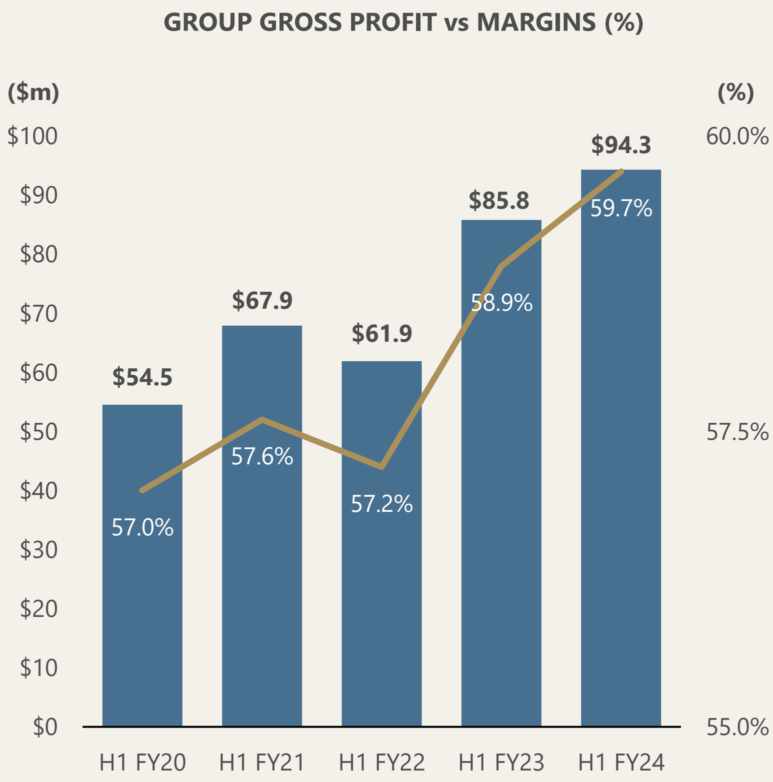
  CTC brands also continued to perform well in the US store format and online – especially Worship

- US & PS direct sourcing of private brands grew to 73% (up from 70% in FY23), primarily driven by womenswear. Direct sourcing mix for menswear remains at high levels

- Benefits of reduced inbound freight more than offset increases in domestic outbound freight to stores

- Successfully managed inventory to ensure it remained dynamic and fresh, notwithstanding challenges posed by the subdued customer spending environment

1. Private brand contribution to total sales of 43% and 45% in FY23 and H1 FY24 excludes CTC business, with THRILLS/Worship sister brands treated as 3rd party



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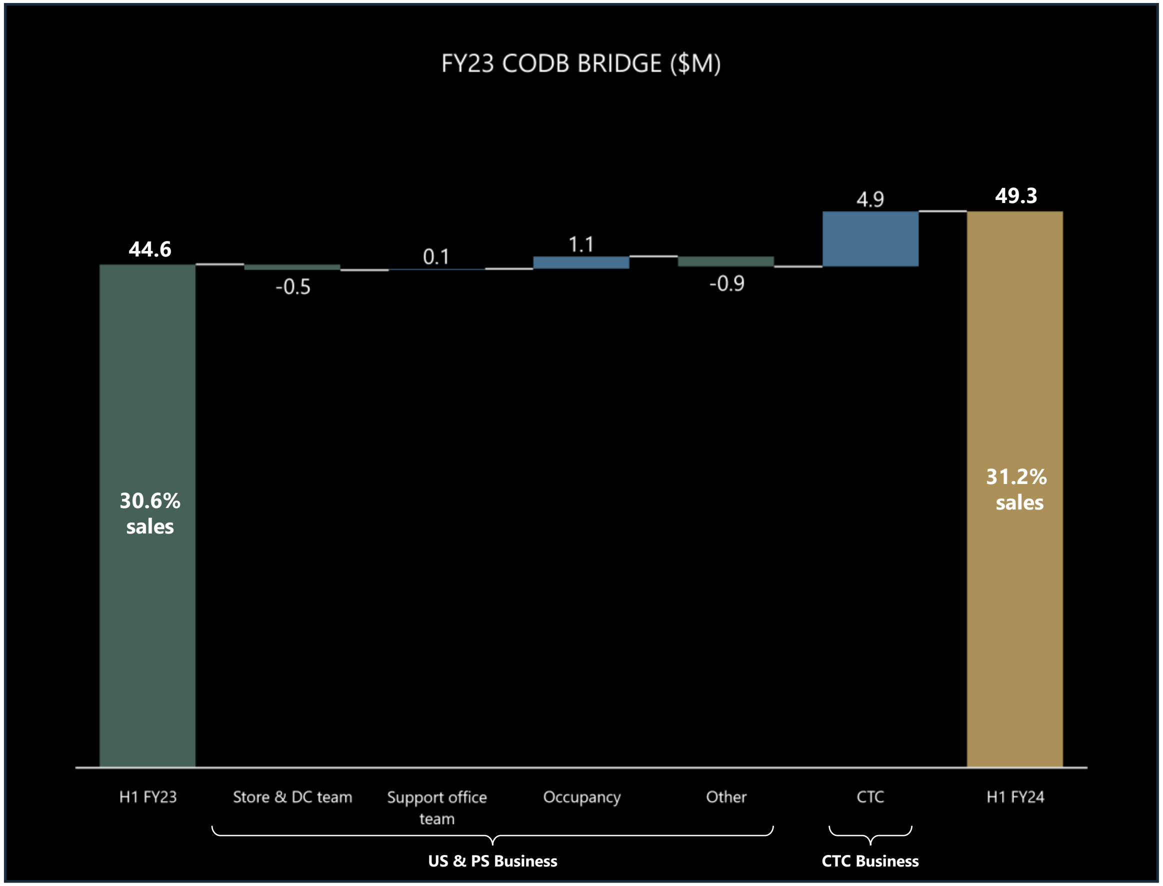
# UNI GROUP COSTS OF DOING BUSINESS

## COST OF DOING BUSINESS[1] WELL-MANAGED, NOTWITHSTANDING INFLATIONARY PRESSURES




- Net employee costs savings of $0.4 million despite 6.3% increase in retail award rates including super contribution % increase
  - $0.1 million net increase in store wages ($0.7 million saving from labour efficiency, offset against $0.8 million spend from new store growth)
  - $0.6 million saving in DC wages due to process efficiency
  - Support office costs held flat to pcp with disciplined control of headcount
- Occupancy costs grew $1.1 million, associated with annual escalations, timing of lease renewals and turnover rent triggering in certain sites which were not triggered in FY23
- CTC costs in the UNI P&L increased by $4.9 million compared to the previous year, due to the acquisition on October 31, 2022, resulting in its inclusion for the entire half in FY24

1. CODB is post AASB16 and excludes the impact of one-off CTC transaction costs in H1 FY23 of $2.0m before tax.

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# UNI GROUP BALANCE SHEET

- Net cash position of $27.4 million[1], representing a substantial increase from $6.6 million in June 2023, inclusive of payments for the first CTC DVC ($3.0m) and final FY23 dividend ($6.1m)
- Trade and other receivables increased $2.6 million versus June 2023, driven predominantly by CTC's wholesale operations
- Inventory of $24.6 million has decreased by $1.4 million versus June 2023, aligning to customer demand.
- PPE increase $0.8 million at December 2023, primarily driven by investment into new stores
- Intangible assets include $47.4 million predominately associated with THRILLS brand name and CTC goodwill
- Other current liabilities increase of $4.5m includes current tax liability of $3.0 million (included in other current assets in June 2023), deferred revenue increased by $1.2 million.
- Residual provision for future CTC deferred variable consideration (DVC) of $8.3 million, representing the present value of forecast future payments to CTC vendors, based on estimates of FY24 & FY25 EBIT results

| Statutory Balance Sheet (A$m) | Dec-23 | Jun-23 |
|---|---|---|
| **Total Current assets** | **74.4** | **53.0** |
| Cash | 42.3 | 21.4 |
| Trade and other receivables | 7.5 | 4.9 |
| Inventories | 24.6 | 26.0 |
| Other current assets | 0.0 | 0.7 |
| **Total non-current assets** | **213.3** | **213.4** |
| Property, plant and equipment | 16.9 | 16.1 |
| Right of use assets | 56.2 | 56.9 |
| Intangible assets | 140.2 | 140.4 |
| **Total Assets** | **287.7** | **266.4** |
| | | |
| **Total Current liabilities** | **60.8** | **49.0** |
| Trade and other payables | 28.1 | 21.2 |
| DVC provision | 3.6 | 3.4 |
| Lease liabilities | 20.8 | 20.7 |
| Other current liabilities | 8.3 | 3.7 |
| **Total non-current liabilities** | **75.5** | **81.0** |
| Borrowings | 14.9 | 14.9 |
| Lease liabilities | 41.3 | 42.4 |
| DVC provision | 4.7 | 9.6 |
| Other non-current liabilities | 14.6 | 14.1 |
| **Total Liabilities** | **136.4** | **130.0** |
| **Net assets** | **151.3** | **136.4** |
| | | |
| **Closing Net Cash/ (Net Debt)[1]** | **27.4** | **6.6** |

1. Net Cash/(Net Debt) excludes lease liabilities

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# UNI GROUP CASHFLOW

| Operating Cashflow (A$m) | Dec-23 | Dec-22 | Change |
|---|---|---|---|
| **EBITDA** | **45.7** | **39.2** | **6.5** |
| Non-cash items in underlying EBITDA | (0.5) | 0.2 | (0.7) |
| Change in inventories[1] | 1.4 | (8.2) | 9.6 |
| Change in trade payables | 7.1 | 8.3 | (1.2) |
| Change in other working capital items | (2.2) | 4.7 | (6.9) |
| **Cashflow from operations[2]** | **51.5** | **44.2** | **7.3** |
| Net capex | (3.3) | (6.4) | 3.1 |
| Interest | (2.0) | (1.4) | (0.6) |
| Tax cash paid | (4.4) | (7.8) | 3.4 |
| **Operating cashflow, after capex** | **41.8** | **28.6** | **13.2** |
| Dividends paid | (6.1) | (7.7) | 1.6 |
| Acquisition of subsidiary including transaction cost | (3.0) | (18.6) | 15.6 |
| Lease payments & incentives | (11.8) | (12.3) | 0.5 |
| MEP loan repayments received | 0.0 | 0.4 | (0.4) |
| **Net cash generated** | **20.9** | **(9.6)** | **30.5** |
| Net cash/(net debt)[3] | 27.4 | 14.3 | 13.1 |
| **Cashflow Ratios** | | | |
| Cashflow from Ops: EBITDA conversions % | 113% | 113% | |
| Capex : Depreciation % | 122% | 250% | |

- EBITDA growth of $6.5 million versus pcp
- Decrease in inventory Dec 23 to align with more subdued customer demand. Inventory in both US and CTC businesses is well balanced
- Net capex spend decreased versus pcp due to the investment in our new support office relocation in October 2022 (FY23)
- Decrease in tax paid due to updated PAYG instalment rate
- CTC acquisition outflow $3.0 million due to the payment of deferred variable consideration in relation to FY23 EBIT of CTC
- Net cash at 31 December 2023 of $27.4 million providing the Group flexibility to respond to opportunities and challenges should they arise

1. Inventory excludes intercompany eliminations
2. Before interest, tax, capex and transaction costs
3. Net Cash/(Debt) excludes lease liabilities

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# FY24 BUSINESS UPDATES

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# UNI SUSTAINABILITY TARGETS

## CONTINUE TO WORK TOWARDS A SUSTAINABLE FUTURE BY EMBEDDING OUR SUSTAINABILITY TARGETS

PRODUCT EXCELLENCE

### TREAD LIGHTLY

Reduce our impact.
Preserve our resources.
Restore the planet.

#### ELIMINATE WASTE

- Targeting zero waste to landfill from DC operations by 2030
- 100% of bags and online mailers are reusable, recyclable or compostable by 2025

#### RESPONSIBLE PROCUREMENT

- Procure at least 50% of all cotton from certified sources by 2025
- Procure at least 50% of polyester from certified recycled sources by 2025

SUPPLIER PARTNERSHIPS

### EXPECT TRANSPARENCY

Put an end to poor working conditions and improve lives of workers.

#### POLICIES & PROCEDURES

- 100% of our manufacturing and key 3rd party brands endorsed our Supplier Code of Conduct by end of FY23.

#### SOCIAL AUDITS

- 100% of Tier 1 factories were audited by 2022. Targeting 100% of Tier 2 factories audited by FY24.

#### ENERGY & WATER EFFICIENCY

- We are targeting suppliers with manufacturing facilities applying best practice water, waste and chemical management practices by 2025

COMMUNITY IMPACT

### CLIMATE ACTION

Reverse climate change and take action to end the climate crisis.

#### REDUCE CARBON EMISSIONS

- 100% of stores equipped with energy efficient LED lights
- 2030 emission reduction targets are being refined
- Maximise the proportion of electricity for our support office and DC from renewable sources by 2025

### AMPLIFY OUR ACTIONS

Work together as a team with our community, suppliers, and customers to deliver positive impact

#### CHARTER OF ENVIRONMENTAL ATTRIBUTES

- We have one million customer education touchpoints on responsible use and care of garments by 2025

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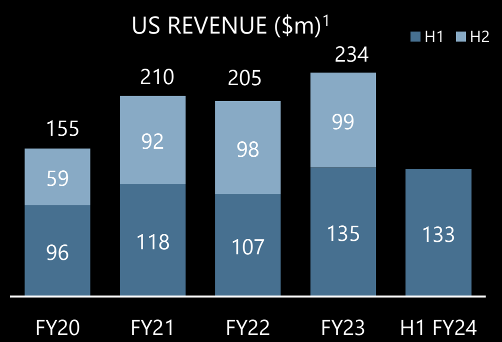
# UNIVERSAL STORE UPDATE




**$133.2M**
Sales

79 Stores at 31st December 2023

**$19.2m**
Online Sales

+3.9% vs H1 FY23


**Financial Results:**

- Sales were down 1.4%, given the subdued trading environment
- LFL sales -5.4%, and GP% inline with pcp
- Underlying US EBIT (incl PS) was down $0.7m vs pcp[1]

**New Store Rollout:**

- 2 new stores opened in Q1 FY24, with 1-3 more planned for H2 FY24
- Exploring larger store footprints with wider ranges in selected areas

**Customer & Product:**

- Proactive brand and range curation becomes more important in subdued market conditions;
- Further shifting Private Brand womenswear sourcing to direct to progressively improve margins (where it makes sense)
- Testing suppliers outside China for supply chain diversification
- Successfully scaled new unisex private brand – Neovision
- CTC brands continue to perform well in US

**Omni Chanel and Data:**

- Enhanced digital and eCommerce capacity in H1 FY24 to Shopify
- Store to Door sales scaling for improved delivery options
- Customer Data Platform development in progress for enhanced analytics

**Productivity:**

- Refined the warehouse management system to drive productivity; on track to deliver +$1.2m annual savings in FY24
- Completed rollout of 'Right team, Right time (RTRT)' to drive labor productivity and lift conversion rates in stores. Refinement to improve rostering continues as an ongoing discipline
- Human Capital Management ('HCM') system implementation in H2 FY24
- ERP upgrade and new POS planned for FY25

1. US and PS operate as a combined business unit, with shared resources and infrastructure. Therefore, allocation of EBIT contribution between US and PS is subjective and requires arbitrary allocations in a range of areas. We therefore do not report an allocated EBIT between US and PS.

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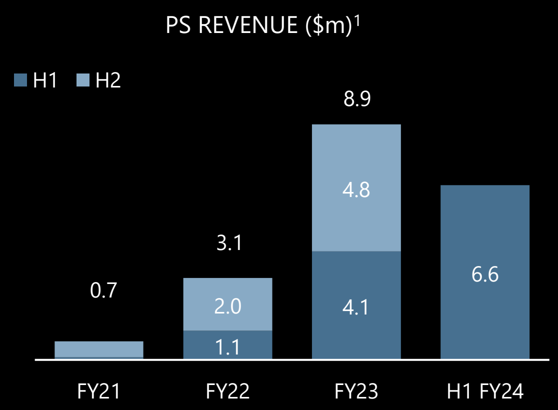
# PERFECT STRANGER UPDATE

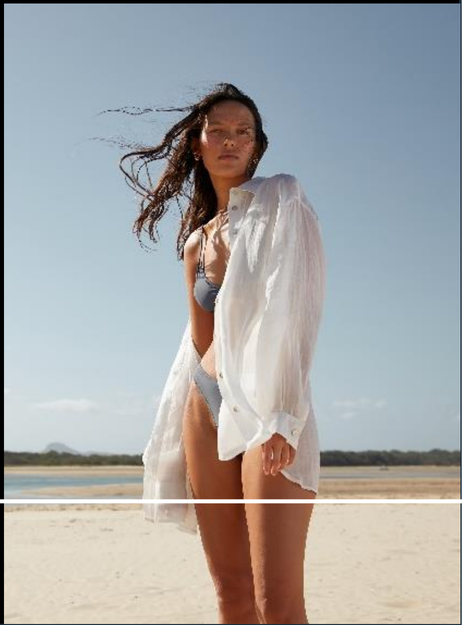



**$6.6M**
Sales

11 Stores at 31st December 2023

**$0.7m**
Online Sales

+96% vs H1 FY23



- Pleasing performance of the PS retail format continued. H1 FY24 sales of $6.6 million[1], +59.7% versus pcp with all stores profitable
- PS Online continues to perform well, up +96.3% versus pcp, with the focus remaining on scaling and building brand awareness
- 11 stores as at 31st December 2023 (6 in QLD and 5 in NSW)
- PS continues to attract new customers not shopping in US stores, with little to no discernible cannibalisation of nearby US stores
- The PS customer is seeking a more boutique brand experience and shopping for different, often dressier, occasions for wear than in US stores. We are seeing positive results as we continue to elevate and differentiate the range by:
  - Bridging the gap between high-end labels and fast fashion, delivering quality, on-trend pieces at accessible prices
  - Designing cohesive collections and product stories with elevated quality and attention to detail
  - Maintaining agility through use of US's close-to-market product design and inventory allocation and stock management
  - Increasing our offer of versatile AM to PM product options
- The operation of PS continues to be heavily integrated to the operations of US. There is ongoing selective investment in dedicated PS resources to curate captivating collections, elevate storytelling through marketing and create compelling visual displays has had encouraging results to-date
- For the medium term, PS will continue to operate as a brand and store format within US, utilizing shared resources and infrastructure (e.g. DC, IT and head office). Given this, we cannot provide a meaningful view of the earnings contribution of PS as a business

1. Revenue incudes both Perfect Stranger stores and perfectstranger.com.au

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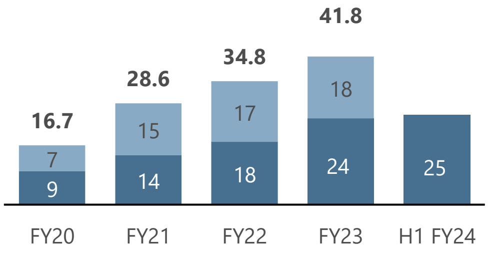
# CTC UPDATE

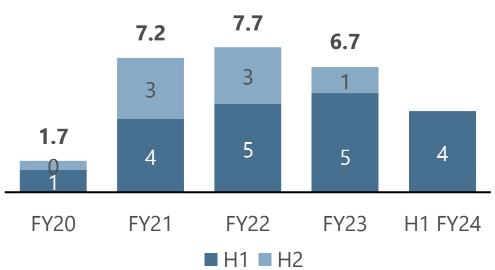
- In H1 FY24 CTC delivered $25.3 million in gross sales[1] with robust sell-through and consistent demand from key wholesale accounts, including Universal Store
- The THRILLS brand maintains strong consumer appeal, with the decline in sales mainly associated with weakness in the small independent retail accounts (vs majors) and some cannibalisation of THRILLS by the Worship brand observed with some wholesale accounts
- The emerging 'Worship' brand surpassed expectations, resonating with both male and female consumers and expanding to include a denim offering
- The THRILLS retail & online channel delivered growth of +4.4%, emphasising ongoing efforts to enhance execution and capabilities. Future expansion focused on curating and tailoring the product offering and visual merchandise in THRILLS retail stores. We are trialling the 'store of the future' in high-traffic locations and larger store footprint (~100-150sqm)
  - New store in Warringah Mall opened 16 December 2023
  - Further to Fitzroy closure during the half, we have identified another couple of stores with sub optimal size and/or location which will close at lease expiry
- CTC's H1 FY24 standalone Underling EBIT (proforma) declined due to strategic investments in building depth and capability of the CTC team, scaling new brands, unfavourable movements in channel mix, (major vs small wholesale customers) and freight and FX impacting gross margins
- We have collaboratively expedited our succession plans with CTC vendors, who will be marking their exit from executive roles with the business from April 2024. Key leadership roles have been filled by experienced individuals who have been hired (or promoted) over the past 12-18 months in anticipation of this transition

CTC SALES[1] ($ MILLION)




| Brand | H1FY24 sales ($m) | YoY% growth |
|---|---|---|
| Thrills | 19.7 | (9.8%) |
| Worship | 5.3 | +125.6% |
| Other | 0.3 | +192.3% |
| **Total** | **25.3** | **+4.2%** |

UNDERLYING EBIT (PRE-AASB 16)[2] (A$ MILLION)




| Channel | H1FY24 sales ($m) | YoY% growth |
|---|---|---|
| Wholesale (global) | 19.7 | +4.1% |
| Retail & Online (DTC) | 5.6 | +4.4% |
| **Total** | **25.3** | **+4.2%** |

1. Unaudited proforma sales excluding intercompany eliminations (refer Appendix 5)
2. Underlying proforma EBIT is pre AASB16 and excludes one-off transaction costs related to CTC acquisition (H1 FY23).


Universal Store

# TRADING UPDATE

4

# H2 FY24 UNI TRADING UPDATE

Sales performance during the first seven weeks of H2 FY24;

- US sales up +4.5%, with LFL growth up +1.0%, cycling +8.4% last year[1]
- PS sales up +56.5%, with LFL growth up +10.3%, cycling +23.2%[1]
- CTC's sales in the DTC channels down 0.5%, with LFL down 0.3%, cycling +54.5%[1]

Management expects a further 1-3 US stores in H2 FY24, plus 4-8 new PS stores and 1-2 new THRILLS stores

Continuing to improve gross margins, through proactive measures to keep stock consistently fresh and appealing to customers and extending our direct sourcing program within the Group's private brands

CODB remains a focus across the Group to deliver savings

- Store labour optimisation initiatives
- Targeted DC productivity initiatives
- Closure or relocation of suboptimal CTC stores

Continuing to introduce exciting new brands and products that captivate our customers

1. US LFL (like-for-like) sales in H2 FY24 exclude CTC and Perfect Stranger. LFL sales are calculated daily (Jan 1st to Feb 18th 2024, excluding closed stores from the day of closure and new stores until they have completed the first three weeks of operation. CTC's DTC sales exclude the wholesale channel.

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# APPENDIX

5

# APPENDIX 1: GROUP OVERVIEW

**Universal Store**

Universal Store Holdings Limited
ASX: UNI

**Australia's premier owner and operator of youth and young adult fashion retail brands**

**A grower of businesses, with excellence in culture, retail execution and brand management**

**Customer focused, detail oriented, nimble, multi-channel operations**

**Focused on results, risk management, and fostering outstanding talent**

## PERFECT STRANGER

- #1 selling 'brand' at Universal Store
- www.perfectstranger.com.au
- Emerging standalone retail concept
- On trend women's fashion focused
- Complementary brands ranged in store
- 11 standalone stores as at 31 Dec 2023. Potential yet to be sized*
- Brisbane based (Co-located and co-managed with Universal Store)

## Universal Store

- Australia's largest specialty retailer of premium casual youth fashion
- www.universalstore.com.au
- ~50% of sales derived from private brands and 'sister businesses' (i.e. THRILLS)
- On trend men's and women's casual fashion
- Over 50 brands ranged in store
- 79 stores as at 31st Dec 2023*
- Brisbane based (Co-located and co-managed with Perfect Stranger)

## THRILLS

- #1 selling '3P brand' at Universal Store
- www.THRILLS.co
- www.worship-supplies.com
- Vibrant wholesale channel with premium retail partners (including Universal Store)
- Men's and women's casual fashion, quality, sustainable, vintage looks, wide range
- Emerging standalone retail concept
- 10 standalone stores as at 31st Dec 2023. Potential yet to be sized*
- Byron Bay based. Independently managed

Perfect Stranger currently operates on a substantially integrated basis with Universal Store, with significant amounts of shared resources, IP, IT and infrastructure

*Includes physical stores only

# APPENDIX 2: STORE FOOTPRINT

- #79 Universal Store stores
- #10 THRILLS stores
- #11 Perfect Stranger stores


TOTAL GROUP STORES*

**100**

* Plus web store for each brand.

Universal Store

# APPENDIX 3: P&L UNDERLYING TO STATUTORY RECONCILIATION

| $million | Note | Dec-23 | Dec-22 |
|---|---|---|---|
| Statutory EBITDA | | 45.7 | 39.2 |
| Transaction costs | 1 | 0.0 | 2.0 |
| FV of contingent consideration | 2 | (0.7) | 0.0 |
| **Underlying EBITDA** | | **45.0** | **41.2** |
| Statutory EBIT | | 31.5 | 26.5 |
| Transaction costs | 1 | 0.0 | 2.0 |
| FV of contingent consideration | 2 | (0.7) | 0.0 |
| **Underlying EBIT** | | **30.8** | **28.5** |
| Statutory NPAT | | 20.7 | 17.8 |
| Transaction costs | 1 | 0.0 | 1.7 |
| FV of contingent consideration | 2 | (0.7) | 0.0 |
| **Underlying NPAT** | | **20.0** | **19.5** |

**1** Transaction costs relate to legal, advisors and accounting costs incurred with respect to the acquisition of CTC business

**2** Fair value movement in deferred variable consideration (DVC)

Universal Store

# APPENDIX 4: H1FY24 CONSOLIDATION OVERVIEW ($M)

| Underlying Results ($m) | CTC (6mths) | US & PS[1] (6mths) | Elimination[2] | UNI Group |
|---|---|---|---|---|
| Sales | 25.3 | 139.8 | (7.1) | 158.0 |
| Gross Profit | 12.0 | 82.2 | 0.1 | 94.3 |
| % Sales | 47.4% | 58.8% | (1.4%) | 59.7% |
| CODB | (6.9) | (42.4) | 0.0 | (49.3) |
| % Sales | 27.3% | 30.3% | 0.0 | 31.2% |
| Underlying EBITDA | 5.1 | 39.8 | 0.1 | 45.0 |
| Depreciation (PP&E) | (0.1) | (2.5) | 0.0 | (2.6) |
| Depreciation (ROU Assets) | (0.7) | (10.9) | 0.0 | (11.6) |
| Underlying EBIT[1] | 4.3 | 26.4 | 0.1 | 30.8 |
| % Sales | 17.0% | 18.9% | (1.4%) | 19.5% |
| Interest (debt) | (0.0) | (0.3) | 0.0 | (0.3) |
| Interest (leases) | (0.1) | (1.7) | 0.0 | (1.8) |
| Tax[1] | (1.3) | (7.4) | 0.0 | (8.7) |
| Underlying NPAT[1] | 2.9 | 17.0 | 0.1 | 20.0 |
| % Sales | 11.5% | 12.2% | (1.4%) | 12.7% |

Note: The elimination relates to sales and margin on sales from CTC to Universal Store.

1. Underlying NPAT excludes $0.7m fair value movement of deferred variable consideration (DVC)
2. CTC eliminations for sales to US

Universal Store

# APPENDIX 5: GROUP SALES OVERVIEW

| | Pre CV-19 | CV-19 affected period | | Post CV-19 period | | | | |
|---|---|---|---|---|---|---|---|---|
| | H1 FY20 | H1 FY21 | H1 FY22 | H1 FY23 | H1 FY24 | Growth% (vs H1 FY23) | Growth% (vs H1 FY20) | CAGR (H1 FY20 to H1 FY24) |
| | $m | $m | $m | $m | $m | | | |
| **Universal Store (retail format)** | | | | | | | | |
| Stores | 89.6 | 103.9 | 86.2 | 116.7 | 114.0 | (2.3%) | 27.3% | 6.2% |
| Online | 6.1 | 14.0 | 20.9 | 18.5 | 19.2 | 3.9% | 213.4% | 33.1% |
| **Total Stores & Online** | **95.7** | **117.9** | **107.2** | **135.2** | **133.2** | **(1.4%)** | **39.2%** | **8.6%** |
| Total Stores & Online - LFL | 12.1% | 26.5% | (2.2%) | 1.9% | (5.4%) | (5.4%) | 22.3% | - |
| **Perfect Stranger (retail format)** | | | | | | | | |
| Total Stores & Online | | 0.1 | 1.1 | 4.1 | 6.6 | 59.7% | - | 269.7% |
| **Total Universal Store & Perfect Stranger** | 95.7 | 118.0 | 108.3 | 139.3 | 139.8 | 0.4% | 46.0% | 9.9% |
| **Cheap THRILLS Cycle (CTC)[1]** | | | | | | | | |
| Wholesale | 8.0 | 10.8 | 14.2 | 18.9 | 19.7 | 4.1% | 145.7% | 25.2% |
| Total Stores & Online | 1.4 | 3.1 | 3.5 | 5.3 | 5.6 | 4.4% | 298.0% | 41.2% |
| **Total Gross CTC sales[1]** | 9.4 | 13.9 | 17.7 | 24.3 | 25.3 | 4.2% | 168.4% | 28.0% |
| Intercompany Sales Elimination[2] | (1.9) | (3.8) | (4.4) | (6.1) | (7.1) | | | |
| **Net CTC Sales** | **7.6** | **10.2** | **13.2** | **18.2** | **18.2** | **0.4%** | **140.8%** | **24.6%** |
| **UNI Group** | | | | | | | | |
| Total Stores & Online | 97.1 | 121.1 | 111.8 | 144.6 | 145.3 | 0.5% | 49.7% | 10.6% |
| Wholesale net of Interco sales[2] | 6.2 | 7.1 | 9.8 | 12.8 | 12.7 | (1.3%) | 105.2% | 19.7% |
| **Total Proforma[1]** | **103.3** | **128.1** | **121.5** | **157.4** | **158.0** | **0.4%** | **53.0%** | **11.2%** |
| Less: Net sales for period CTC not owned by UNI | (7.6) | (10.2) | (13.2) | (11.8) | | | | |
| **Total UNI Statutory Sales** | **95.7** | **118.0** | **108.3** | **145.7** | **158.0** | **8.5%** | **65.1%** | **13.4%** |

1. Proforma assumes CTC was owned for the full 6 months in the relevant period (H1 FY20 to H1 FY23). The CTC acquisition was completed on 31 October 2022
2. Intercompany sales elimination represents sales between US and CTC during the period

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# UNIVERSAL SPIRIT

The unique ability to create memorable and positive experiences for all. Creating an experience that is fun, open and based on kindness.
The environment that enables a person to be their best.

Universal Store