

Universal Store

ASX Announcement

Brisbane, 22 August 2024

APPENDIX 4E AND ANNUAL REPORT FOR UNIVERSAL STORE HOLDINGS LIMITED

In accordance with the Listing Rules of the Australian Securities Exchange (ASX), Universal Store Holdings Limited (ASX:UNI) encloses for release the following information:

- Appendix 4E, the Preliminary Final Report for the year ended 30 June 2024; and
- 2024 Annual Report.

-ENDS-

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

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ABOUT UNIVERSAL STORE

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 rolling out the Perfect Stranger brand as a standalone retail concept. The Company currently operates 102 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 target 16-35 year-old fashion focused customers.

APPENDIX 4E

30 June 2024

1. COMPANY DETAILS

Name of entity:	Universal Store Holdings Limited
ABN:	94 628 836 484
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2024 \$'000	2023 \$'000	Change %
Revenue	288,523	263,052	9.7
Gross profit	173,525	155,331	11.7
Gross margin	60.1%	59.0%	1.9
EBIT	51,193	38,036	34.6
Net profit after tax	34,336	23,571	45.7
Basic earnings per share (cents)*	45.0	32.0	40.6
Reconciliation to underlying EBIT			
EBIT	51,193	38,036	34.6
Transaction costs associated with acquisition of CTC ¹	–	1,806	(100.0)
Fair value movement of deferred variable consideration	(4,117)	535	(869.5)
Underlying EBIT²	47,076	40,377	16.6
Underlying EBIT margin	16.3%	15.3%	6.3
Reconciliation to underlying NPAT			
Net profit after tax	34,336	23,571	45.7
Transaction costs associated with acquisition of CTC ¹	–	1,467	(100.0)
Fair value movement of deferred variable consideration	(4,117)	535	(869.5)
Underlying NPAT	30,219	25,573	18.2

1. Cheap Thrills Cycles Pty Ltd (CTC) was acquired on 31 October 2022.

2. Underlying EBIT includes the impact of AASB 16 Leases.

* Comparative earnings per share (EPS) and weighted average number of ordinary shares have been amended in accordance with AASB 133 *Earnings per Share* to align with the current year's calculation.

APPENDIX 4E (CONT.)

Commentary on results for the period

In FY24, Universal Store Holdings Limited (the “Company”) and its controlled entities (the “Group”) delivered strong financial results, with revenue reaching \$288.5 million, a substantial growth of \$25.5 million or 9.7% compared to FY23¹.

Retail conditions were particularly challenging in the first half (H1) of the year and the Group observed a more cautious customer spending approach due to rising cost-of-living pressures. Despite the subdued market and increased discounting from competitors in the second half (H2) of the year, Universal Store generated strong like-for-like (LFL) sales growth reflecting the business's category leadership and clear focus on range curation. The Group effectively managed costs, met customer expectations by offering new premium products, re-engineered offerings for budget-conscious customers, and refocused on in-store sales execution. This strategic approach led to a significant turnaround in H2 sales growth. Universal Store LFL sales growth improved from -5.4% in H1 to +6.6% in H2, with consistent sequential improvement each quarter².

The Group continues to improve gross margin, delivering 60.1% a 110-basis point improvement on FY23. This success was driven by contributions from acquired brands (THRILLS, Worship), increased private brand penetration, enhancements in direct sourcing, and reductions in freight costs.

The Group's cost of doing business decreased by 40 basis points to 31.8% of sales, driven by various initiatives aimed at boosting productivity in store operations and the distribution centre. These operations alone, generated \$2.9 million in savings on employee costs, helping to offset the 6.3% increase in retail award rates, including superannuation, and investments into new stores.

The inclusion of the CTC business led to an increase in employee costs year-on-year, reflecting the additional four months of ownership compared to only eight months in the prior year.

During the period, the Group opened 10 new stores, completed one major refurbishment, and closed three THRILLS stores. As of 30 June 2024, the Group operates a total of 102 stores, including 80 Universal Store stores, 14 Perfect Stranger standalone stores, and eight THRILLS stores.

The strategic acquisition of CTC on 31 October 2022 has enhanced the Group's portfolio by adding a profitable brand with a diverse business model and impressive expertise in branding, product development, and sourcing. CTC generated \$44.4 million (excluding inter-company eliminations) in revenue for the full financial year, reflecting a 6.2% increase compared to the pro forma FY23 sales.

Throughout the year, the Group again demonstrated the strength of the team and remained steadfast in delivering its strategic priorities while navigating unique trading environments. The Group's adaptability and focus on seizing opportunities have ensured continued profitable sales momentum.

Group underlying EBIT reached \$47.1 million, representing a 16.6% increase from the prior period¹. Statutory EBIT was \$51.2 million, up 34.6% on the prior period.

Inventory levels were managed closely again in FY24 with Group inventory of \$29.9 million, up \$3.9 million on FY23. Aged inventory remains in line with expectations, and commitment to disciplined pricing and promotional strategy persists to protect brand, margin and customer trust.

Capital expenditure of \$8.8 million was driven predominantly by the opening of new stores and maintenance capital. Continuing investment in digital platforms, enhancement of warehouse management system, and infrastructure upgrades support the expanding of store network and distribution centre.

Cash on hand at the end of the financial year was \$29.3 million and represents a \$7.8 million increase in cash from the prior year end balance.

The Group's cashflow and balance sheet remain in a healthy position, delivering an underlying cash flow from operations of \$79.5 million, representing operating cash flow conversion of 97.0% with a net cash position of \$14.3 million (excluding lease liabilities).

1. CTC ownership commenced from 31 October 2022. Financial statements include results post this date, with revenue of \$30.4 million after inter-company eliminations for FY24 (FY23: \$19.4 million).

2. LFL (like-for-like) sales exclude CTC 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.

3. NET TANGIBLE ASSETS PER SECURITY

	2024	2023
Net tangible assets per ordinary security	\$0.36	\$0.15

Net tangible assets are calculated by deducting intangible assets of the Group adjusted for the associated deferred tax liability of \$15.5 million (2023: \$15.5 million).

If the right-of-use assets and the associated deferred tax liability were excluded from the calculation the net tangible assets per security would have been negative \$0.15 per ordinary share (2023: negative \$0.37).

4. DIVIDENDS

	Amount per security Cents	Franked amount per security Cents
Final dividend		
Current year	19.0	19.0
Previous year	8.0	8.0
Interim dividend		
Current year	16.5	16.5
Previous year	14.0	14.0

Total dividends on all securities for the year

	2024 \$'000	2023 \$'000
Dividend paid on ordinary securities	18,797	18,426

A final dividend of 8.0 cents per share (\$6.1 million) was declared on 23 August 2023 and paid on 3 October 2023. In respect of the half year ended 31 December 2023, an interim dividend of 16.5 cents per share (\$12.7 million) was declared on 21 February 2024 and paid on 28 March 2024 (2023: 14.0 cents per share, \$10.7 million).

On 21 August 2024, the Directors determined a final dividend of 19.0 cents per share (\$14.6 million) to be paid on 26 September 2024 (2023: 8.0 cents per share, \$6.1 million). The record date for 2024 final dividend is 5 September 2024. This dividend reflects the Group's strong trading performance and solid cash position, placing it at the higher end of the Company's dividend policy range.

APPENDIX 4E (CONT.)

5. RESULTS FOR THE PERIOD

5.1 Earnings per security

	2024 Cents	2023 Cents
Basic earnings per share*	45.0	32.0
Diluted earnings per share*	44.9	31.4

	2024	2023
Weighted average number or ordinary shares outstanding during the period used in the calculation of basic EPS	76,254,143	73,614,258
Effect of dilution from: MEP shares	273,114	1,461,893
Weighted average number or ordinary shares adjusted for the effect of dilution	76,527,257	75,076,151

* Comparative earnings per share (EPS) and weighted average number of ordinary shares have been amended in accordance with AASB 133 *Earnings per Share* to align with the current year's calculation.

Using the weighted average number of ordinary shares outstanding during the period and the underlying net profit after tax, the underlying EPS in FY24 is 39.6 cents (2023: 34.7 cents).

6. NOTICE OF THE 2024 ANNUAL GENERAL MEETING AND CLOSING DATE FOR DIRECTOR NOMINATIONS

Universal Store Holdings Limited (ASX: UNI) gives notice that the 2024 Annual General Meeting is to be held on Wednesday 30 October 2024. Further details on the 2024 Annual General Meeting will be provided to shareholders in mid-September 2024.

The closing date for the Group's receipt of any nominations for the position of director at the 2024 Annual General Meeting is 28 August 2024.

7. OTHER INFORMATION

This report is based on the consolidated financial statements which have been audited by PricewaterhouseCoopers.

For further explanation of the figures above please refer to the ASX Announcement dated 22 August 2024 on the results for the year ended 30 June 2024 and the notes to the consolidated financial statements.

Sign here:



Peter Birtles

Independent Non-Executive Director and Chairman

21 August 2024

2024

ANNUAL REPORT



Universal Store



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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.**



YEAR IN REVIEW

The year was characterised by two distinct halves. Initially, the Group observed a more cautious customer spending approach due to rising cost-of-living pressures. This environment once again allowed us to demonstrate agility and adaptability in response to the evolving trading conditions.

Despite these macroeconomic challenges, the Group effectively managed costs, met customer expectations by offering new premium products, re-engineered offerings for budget-conscious customers, and refocused on in-store sales execution. This strategic approach led to a significant turnaround in half two sales growth.

ABOUT US



Universal Store

Universal Store is a brand aggregator with over 50 brands, targeting the latest and greatest youth trends. Universal Store specialises in outfits for youth gatherings and events, with approximately 50% of sales derived from private brands and 'sister businesses' (i.e. THRILLS). As at 30 June 2024, Universal Store has 80 stores.

Universal Store Holdings is a leading Australian youth retailer specialising in premium brand on-trend fashion apparel, shoes, accessories and gifting.

Our team thoughtfully curate a range of local, international and vertically-integrated brands. Working collaboratively, the team develop exclusive styles and collections to offer customers a variety of head-to-toe outfitting options, no matter the occasion.

Our close-to-market product strategy delivers an evolving product mix based on closed-loop customer feedback to ensure we meet our customers wants and needs.

We welcome a diverse range of customers and aim to help them express their individuality. Customer experience is at our core. Whether visiting one of our stores or connecting online,

the UNI team are here to help. As a fashion retailer, we are committed to helping our team and our customers make more ethical and conscious decisions. The Group strives to constantly improve; aiming for a fairer, more sustainable, and more transparent business.

OUR LANGUAGE

"UNI" or "Group" or "the Company" means Consolidated group parent

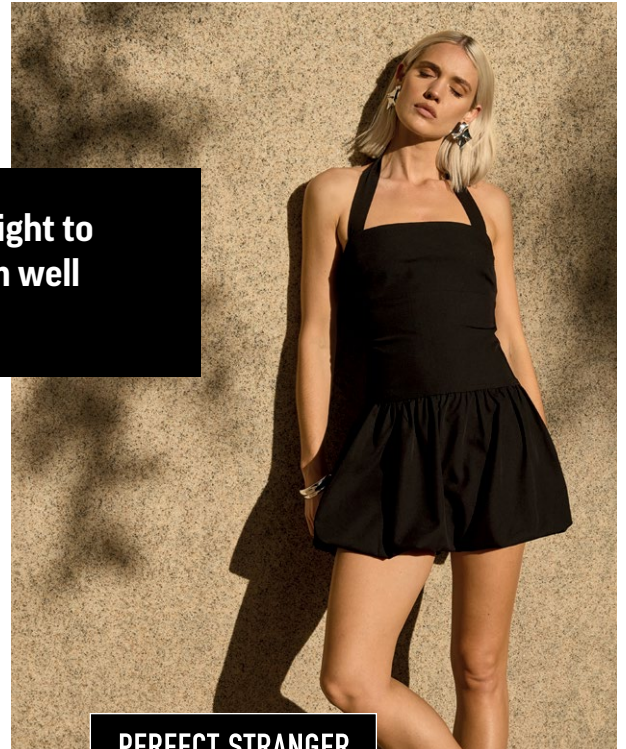
"US" means Universal Store/Universal Store business (incl. PS)

"CTC" means THRILLS, Worship and other emerging CTC developed brands

"PS" means Perfect Stranger retail store format



Perfect Stranger expanded from eight to 14 stores and continues to perform well with expansion plans continuing.



PERFECT STRANGER

Perfect Stranger is a versatile women's fashion label and emerging standalone retail concept, offering a range of on-trend pieces with a point of difference and cohesive collections. It creates a boutique retail experience at an accessible price point and had 14 standalone stores at 30 June 2024.



THRILLS

THRILLS aesthetic is timeless, progressive and shaped by authenticity.

THRILLS has evolved into a culture-defining fashion label, fuelled by a passion for music, art, and vintage aesthetic. Offering men's and women's casual fashion with carefully curated collections, featuring high-quality garments and vintage-inspired pieces with timeless silhouettes. **THRILLS** has a vibrant wholesale channel with premium retail partners like Universal Store and is also an emerging standalone retail concept with eight standalone stores as at 30 June 2024.

UNIVERSAL STORE UPDATE

TOTAL SALES

\$244.2m

80 Stores and 1 Online store at 30 June 2024

FINANCIAL RESULTS

- + Sales were up 4.0%, with subdued H1 trading environment, offset with H2 recovery.
- + LFL sales -0.3%, -5.3% H1 and +6.6% H2 and GP% up on pcp by 30bps.
- + Underlying US EBIT (incl PS) was \$42.1 million, up +9.4% vs pcp.¹

NEW STORE ROLLOUT

- + Two new stores and one temporary pop-up opened in FY24, with four to six new sites planned for FY25.
- + Two major refurbishments planned for FY25.
- + Three relocations planned for FY25.

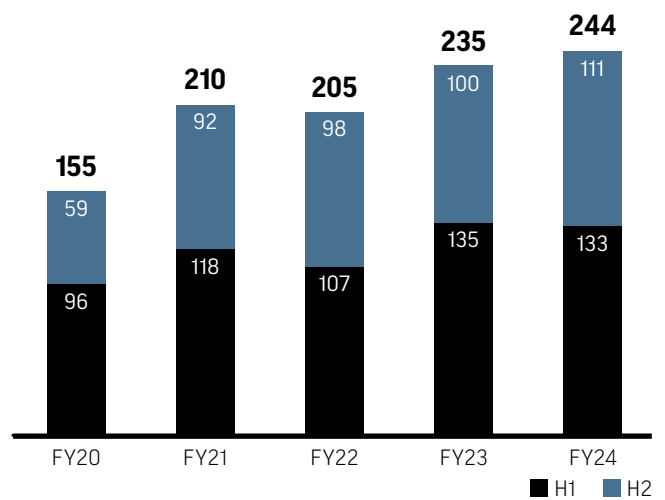
¹ US and PS operate as a combined business unit, with shared resources and infrastructure. Therefore, allocation of EBIT contribution between US and PS is subjective and requires arbitrary allocations in a range of areas. We therefore do not report an allocated EBIT between US and PS.



CUSTOMER & PRODUCT

- + Successful brand and range curation resulted in half two sales improvement and remains crucial in subdued market conditions where spending capacity of our customers are highly varied.
- + Implemented a new price architecture strategy, ensuring offerings at various price levels with a focus on competitiveness and positioning. This included maintaining premium-priced products, introducing value-added bundles, and offering lower entry price point items.
- + Delivered key product trends and outfitting for evolving occasions for wear.
- + Further shifting Private Brand womenswear sourcing to 'direct' to progressively improve margins (where it makes sense).
- + Successfully scaled new unisex private brand – Neovision now ~10% of total sales.
- + Continue to test suppliers outside China for supply chain diversification.
- + CTC brands continue to perform well in US (Worship and THRILLS now represent ~12% of total US sales).

US REVENUE¹ (\$ million)



OMNI CHANNEL AND DATA

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

ONLINE SALES

\$34.4m

+3.3% vs FY23

PRODUCTIVITY

- + Continued to improve the warehouse management system to drive productivity; delivering +\$1.0 million annual savings in FY24.
- + Completed rollout of 'Right team, Right time (RTRT)' to drive labour productivity and lift conversion rates in stores, delivering +\$1.9 million annual savings in FY24.
- + Refinement to improve rostering continues as an ongoing discipline.
- + Human Capital Management ('HCM') system implementation scheduled for August 2024.
- + ERP upgrade and new POS planned for late H2 FY25.



PERFECT STRANGER UPDATE

TOTAL SALES

\$13.9m

14 Stores and 1 Online store at 30 June 2024



FINANCIAL RESULTS

- + Pleasing performance of the PS retail format continued. FY24 sales of \$13.9 million, +56.2% versus pcp and +7.3% LFL sales, with all stores profitable.
- + PS Online continues to perform well, up +60.6% versus pcp, with the focus remaining on scaling and building brand awareness.
- + Average PS store sales are +\$1.2 million per annum.

NEW STORE ROLLOUT

- + 14 stores as at 30 June 2024, with four to six new shops planned for FY25.
- + PS continues to attract new customers not shopping in US stores, with little to no discernible cannibalisation of nearby US stores.
- + Trial and refinement phase with PS has validated the opportunity for a significant national store rollout over the next five to ten years.

CUSTOMER & PRODUCT

- + The PS customer is seeking a more boutique brand experience and shopping for different, often dressier, occasions for wear than in US stores.
- + PS has been subtly repositioned, focusing on elevating the brand by offering a curated selection of “dressier” looks. As a result, average transaction value (ATV) has grown.
- + We are continuing to see positive results as we 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.





ONLINE SALES

\$1.7m

+60.6% vs FY23

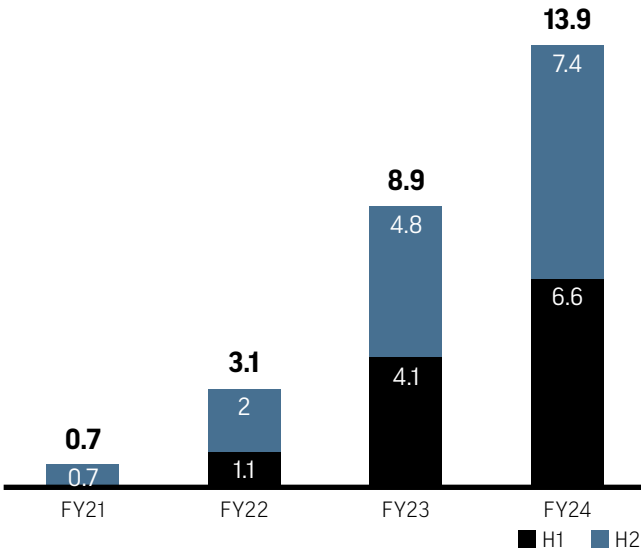
OMNI CHANNEL AND DATA

- + Huge potential exists to grow the online and store to door channels and there is ongoing selective investment in dedicated PS resources to curate captivating collections, elevate storytelling through influencer marketing and create compelling visual displays.

PRODUCTIVITY

- + Human Capital Management ('HCM') system implementation scheduled for August 2024.
- + ERP upgrade and new POS planned for late H2 FY25.
- + For the medium term, PS will continue to operate as a brand and store format within US, utilising shared resources and infrastructure (e.g. DC, IT and support office) however we are increasingly adding dedicated PS team members in key positions to support, focus and differentiate the brand.

PS REVENUE¹ (\$ million)



CTC UPDATE

FINANCIAL RESULTS

- + Sales were up +6.2%¹, with subdued H2 trading environment in wholesale channel as we continued to see a mix shift between independents and major accounts.
- + DTC LFL sales +4.6%, and CTC GP% down on pcp by 280bps¹.
- + Gross margin adversely impacted by FX, mix shift between product categories, and customer mix shift to lower margin large wholesale accounts.
- + Underling EBIT² declined predominantly due to wholesale gross margins driven by category shifts and channel mix.

NEW STORE ROLLOUT

- + Eight stores as at 30 June 2024.
- + Further to Fitzroy (VIC) closure during H1, Miranda (NSW) and Prahran (VIC) closed in H2, with two more stores being evaluated for relocation at lease expiry.
- + We anticipate a further one to three THRILLS stores opening in FY25 as we continue to trial the new concept format in high-traffic locations and larger store footprint (~120-150sqm).

CUSTOMER & PRODUCT

- + Robust sell-through and consistent demand from key wholesale accounts, including Universal Store, with denim a standout category.
- + Growth in key wholesale accounts in the United States is continuing, whilst relatively small.

- + 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.

OMNI CHANNEL AND DATA

- + The THRILLS retail and online channel delivered growth of +9.0%, 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.



1. Unaudited proforma sales excluding intercompany eliminations.

2. Underlying proforma EBIT is pre AASB 16 and excludes one-off transaction costs related to CTC acquisition (H1 FY23).

PRODUCTIVITY

- + Consistently delivering exceptional customer service and implementing the new customer proposition are top priorities. The new Head of Store Operations, who started in June 2024, is already positively impacting results.
- + For FY25, key focuses include advancing store rollout, enhancing direct-to-customer propositions, improving sales execution, and implementing a gross margin improvement plan to offset wholesale channel pressures.
- + Mitigating the instability in the wholesale channel with new key accounts commenced in both Australia and the United States.
- + Continuing to build depth and capability of the CTC team remains a priority.
- + DTC channels are increasing in importance as we see elevated risk and volatility in certain wholesale accounts.

PRIORITIES

In FY24, we significantly enhanced the THRILLS retail channel customer proposition, creating a compelling and unique offering that aligns with the brand's identity and values. Further improvements will continue in FY25, focusing on women's products and range opportunities.

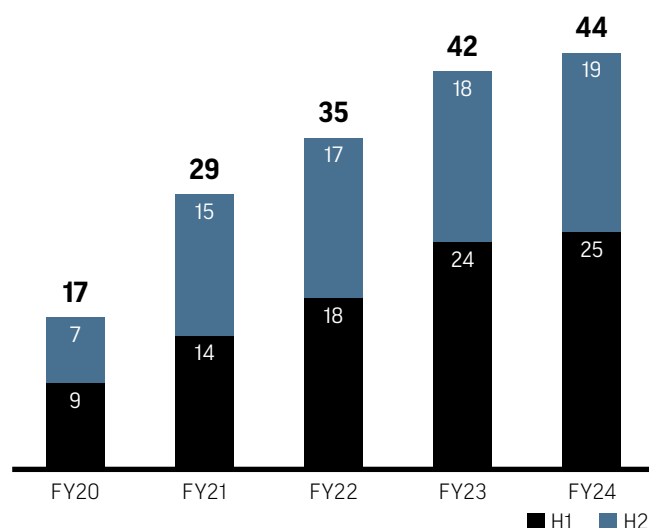
The CTC team also developed a new concept store that reflects the brand's essence, showcasing its products in a larger footprint. This new store format aims to create an immersive and distinctive environment, appealing to both existing customers and potential new ones.

The first new concept store opened in December 2023 at Warringah Mall in NSW, and we are very pleased with the format and flexibility of its design. Additionally, the team made substantial progress in building capability in store operations, improving numerous training programs, tools, and resources. The team are taking proactive steps to refine processes and address further areas for improvement.

In FY25, our primary focus will be to advance store rollout, enhance direct-to-customer propositions, and improve sales execution. Additionally, we are committed to executing on our gross margin improvement plan to offset downward pressures being experienced in the wholesale channel.

1	2	3
Strength in denim category	Worship growth in some small independent accounts cannibalising THRILLS sales	Instability in the AU wholesale channel increasing and steady growth in US wholesale

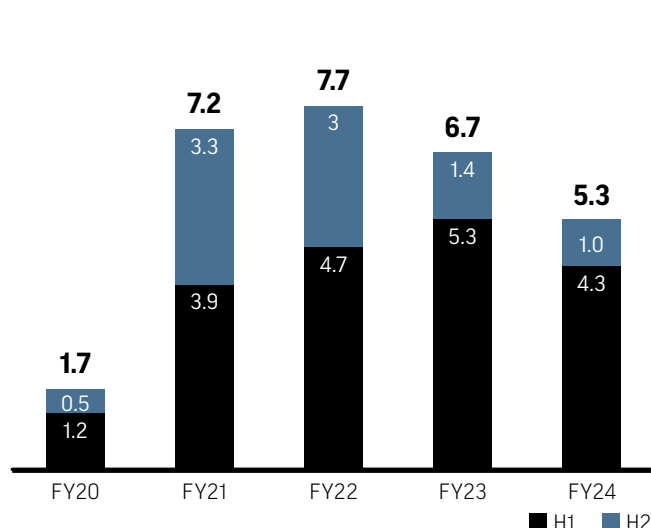
CTC SALES³ (\$ million)



Brand	FY24 sales (\$m)	YoY growth
Thrills	33.4	-7.6%
Worship	10.5	+91.3%
Other	0.5	+140.8%
Total	44.4	+6.2%

3. Unaudited proforma sales excluding intercompany eliminations.

UNDERLYING EBIT (PRE-AASB 16)⁴ (A\$ million)



Channel	FY24 sales (\$m)	YoY growth
Wholesale (global)	33.9	+5.4%
Retail & Online (DTC)	10.5	+9.0%
Total	44.4	+6.2%

4. Underlying proforma EBIT is pre AASB 16 and excludes one-off transaction costs related to CTC acquisition (H1 FY23).

CHAIRPERSON REPORT



Dear Fellow Shareholders,

Welcome to the annual report of Universal Store Holdings Limited and its controlled entities for the 2024 financial year. It is very pleasing to report that the Group has delivered a record set of financial results, despite the widespread volatility in retail markets. These results are a testament to the disciplined approach that Alice Barbary and the wider team apply to the management of margins, inventory and operating costs while always ensuring that the product offer attracts and excites our customers.

As we anticipated in last year's report, retail conditions were particularly challenging in the first half of the year with like for like sales in our largest business, Universal Store, below the prior comparative period. However, despite a subdued market and increased discounting from competitors in the second half of the year, Universal Store generated strong like for like sales growth reflecting the business's category leadership and clear focus on range curation.

The emerging Perfect Stranger retail format also delivered positive like for like sales growth and strong store contribution margin. The wholesale channel of CTC (THRILLS) was impacted by the broader volatility in the retail market but the refinement of the business's direct to customer channels is delivering positive growth and demonstrating the potential for the business to expand this channel.

FINANCIAL RESULTS

Group revenue, at \$288.5 million was 9.7% higher than the prior comparative period. Underlying group profit after income tax was 18.0% higher than the prior comparative period at \$30.2 million. This generated underlying earnings per share of 39.6 cents.

Strong management of working capital produced an underlying operating cash flow after capital of \$72.0 million ensuring that the Group is in a robust financial position with net cash of \$14.3 million (excluding lease liabilities) and liquidity measures in a healthy position.

Our Managing Director and Chief Executive Officer (CEO), Alice Barbary, will provide further detail on the financial and operating profit of the Group in her report.

CAPITAL MANAGEMENT

The Board is committed to delivering strong returns to shareholders while making the necessary investments to support the delivery of the Group's strategy. The current dividend policy of the Board is to target a payout ratio of 60% to 80% of statutory NPAT, subject to a number of factors outlined in the IPO Prospectus.

The strong financial performance of the Group enabled the Directors to declare a fully franked interim dividend of 16.5 cents per share and the Directors have determined a final dividend of 19.0 cents per share. Total full year dividends of 35.5 cents per share are 61.4% higher than the prior financial year.



Group Revenue

\$288.5m

9.7% higher than the prior comparative period



STRATEGY

The Group operates within the youth casual apparel segment of the broader Australian fashion market and we believe there is significant potential to increase our penetration of this large and fragmented segment. Our core strategy is to grow and develop our existing portfolio of premium youth fashion brands and retail formats to deliver a carefully curated selection of on-trend apparel products to 16 to 35 year-old fashion focused customers.

We have historically opened between five to ten new stores a year but the potential of the Perfect Stranger and THRILLS retail formats means that we may increase the number of new stores in the next few years. We believe that the Universal Store format has the potential for at least 100+ stores while the longer-term potential of the Perfect Stranger and THRILLS retail formats is being determined.

We continue to have strong confidence in the potential of Universal Store to generate significant growth and our strategy focuses on six areas:

- 1** Expansion of the physical store network;
- 2** Focus on range differentiation and dynamic curation;
- 3** Delivering superior customer service;
- 4** Developing the online experience and integration with physical stores;
- 5** Sustainability of our product sourcing and supply chain; and
- 6** Productivity of our operations and technology.

The Group's unique team culture, commitment to its retail formula and focus on execution underpin the successful implementation of our strategy. We have the capacity and capability to consider appropriate bolt-on acquisitions should the right opportunities arise.

ENVIRONMENTAL SOCIAL GOVERNANCE

Universal Store is committed to responsible practices and to playing our part in accelerating the transformation of our industry towards a sustainable future. Our approach to sustainability focuses on four strategic pillars: Tread Lightly, Expect Transparency, Climate Action and Amplify our Actions.

We provide a full report on our ESG strategy and initiatives in our Sustainability Report (refer to pages 20 to 32). Diversity and inclusion is core to the ethos of the Group. The team comprises of 70% female, with 43% of senior leadership roles and 50% of the Board of Directors held by females. We have a 40:40:20 target.

We continue to strengthen our governance processes across the Group with a particular focus on health and safety, cyber security, payroll compliance and broader risk management throughout the year. We have appointed a Group Board director to sit on the advisory board of CTC (THRILLS).

REMUNERATION AND PEOPLE

The Group has developed remuneration policies which are designed to achieve alignment between the implementation of strategy and delivery of sustainable performance and the reward to executive directors and senior leadership.

Details of the arrangements are set out in the Remuneration report which is on pages 47 to 62.

I would like to acknowledge the significant contribution of Renee Jones who has decided to step down from her role as Chief Financial Officer to prioritise her family commitments. We will miss her diligence, passion and energy.

CONCLUSION

The near-term outlook for the retail market remains mixed; however the Group has demonstrated its ability to generate growth and effectively manage margin, costs and inventory in challenging conditions. We expect to further cement our category leadership position in the year ahead.

In the medium to longer term, continued new store rollout augmented by range development will drive growth in our Universal Store business while both of the Perfect Stranger and CTC businesses have significant potential for expansion. As I said last year, we have the flexible business model, robust balance sheet, strong leadership and team culture that will enable the Group to tackle the short-term challenges and deliver long-term growth.

Finally, I would like to thank my Board colleagues, Alice Barbary, the Senior Leadership Team and the whole Universal Store team for their contribution in managing the Company so effectively during such challenging retail conditions.

Peter Birtles
Chairperson

CEO'S LETTER



Dear Shareholders,

I am delighted to present the FY24 full year results for Universal Store, a year in which we delivered a very pleasing 16.6% underlying EBIT growth. Amidst a backdrop of evolving market dynamics, FY24 showcased our teams resilience and strategic acumen in navigating fluctuating market conditions.

Our success this year underscores our commitment to customer-centricity and operational excellence. Despite challenges, we maintained a steadfast focus on managing margins, optimising inventory and controlling costs, which drove significant earnings growth in a challenging consumer environment.

CONSUMER LANDSCAPE

Throughout FY24, the Group closely monitored shifts in customer spending habits. Responding adeptly to these changes, we refined our product offerings to cater effectively to both budget-conscious customers and those seeking premium products. We continue to empower our team to make well-informed decisions, take calculated risks and test and trial new products and offers. This commitment to product excellence and customer service has been integral in reinforcing our customer's trust and loyalty.

While the first half of FY24 presented a subdued trading environment, we observed encouraging momentum in sales during the latter half of the year. Our disciplined approach to promotional activities and operational efficiencies bolstered margins, despite inflationary pressures and increased competitor discounting.

RESILIENCE, REINFORCING OUR STRATEGY

Looking ahead, our strategic initiatives continue to be focused on long term, sustainable growth.

Our new store roll-out continues to advance, with Group stores now exceeding 100 locations. I am particularly pleased with the continued progress in developing our two emerging retail concepts – Perfect Stranger and THRILLS.

These brands and retail formats are continuously improving their offerings and adding the capabilities necessary to successfully scale and deliver attractive financial performance over the years ahead, reinforcing our overall growth ambitions and our long-term strategy. And of course, we are continuing to roll out, expand and further develop our Universal Store footprint.

PERFECT STRANGER EXPANSION ACCELERATING

Our Perfect Stranger standalone stores continue to evolve and we are seeing further significant gains in financial performance. Perfect Stranger has been subtly repositioned, focusing on elevating the brand by offering a curated selection of “dressier” looks in a more elevated “boutique feel” store fit-out.





During the year, we expanded to 14 standalone Perfect Stranger stores with a refined shop fit out, underscoring our commitment to scaling and differentiating the offering. A clear picture of the Perfect Stranger brand and its exciting potential as a national retail brand have emerged.

As we look to FY25, we plan to further expand our store network and invest in dedicated product development resources to expand the range, enabling us to respond more effectively to nuanced trends and evolving market demand.

CTC (THRILLS) PERFORMANCE

CTC (comprising of the THRILLS and Worship brands) is operating through challenging market dynamics, with substantial shifts in the wholesale channel continuing through FY24. In response, we are placing more focus on DTC channels (sales +9% in FY24), improving our retail execution, and working more closely with selected wholesale partners in Australia, NZ and the USA.

The THRILLS brand maintains broad consumer appeal, evidenced by its DTC growth and continued performance in our Universal Store retail format.

The emerging 'Worship' brand surpassed expectations (sales +91% in FY24), resonating with both male and female consumers and expanding to include a wider denim offering. More of our THRILLS stores will include a wider range of Worship product in FY25.

For FY25, our key focus areas include further refinement of the store portfolio, advancing store rollout, enhancing DTC strategies, improving sales execution in our store teams, and implementing a gross margin improvement plan against the backdrop of uncertainty persisting in some key wholesale accounts.

We continue to up-skill the CTC team, and invest in its systems and processes to support our long term growth plans.

COMMITMENT TO SUSTAINABILITY

Our commitment to sustainability remains unwavering. We have strengthened our internal resources to enhance certification and packaging compliance. We have established a dedicated Sustainability Committee to drive our sustainability

agenda across all facets of our organisation. We are also pleased to have joined Seamless, the clothing stewardship scheme for Australia to ensure we are actively participating with our industry peers to tackle the ESG challenges faced within our sector.

CONTINUES DIGITAL ENHANCEMENTS

Digitally, we continue to leverage our strengths, enhancing online and store-to-door channels across our brands. Investments in customer data analytics and influencer marketing have bolstered our ability to deliver compelling digital experiences and drive online growth. Our commitment to serving our customers no matter how they chose to shop remains key to our service promise.

MANAGEMENT UPDATE

In April, we also announced the appointment of Ethan Orsini as our new Chief Financial Officer following the resignation of our outgoing CFO, Renee Jones. The Board and I have thoroughly enjoyed working with Renee and we thank her sincerely for her significant contribution, wishing her and her family the very best.

We are also pleased to welcome Ethan to the Universal Store team, who commenced in his role in early August, under transition with Renee. We continue to remain increasingly optimistic about the value his fresh eyes and deep and broad experience can bring to our organisation.

In closing, I extend my gratitude to all our shareholders for your support, and of course to my extraordinary team, whose dedication and drive are the cornerstone of our success. Together, we will continue to make strides toward making the world a more welcoming and sustainable place, one happy customer at a time.

Alice Barbary
Managing Director/
Chief Executive Officer

PRODUCT STRATEGY EVOLUTION



Neovision, Universal Store's newest private brand once again exceeded expectations with contribution +10% of total sales, with plenty of scope for growth with the successful expansion into womenswear.

UNIVERSAL STORE & PERFECT STRANGER

Our product strategy continues to evolve as we deliver differentiated ranges that address the unique needs and preferences of each of our target markets. Whilst core buying principles remain unchanged:

- + Customer-led.
- + Nimble and Fast to Market.
- + Differentiation.
- + Premium Brands with High Perceived Value.

Maximising Key Product Trends and Occasions for Wear

- + Test and learn approach.
- + Responded and expanded key product trends rapidly.
- + Used closeness to market to adapt range to changing occasions for wear.





Market Research

Universal Store and Perfect Stranger conducted market research to refresh our understanding of market needs and customer decision drivers in the post-COVID environment.

This research yielded valuable insights into our customers' shopping behaviours, and identified key price drivers as perceived quality (value-seeking), the cost of full-priced items (willingness to pay premium and full prices if backed by quality), and having a range of affordable items.

Universal Store Implementation of New Price Architecture Strategy

Based on these insights, the Product team demonstrated agility and implemented a new price architecture strategy in Q2 FY24 to ensure offerings at various price levels, with a focus on price competitiveness and positioning.

This strategy included maintaining premium-priced products (including introducing new premium brands) while also introducing value-added offerings (bundles) and lower price point items.

The L&T, Luck & Trouble, Common Need and Abrand brands were utilised to launch this value-based product range, which has seen huge success to date.

Perfect Stranger remains the top-performing women's brand.

Perfect Stranger Elevation and Differentiation

- + Focused on perceived quality/ willingness to pay for quality.
- + In line with our strategy to bridge the gap between high-end labels and trend-led fashion.
- + Attention to detail, continuing to enhance fabric and quality, expand key collections.

THRILLS & WORSHIP

Worship

- + Proven to be nimble and fast to market during FY24 owning key trending categories; denim Jeans and denim Jorts.
- + Worship introduce to our stores for the first time performing extremely well.

THRILLS

- + Expanded its classic range with "never out of stock" in core lines mantra, and introduced bundle deals into stores.
- + Introduced exclusive ranges into THRILLS stores to drive differentiation and improve customer offer in our direct-to-consumer market.
- + Evolved accessory assortment during FY24 with strong performance in headwear and socks.



Front Runner – new premium brand introduced in FY24.

GROWING WITH PURPOSE

IN-STORE EFFICIENCIES

During FY24 we rolled out 'Right team, Right time' (RTRT) nationally. This initiative was to ensure we have our teams rostered on the right hour of each day, to enhance customer service and sales conversion.

As a result of optimised rosters aligning to customer, and workload we were able to reduce employee costs by \$1.9 million and offset ~85% of the annual GRIA retail award increases.

Throughout FY24 we continued to hold national training roadshows with a "Back to Basics" theme for US and PS stores. Alice our CEO and Morgan, our US Head of Store operations, travels to each state collaborating with Universal Store managers to enhance team training, with a particular focus on customer-oriented "selling and team leadership techniques."

We continued to invest in the Perfect Stranger leadership team to support the retail concept as it matures and grows, with additional operational and Brand managers recently joining to support our growth ambitions.

Our Store operations team successfully opened three new US stores during FY24 and six PS stores and one new THRILLS store contributing to our brand's expansion and growth.

In CTC we continued to build retail capability in FY24, with further improvements needed for THRILLS

store operations to consistently deliver exceptional customer service and our new customer proposition. The new Head of Store Operations, who started in June 2024, is already positively impacting results.

TEAM

In FY24 we embarked on a human capital management project to support our team in making better resourcing and retention decisions.

The human capital management (HCM) project will provide one centralised, real-time solution that brings together payroll, time and attendance, and HR functions allowing us to streamline administrative tasks, and access valuable HR analytics to improve people metrics and operational efficiency.

Further with talent, eLearning and enhanced communications modules it will help us attract, engage, and retain top talent.

The HCM system will launch in August 2024 initially in US and PS businesses, marking the culmination of 18 months of planning and preparation.





MEET THE TEAM



HUGH

Hugh started working for Universal Store when our support office was based in Milton and the Warehouse was a team of five. Over the following 13 years Hugh has shown a commitment and drive that has matched the growth of the Company and Hugh has successfully fulfilled many roles within our distribution centre becoming a crucial part of their growth. Hugh's passion for developing others and process efficiency now sees him in a key leadership role within our Distribution Centre team and continues to help the team evolve.

LUCAS

Lucas walked into our DFO Brisbane store in 2020 to buy a couple t-shirts, and he left the store as a Christmas Casual. After two years in-store handling all things stock, the opportunity came up to join the E-Commerce team in the support office, which he jumped at immediately. During this time, he's gone from handling product uploads and writing product copy to now managing the functionality of both Universal Store and Perfect Stranger websites, having a big role in the launch of our new website last October, among other things.



TIANA

Tiana began her journey with Universal Store in 2015 and has held various positions in Retail Operations, including 2IC, Store Manager, Area Manager, and Retail Operations Coordinator. In March, she stepped into the role of Implementation and Business Efficiency Leader. With her experience across multiple positions in store operations, Tiana brings valuable insights into training and team development. Her passion for supporting the team and ensuring everyone feels confident and is prepared for change, helps facilitate smooth transitions and effective change management in-store.

GROWING WITH PURPOSE (CONT.)

OPERATIONAL ENHANCEMENTS

INFORMATION TECHNOLOGY

In FY24, our IT team made substantial progress in enhancing the Group's systems and positioning our stores for future growth. We focused on streamlining operations, reducing costs, and strengthening our security posture through several key initiatives. These efforts included the migration of critical platforms, evaluation and integration of new systems, comprehensive upgrades, and significant improvements to our technology infrastructure and cyber security measures. Collectively, these projects improved efficiency, enhanced the customer experience, and protect our assets, ultimately supporting profitability and growth.

These initiatives include:

- + Efficiently migrated our inventory system to a cost-effective new platform.
- + Conducted a thorough evaluation and selection process for a new POS solution. Integration is underway and will be implemented at the optimal time.
- + Upgraded our core ERP functions to streamline and optimise backend processes, enhancing our ability to adapt to the dynamic retail environment and delivering a superior shopping experience to customers.
- + Embarked on a store transformation project which both delivered the enabling technology layer for the new POS system and immediately increased operational efficiency, improved security, and enhanced customer service for current stores.
- + Implemented significant cybersecurity measures and advanced tools for software and configuration updates, enhancing device management and security across the organisation, reducing the risk of cyber threats and ensuring business continuity.
- + Completed disaster recovery testing with a view to expand into comprehensive business continuity planning in FY25.

OUTLOOK

As we move forward, our focus will be on leveraging the foundation established to drive further innovation, efficiency, and growth.

Our focus will be on completing the integration of our new POS system across all stores and refine it based on user feedback and performance metrics.

Advanced analytics will be implemented to provide deeper insights into sales patterns, inventory levels, and customer preferences, building on our data-driven decision-making.

Our ERP system will be enhanced to support further scalability and flexibility, with new modules and features catering to emerging business needs, alongside the introduction of automation and artificial intelligence to streamline processes and increase operational efficiency.

Additionally, we will consolidate our disparate Business Intelligence (BI) platforms into a unified system, providing a single source of truth for data analytics and introduce robust analytics tools to drive smarter business decisions.

Strengthening our cybersecurity framework remains crucial; we will continuously enhance proactive security measures and ensure compliance with all relevant regulations and standards.

Our commitment to sustainability will be reflected in Green IT initiatives aimed at reducing our carbon footprint, and a dedicated focus on exploring emerging technologies and piloting new solutions.

Our focus will be on leveraging the foundation established to drive further innovation, efficiency, and growth.





DISTRIBUTION CENTRE

In FY24, our focus remained on productivity, and we successfully implemented several initiatives to remove non-value-add activities and drive efficiencies, resulting in approximately \$1.0 million in labour savings in the DC. These initiatives include:

- + **Advanced Shipping Notice (ASN):**
With our DC consistently delivering stock accuracy above 99.8%, we implemented a digital process allowing store teams to scan stock immediately by carton instead of by individual SKU. This resulted in approximately five hours of labour savings per week, per store, supporting the RTRT initiative along with greater integrity in inventory accuracy at the store level.
- + **Carton Tracking Feature:**
The introduction of ASN scanning enabled us to build and implement a carton tracking feature into our dispatch process. This provided complete visibility of all dispatched cartons and their locations post-Eagle Farm. In FY24, we lost only two cartons, with scan data showing they went missing at our freight provider's depot. As a result, we can recoup the cost value of the missing product and have greater visibility into stock in transit.
- + **World-Class Picking Accuracy:**
We have embedded a culture of world-class picking accuracy, with our team achieving between 99.82% and 99.93% pick accuracy for both store and online fulfillment. The DC leadership team now understands what world-class performance looks like, knows they can exceed this benchmark, and is fully committed to maintaining this standard as part of their DNA.

Overall, really pleased with DC operational KPIs achieved in FY24:

- + Total SKU volume increased by +10.4%.
- + Total Labour cost decreased by 15.6%.
- + Total Cost Per Unit handled decreased by 23.5%.
- + Further efficiency improvements through:
 - Increased reserve pallet holdings from 512 pallets to 818;
 - Custom design and procurement of new picking trolleys. Moved from picking four ctns per pick cycle to nine cartons;
 - Increased bulk pick locations from 20 locations to 100; and
 - Re-design and transformation of pick shelf footprint in FY24.

SUSTAINABILITY

ABOUT THIS REPORT

This year Universal Store has continued to invest in our sustainability resources and partnerships. As we refine our understanding of key social and environmental impacts in product development and along the value chain, we have continued to work closely with suppliers to improve working conditions in deeper levels of our supply chain, upskill our teams on sustainable practices and product requirements, and continued to improve our business operations for more sustainable outcomes. Our journey towards a sustainable fashion industry continues, and as we close FY24, we are proud to be one of the first youth fashion brands to have joined Australia's first clothing Stewardship Scheme, Seamless, working towards circular fashion by 2030.

COMMON NEED





OUR SUSTAINABILITY STRATEGY

Welcome to the third Universal Store Annual Sustainability Report. Our commitment to sustainability encompasses a holistic approach to meeting the expectations of our stakeholders while delivering sustainable value to our shareholders.

Our Sustainability Plan is designed around four core pillars, aligned with the Sustainable Development Goals:

1 TREAD LIGHTLY

Embracing sustainability means minimising our ecological footprint. Through this commitment, we pledge to reduce our impact on the environment, preserve natural resources, and actively contribute to the restoration of our planet's ecosystems.

3 CLIMATE ACTION

The urgency of climate change demands immediate and decisive action. We are steadfast in our commitment to reducing emissions and spearheading initiatives aimed at combatting the climate crisis, striving for a sustainable future for generations to come.

2 EXPECT TRANSPARENCY

Upholding transparency is paramount in fostering trust and accountability. We are dedicated to improving working conditions and enhancing the lives of workers across our supply chain, aiming for transparency and fairness at every step.

4 AMPLIFY OUR ACTIONS

Collaboration is key to driving meaningful change. We recognise the power of collective action and are committed to working collaboratively with our community, suppliers, and customers to amplify our impact and effect positive change on a global scale.

In this report, we invite you to explore our progress and challenges towards sustainability, guided by these foundational commitments, as we endeavour to create a more equitable, resilient, and sustainable future. This report is to be read in conjunction with our *Modern Slavery Statement* which provides details of our supply

chain modern slavery risk assessment, due diligence systems and implemented monitoring processes to eliminate Modern slavery risks in our supply chain.

For questions and feedback, please contact us at: sustainability@universalstore.com.au

SUSTAINABILITY (CONT.)

REPORTING STANDARDS AND FRAMEWORKS

Universal Store Group uses globally recognised standards such as the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB) to assess the impacts, risks, and opportunities of our operations – fostering accountability and driving continuous improvement.

By aligning to these standards and expectations, we ensure that our stakeholders receive comprehensive and comparable information, enabling informed decision-making and fostering trust.

GOVERNANCE

Our sustainability governance system ensures adherence to social and environmental best practices across our operations. Collaboration between the Board of Directors, CEO, leadership team, and the Sustainability & Ethical Sourcing (SES) team reflects our commitment to these principles.

Key elements of our governance system include:

- + Board and senior executive commitment to human rights and sustainability.
- + CEO oversight of policy implementation, and regular reporting to the Audit and Risk Committee (ARC).
- + The SES team holds responsibility for policy development and collaborates with internal teams and suppliers to drive improvements.
- + Transparency is upheld through regular disclosures, and monthly reporting of KPIs ensures ongoing evaluation.
- + A Sustainability Committee reinforces collaboration and accountability across the business.

These initiatives, including supplier relationship management and progress reporting, are reviewed at board committee meetings to guide risk management. Our Modern Slavery Statement underscores our commitment to human rights. Through these mechanisms, we uphold ethical and sustainable practices while striving for continuous enhancement.

HIGHLIGHTS

Universal Store adopted a new Sustainable Packaging Policy.

Improved the frequency of emissions reporting for freight to better inform decision-making processes.

Procured over 1.3 million units of Preferred Fibre product across Universal Store's brands and Thrills.

Mapped key Tier Two suppliers for UNI private brand supply chain.

Implemented a new process for our direct suppliers and third-party brands to substantiate products' green claims and certification.

FOCUS AREA

GOAL

TREAD LIGHTLY



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 2028.

EXPECT TRANSPARENCY



Policies and procedures

100% of our manufacturing and key third-party brands endorsed our Supplier Code of Conduct.



Social Audits

100% of Tier 1 factories audited annually.

Targeting 100% of key Tier 2 factories audited by 2026.



Energy and Water efficiency

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

CLIMATE ACTION



Reduce carbon emissions

100% of stores equipped with energy efficient LED lights.

2030 emission reduction targets are being refined.

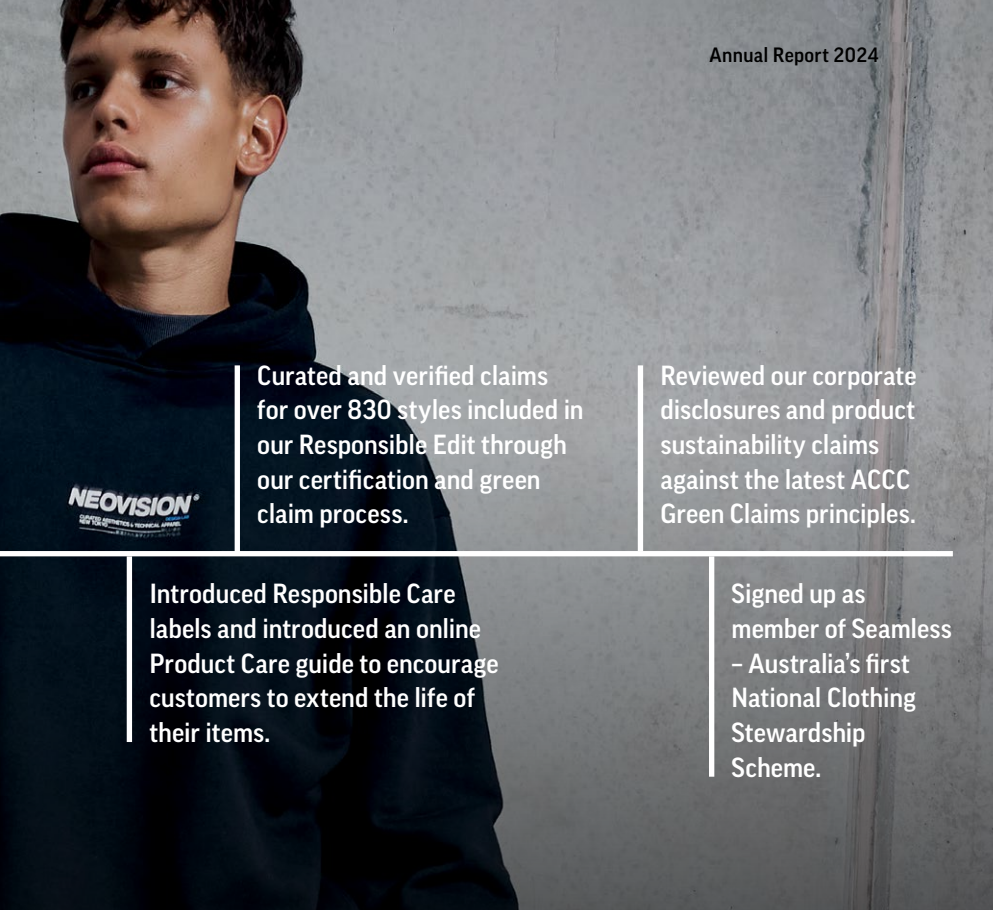
Maximise the proportion of electricity for our support office and DC from renewable sources by 2025.

AMPLIFY OUR ACTIONS



Charter of environmental attributes

To have one million customer education touchpoints on responsible use and care of garments by 2025.



Curated and verified claims for over 830 styles included in our Responsible Edit through our certification and green claim process.

Reviewed our corporate disclosures and product sustainability claims against the latest ACCC Green Claims principles.

Introduced Responsible Care labels and introduced an online Product Care guide to encourage customers to extend the life of their items.

Signed up as member of Seamless – Australia's first National Clothing Stewardship Scheme.

PROGRESS ON OUR TARGETS

Our sustainability strategy identified 11 targets aligned to the Sustainable Development Goals to guide our journey towards a more sustainable future. Below we provide an overview of our FY24 progress against each target.

Universal Store is committed to sustainable practices. As legislation changes, and stakeholders' expectations increase, our targets need to remain relevant in a dynamic environment. Universal Store will review its sustainability targets in the coming year to ensure the business continues to progress and accelerate our transition towards a more sustainable future. Details and rationale for the changes will be disclosed in our FY25 sustainability report.

PROGRESS	TARGET	HIGHLIGHTS
In progress	Zero waste	We achieved 51% diversion from landfill from Support Office and DC operations.
On track	100%	Universal Store adopted a new Sustainable Packaging Policy. Our key brands have switched to recycled materials for customer bags, and the majority are reusable.
Target met – 55%	50%	Implemented a new process for our direct suppliers and third-party brands to substantiate products' green claims and certification.
In progress – 11%	50%	Procured over 1.3 million units of Preferred Fibre product across Universal Store's brands and Thrills. Curated and verified claims for over 830 styles included in our Responsible Edit through our certification and green claim process.
On track	100%	Private brand factories – 100% Third-party brands – 99%*
Target met for Tier 1 – 100%	100%	All Universal Store Tier 1 suppliers obtained a valid audit report during the period.
In progress for Tier 2 – 50%		We mapped all Tier 2 suppliers for our clothing and cloth accessories Tier 1 suppliers. We also obtained audits for half of the identified Tier 2 facilities. We are continuing to engage with our Tier 1 suppliers and key Tier 2 facilities to ensure all our relevant Tier 2 suppliers have conducted an independent audit of their operations.
In progress		We have initiated to roll out an environmental survey of all Universal Store private brand suppliers.
On track	100%	
On track	Maximise	The procurement of GreenPower renewable energy to cover the energy usage of the Support Office and DC was underway at year end.
In progress	1 million	Introduced Responsible Care labels and online Product Care guide to encourage customers to extend the life of their items. Signed up as member of Seamless – Australia's first National Clothing Stewardship Scheme.

SUSTAINABILITY (CONT.)

TREAD LIGHTLY

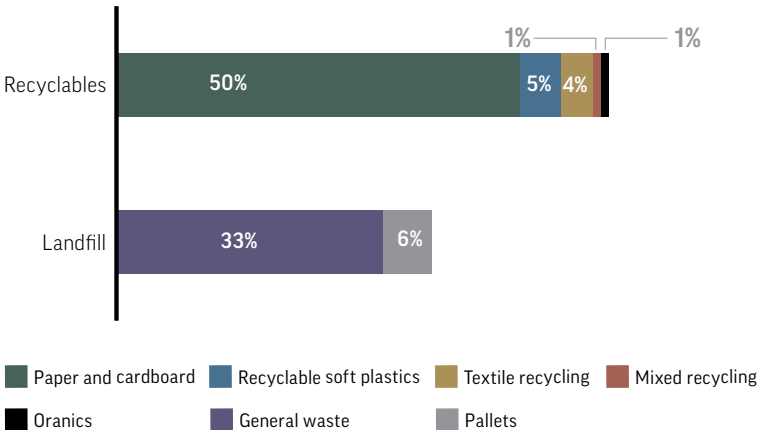


WASTE & RECYCLING

We are committed to continue provide our team members with the appropriate infrastructure to efficiently sort and recycle packaging materials such as paper, cardboard and soft plastics.

We seek to innovate by partnering with existing and new waste and recycling service providers to ensure an increasing volume of waste is diverted from landfill.

US WASTE COMPOSITION (% total weight*)



US WASTE DIVERSION FROM LANDFILL (% total weight*)

FY24

51%

Our diversion from landfill performance in FY24 has been impacted by procurement optimisation and increase reuse of cardboard boxes, driving a significant reduction in cardboard recycled onsite.





SUSTAINABLE
PACKAGING POLICY

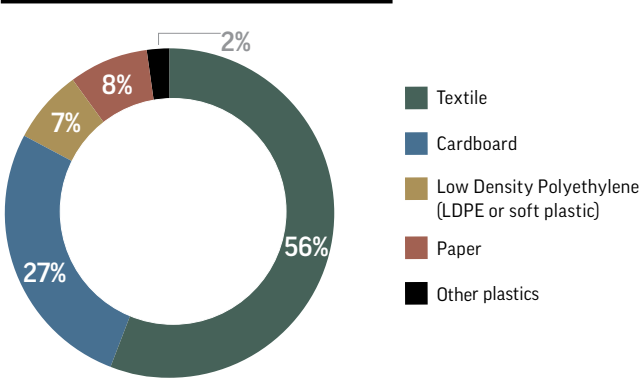
For the past three years, Universal Store has been a member of the Australian Packaging Covenant (APCO) and we remain committed to complying with the National Packaging Targets set by the Australian Government. We aim to adopt sustainable packaging solutions across our value chain from transit of goods to storage and handling, as well as for customer and product packaging solutions. This year, we launched a new Sustainable Packaging policy approved by the CEO, which is integrated into business processes and reviewed annually to ensure alignment with APCO Sustainable Packaging Guidelines (SPGs).

By 2025, Universal Store targets 100% recyclable, reusable, or compostable customer bags and online mailers.

Actions we have taken in alignment with this policy include phasing out single-use plastic bags in stores, procuring recycled plastic mailers, and transitioning to recycled certified cotton tote bags.

Importantly, we continue to engage with our suppliers to share our policies and provide guidance on current practices. Our teams in the distribution centre regularly help identify potential improvements to suppliers' practices. Monitoring, reporting, and continuous improvement are integral, with packaging metrics tracked and findings shared with stakeholders. As procurement opportunities occur, we specify sustainable packaging features and assess supplier sustainability credentials, to ensure alignment with the SPGs and our APCO membership commitments. Universal Store remains committed to innovation in sustainable packaging technologies.

FY24 US PACKAGING (% total weight)



SUSTAINABILITY (CONT.)

TREAD LIGHTLY (CONT.)



RESPONSIBLE PROCUREMENT

CERTIFICATION AND GREEN CLAIMS PROCESS

Universal Store aims to source at least 50% of our cotton from certified sources by 2025 and 50% of our polyester from certified recycled sources by 2028.

We have met our certified cotton target early, and we are still working toward our polyester target. To achieve these results, Universal Store has continued to engage suppliers and brands, to clarify expectations, and establish simple processes to ensure each transaction contributes to these commitments. Our shift to organic cotton in menswear isn't directly applicable to polyester in womenswear. While we remain committed to sustainable fibre sourcing, we need more time to reach 50% certified polyester procurement.

Our Certification and Green Claims process for finished products is crucial for substantiating claims regarding their organic or recycled origin, building trust, and providing transparency. Universal Store recognises the upcoming scrutiny from regulators on green claims and aims to position itself to substantiate such claims effectively. Since July 2023, we require all suppliers to provide appropriate documentation for any product that has an environmental claim associated to it, as recommended by the green marketing guidelines and in alignment with the Australian Consumer Law.

THRILLS PREFERRED FIBRE PROCUREMENT

Our Thrills brand is also committed to sustainability. This year, Thrills partnered with its key suppliers to improve sourcing outcomes. This collaboration focused on materials certification and fair labour practices.

The brand adopted the certification and green claims process in its supply chain, ensuring finished item that contain preferred fibre meets textile certification standards. By adopting finished product certification, Thrills increased product traceability, from raw material to finished garment. This traceability helps substantiate product claims, in turn fostering consumer trust.

From a social accountability perspective, regular audits were required from suppliers and their garment factories, promoting continuous improvement and adherence to best practices.

With Universal Store and Thrills' approach to product certification and facilities auditing not only enhances our business' reputation for integrity but also contributes to set a new industry benchmark for responsible fashion, driving systemic change towards sustainability and transparency in the fashion supply chain.

US PREFERRED FIBRE (% of total fibre used)

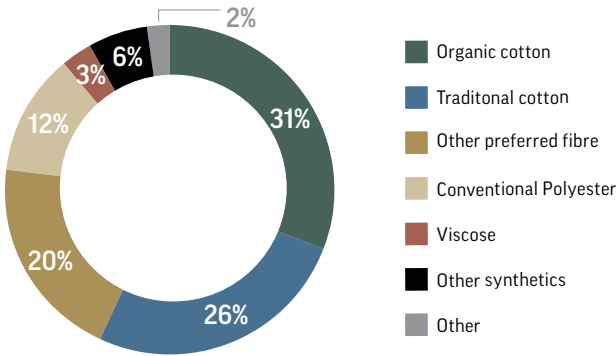
FY24

51%
(33% FY23)





US TRADITIONAL AND PREFERRED FIBRE USED
(% total tonnes fibre)



Organic Cotton ranks #1 as Universal Store’s most procured fibre for the first time.

FIBRE USE (total tonnes for apparel only*)

US:
1,099 tonnes
(958 tonnes FY23)

CTC:
476 tonnes

* Excluding shoes, accessories and gifting.

RAW MATERIAL CERTIFIED TO TEXTILE STANDARDS (% of total weight)

Cotton	Polyester
55%	11%
(6.5% FY23)	(0.5% FY23)

SUSTAINABILITY (CONT.)

TRANSPARENCY



SOCIAL AUDITS

MAPPING TIER TWO MANUFACTURING FACILITIES

In FY24, US set out to meet our transparency commitment to map key Tier Two facilities, such as material suppliers, fabric and yarn mills, and finishing facilities. Our aim was to increase transparency to be able to assess human rights risks deeper within our supply chain. We focused on gathering reliable factory information and assessing social risks of the declared facilities.

There are challenges associated with mapping lower-tier and less connected parts of the supply chain. As Universal Store does not hold direct commercial relationships with these supply chain partners, we rely on our direct suppliers and agents to provide complete Tier Two factory information. Verifying this information was also a challenge. Therefore, to increase accuracy, we focused on harnessing long-term relationships with our strategic suppliers first.

We used a questionnaire to request from vertical brands' direct suppliers' details of their fabric mills, trim suppliers and any input suppliers used to produce our garments. Universal Store now has data on Tier Two facilities' production scale, geographical location, and compliance with the US Supplier Code of Conduct.

Pleasingly, all our 13 direct clothing and cloth accessory suppliers responded, revealing a network of facilities including 16 Tier Two suppliers, market fabric shops, and trading offices. In addition, we identified promising results in compliance efforts, with 50% of the traced Tier Two facilities having already completed a third-party social audit of their operations.

The findings of our survey are informing our future supply chain management approach. We continue build on our existing suppliers' relationships to drive collaboration and use our influence to improve working conditions at Tier Two facilities. Our commitment to transparency through the Tier Two social audit process has allowed us to identify and address issues driving continuous improvement of working conditions in our supply chain.



ENDORSEMENT OF SUPPLIER CODE OF CONDUCT
(% total number of suppliers)

Private brand suppliers
100%
(same as FY23)

Third-party brands
99%*
(94% FY23)

TIER ONE FACILITIES AUDITED DURING THE PERIOD^
(% total facilities)

Tier One
100%
Universal Store

Tier One
96%
CTC

^ We have received an audit report during the period for all Universal Store Tier 1 suppliers and 96% of CTC's Tier one suppliers.
* Third-party brands are regularly onboarded, so a small number of brands are in the process of returning documentation. Signing the code of conduct is a condition of trade for new third-party brands.



BEST PRACTICE IN MANUFACTURING

ENVIRONMENTAL SURVEY

Universal Store is committed to work with factories that adopt best practice environmental management systems by 2025. To achieve this, we plan to establish environmental performance baselines for the garment manufacturing facilities in our supply chain, and we have therefore initiated a new project to engage with our suppliers and collect information on environmental performance of factories

including areas related to energy and water usage, waste and recycling, and chemical management. The project will include providing suppliers with relevant training and support to ensure consistency in environmental data tracking during the reporting period. Our aim is to gather insights on the environmental impact of each facility and work with suppliers to identify opportunities for improvements in environmental management.

TIER TWO

We have actively worked on obtaining details for Universal Store Tier Two suppliers (fabric mills, trim and inputs) and have obtained audit reports for 50% of all identified Tier Two facilities.



SUSTAINABILITY (CONT.)

CLIMATE ACTION



EMISSIONS FOOTPRINT

The most important sources of emission are purchased goods (51%) and services such as emissions associated with fibre consumed and manufacturing of products. This is followed by inbound freight (16%), emissions from the use of sold products, (13%), end of life treatment of sold products (8%), emissions from electricity usage (6%). The remaining percent includes various emission sources such as employee commuting, postage and courier services, waste, and business travel. We continue to focus on increasing the accuracy and streamlining of data collection to improve future inventories.

TOTAL EMISSION FOOTPRINT*
US & CTC (kt of CO₂e)

28.6kt
CO₂e comprised of

1.6kt
Scope 1+2 emissions and

27kt
Scope 3 emissions

6%
of emissions related to scope 2 emissions, from the use of electricity across our operations.

94%
of emissions are scope 3 emissions, such as emissions relating to upstream and downstream activities.

* CTC included in the emissions inventory from FY24. Visit www.universalstore.com/sustainability for information on the basis of our emissions footprint calculations and the procedures outlining how we gather and disclose our data.



REDUCE CARBON EMISSIONS

ENGAGEMENT OF FREIGHT FORWARDERS

Universal Store recognises the pivotal role of freight forwarders in enhancing sustainability practices within the supply chain. By engaging freight forwarders to obtain standardised shipment information, we aim to gain deeper insights into the emissions associated with various modes of transportation. This initiative allows us to calculate emissions more accurately from air freight, maritime freight, and road transport, enhancing decision-making to reduce the environmental impact of our operations.

Collaborating with freight forwarders to collect standardised shipment data on a regular basis ensures consistency and reliability in emission calculations across our operations. This engagement empowers Universal Store to identify areas of

opportunity for emissions reduction and optimise transportation logistics. Whether through route optimisation, mode shifting, or the adoption of more fuel-efficient transportation options, we can proactively address emissions hotspots and drive sustainable outcomes with our suppliers.

Through collaborative efforts with freight forwarders, Universal Store is committed to advancing sustainable practices in transportation and contributing to a greener, more resilient supply chain.

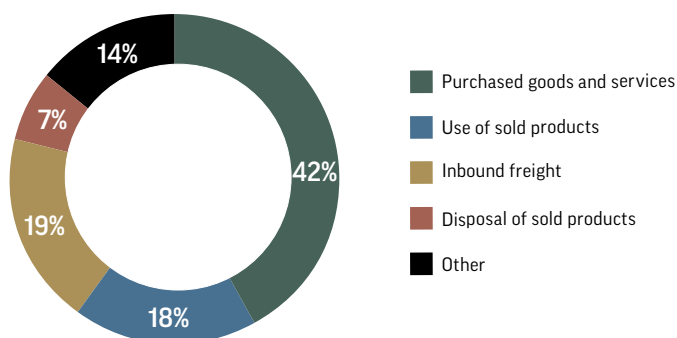
CARBON OFFSETS FOR ONLINE SHIPMENTS EMISSIONS

Universal Store proactively offsets emissions generated by delivering online orders to customers, acknowledging the environmental impact of transportation. While striving for low/no-emissions delivery solutions with third-party

service providers, offsetting is currently the most viable option. Emissions are calculated annually by the carrier (Australia Post/Startrack) based on parcel distribution, using a specified independently reviewed methodology. Once the emissions report is received, Universal Store procures and retires corresponding offsets to compensate for unavoidable emissions.

Though these emissions constitute a small portion of the company's total footprint, offsetting aligns with broader sustainability efforts. Offsetting occurs annually upon confirmation of emissions data, ensuring transparency and accountability. Universal Store's commitment to offsetting reflects its dedication to environmental stewardship and mitigating the impact of online order deliveries on climate change.

EMISSIONS SOURCES (% of total emissions)



SUSTAINABILITY (CONT.)

AMPLIFY OUR ACTIONS



INDUSTRY COLLABORATION

SEAMLESS

Universal Store joined Seamless, the first Australian national clothing stewardship scheme.

This initiative marks a major milestone in our sustainability approach, and aligns with our focus to amplify our actions, our existing sustainability initiatives.

By joining Seamless, Universal Store acknowledges our collective responsibility for every garment's lifecycle—from its initial design to its eventual reuse, reprocessing, and beyond.

Seamless operates on a stewardship model, funded by a per garment levy

from its members. These funds are then reinvested into initiatives that promote circular design, innovative business models for reuse and rental, improved materials sorting, and encouraging sustainable consumer behaviours.

By joining Seamless, Universal Store will:

- + Harness economies of scale and share insights to tackle common challenges in our supply chain.
- + Access to a global network of partners committed to circularity, fostering innovation and best practices.
- + Strengthen credibility and preference among Australian consumers who prioritise sustainable choices.

By joining Seamless, Universal Store acknowledges our collective responsibility for every garment's lifecycle – from its initial design to its eventual reuse.



ENVIRONMENTAL ATTRIBUTES

RESPONSIBLE CARE LABELS

Universal Store is proud to redefine the purpose of care labels on clothing in collaboration with our private brands Neovision and Common Need.

Both esteemed brands now feature updated care labels on their 100% Organic Cotton tees, prioritising longevity of garments and encouraging responsible disposal of used clothing.

Key messages conveyed to customers via the labels include:

- + Wash Less & Line Dry: to prolong garment lifespan, but also conserve water and energy, thereby diminishing our customers' carbon footprint.
- + Mend or Repair: to extend the longevity of cherished garments minimise textile waste and reduce new resources use.

- + Donate or Recycle: to donate or recycle clothing, so once-loved items can find new homes or be repurposed into something new, thereby mitigating landfill waste and conserving valuable resources.

Universal Store aims to demonstrate that customers interactions with care labels, can lead to more meaningful choices in relation to consumption and use of clothing.

FINANCIALS



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DIRECTORS' REPORT

For the year ended 30 June 2024

The Directors submit their report on the Consolidated Entity consisting of Universal Store Holdings Limited (the "Company") and its controlled entities (the "Group") for the year ended 30 June 2024.

DIRECTORS

The names and details of the Group's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter Birtles (Independent Non-Executive Director and Chairman)

Appointed to the Board of Universal Store Holdings Limited in October 2020 as a Non-Executive Director and Chairman and as a member of the Audit and Risk Management Committee and the People and Remuneration Committee.

Peter is Chair and Non-Executive Director of Metcash Limited (since August 2022). Peter was previously a Non-Executive Director of GWA Group Limited (November 2010 – June 2022). He also provides mentoring advice to a number of small businesses that operate in or service the retail industry.

Prior to his Non-Executive career, Peter was the Group Managing Director and CEO of Super Retail Group Limited. Peter joined Super Retail Group Limited in April 2001 as Chief Financial Officer and was Group Managing Director and Chief Executive Officer from January 2006 until February 2019.

Prior to joining Super Retail Group Limited, Peter spent 12 years working with The Boots Company in the UK and Australia in a variety of senior finance, operations and information technology roles. Peter is a Chartered Accountant who started his career working with Coopers & Lybrand.

Alice Barbary (Managing Director and Chief Executive Officer)

Appointed to the Board of Universal Store Holdings Limited in October 2020 as an Executive Director.

Alice has over 30 years' experience in retail and service-centric roles across the USA, UK and Australia.

Alice first met the Universal Store Holdings Limited (Universal Store) founders in 2002 when she helped them establish a framework for the business as a retail specialist until 2004. Alice joined Universal Store full-time as Chief Operating Officer in 2009 and was appointed Chief Executive Officer in 2017. Alice has been a shareholder of Universal Store since 2016.

Prior to joining Universal Store, Alice served as the Leadership Development Manager at former ASX listed Virgin Australia Holdings Ltd where she designed and delivered leadership training for all service leaders in ground and cabin crew departments nationally. This role helped Alice develop her differentiated leadership style and focus on bespoke training methods which are utilised at Universal Store.

Alice moved to Australia in 1997 to be the National Sales Manager for former ASX listed Colorado Group Limited, leading the early expansion from 15 to 80 stores. Prior to her move to Australia, Alice worked at GAP International, transferring from the USA to the UK. In this role, Alice supported the expansion of GAP in the UK, before taking a national leadership role with women's fashion brand EAST which she successfully expanded throughout England.

Alice is also a Non-Executive board member of the National Retail Association since May 2021.

Kaylene Gaffney (Independent Non-Executive Director)

Appointed to the Board of Universal Store Holdings Limited in October 2020 as a Non-Executive Director and as Chairman of the Audit and Risk Management Committee.

Kaylene has had a career in senior financial roles for over 25 years in the retail, health, aviation, telecommunications and information technology sectors.

Kaylene is currently a Director of Vermont Aus Holdco Pty Ltd (effective 28 February 2024). Previously she has served as a Non-Executive Director and Chair of the Audit and Risk Committee of formerly ASX listed National Veterinary Care Ltd, MSL Solutions Ltd and Wotif.com (all delisted). In 2016, she served as Queensland State Chair of Chartered Accountants Australia and New Zealand.

David MacLean (Independent Non-Executive Director)

Appointed to the Board of Universal Store Holdings Limited in October 2019 as a Non-Executive Director and as a member of the People and Remuneration Committee.

David was formerly the CEO and Managing Director of ASX listed Adairs Limited for 14 years from 2002 to 2016.

David is currently a Non-Executive Director at ASX listed Adairs Limited (since January 2002), and Dusk Group Limited (since November 2015) and runs his family investment office as well as holding minority interests in several private retail businesses (since January 2002).

Trent Peterson (Independent Non-Executive Director)

Appointed to the Board of Universal Store Holdings Limited in September 2018 as a Non-Executive Director and as Chairman of the People and Remuneration Committee.

Trent has over 20 years of investment and private equity experience, focused primarily on businesses operating in consumer, retail and media sectors. Trent is the Managing Director of Catalyst Investment Managers Pty Ltd and the Managing Director of Catalyst Direct Capital Management Pty Ltd.

Trent was Chair of the Board of Directors of Universal Store Holdings Limited from October 2018 until the completion of the listing exercise and has since been appointed as the Chair of the People and Remuneration Committee.

Trent is also a Non-Executive Director of ASX listed Adairs Limited (since November 2010), Shaver Shop Group Limited (since May 2016) and Dusk Group Limited (since February 2015) and is Chairman of non-ASX listed Australian Doctor Group Pty Ltd. Trent was previously a Director of Just Group Limited (now delisted) and Global Television Limited (now delisted).

Renee Gamble (Independent Non-Executive Director)

Appointed to the Board of Universal Store Holdings Limited in December 2021 as a Non-Executive Director and as a member of the Audit and Risk Management Committee.

Renee Gamble is Managing Director at Google Australia, leading the Sydney headquartered Large Customer Solutions sales team. Renee is also the Executive Sponsor of Google's APAC Retail Leadership Steering Committee and a member of the Google APAC Hiring Committee.

She is a Graduate of the Australian Institute of Company Directors and brings an extensive track record of technology and business innovation leadership with over 10 years at Microsoft in Singapore and Australia in various sales and business leadership roles. Renee previously worked as an industry analyst and business leader with International Data Corporation across Hong Kong, Beijing, and Singapore.

Interests in the shares and options of the Group and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of Universal Store Holdings Limited were:

	Number of ordinary shares	Number of options over ordinary shares
Peter Birtles	220,000	–
Alice Barbary	2,162,897	–
Kaylene Gaffney	25,000	–
David MacLean	1,046,053	–
Trent Peterson	1,300,000	–
Renee Gamble	–	–

DIRECTORS' REPORT (CONT.)

COMPANY SECRETARIES

Renee Jones

Appointed on 27 October 2020.

Renee has a Bachelor of Commerce, (major in Accounting) from Latrobe University and is a Certified Practicing Accountant. Renee has over 20 years' experience across retail and service industry, previously holding senior finance roles in a number of ASX listed entities.

Clare Craven

Appointed on 13 May 2022.

BLegS, FGIA, FCG, GAICD

Clare has over 25 years' legal, company secretarial and corporate governance experience gained in listed, non-listed public and private companies across various industries including banking, financial services and wealth management, retail, construction and not-for-profit. She currently acts as Company Secretary for several of Company Matters Pty Limited's clients. Previously, Clare held various senior leadership roles within Group Secretariat at Westpac Banking Corporation.

Clare is admitted as a Solicitor of the Supreme Court of NSW and holds a Bachelor of Legal Studies and a Graduate Diploma in Applied Corporate Governance.

DIVIDENDS

A final dividend of 8.0 cents per share (\$6.1 million) was declared on 23 August 2023 and paid on 3 October 2023. In respect of the half-year ended 31 December 2023, an interim dividend of 16.5 cents per share (\$12.7 million) was declared on 21 February 2024 and paid on 28 March 2024 (2023: 14.0 cents per share, \$10.7 million). On 21 August 2024, the Directors determined a final dividend of 19.0 cents per share (\$14.6 million) to be paid on 26 September 2024 (2023: 8.0 cents per share, \$6.1 million). This dividend reflects the Group's strong trading performance and solid cash position, placing it at the higher end of the Company's dividend policy range.

PRINCIPAL ACTIVITY

During the year, the principal activity of the Group consisted of fashion retailing, which includes designing and wholesaling.

There were no other significant changes in the nature of activity during the period.

REVIEW OF OPERATIONS

The net profit after tax of the Group for year ended 30 June 2024 was \$34.3 million (2023: \$23.6 million).

	2024 \$M	Restated 2023 \$M	Change %
Revenue from contracts with customers	288.5	263.1	9.7
Other income/(loss)	4.3	(0.6)	816.7
Expenses	(206.7)	(194.1)	6.5
EBITDA¹	86.1	68.4	25.9
Depreciation, amortisation and impairment expense	(34.9)	(30.4)	14.8
EBIT²	51.2	38.0	34.7
Finance costs	(5.0)	(4.0)	25.0
Finance income	1.2	0.7	71.4
Net profit before tax	47.4	34.7	36.6
Income tax expense	(13.1)	(11.1)	18.0
Net profit after tax	34.3	23.6	45.3
	2024 \$M	2023 \$M	Change %
Reconciliation to underlying EBIT			
EBIT	51.2	38.0	34.7
Transaction costs associated with acquisition of CTC	-	1.8	(100.0)
Fair value movement of deferred variable consideration	(4.1)	0.6	(783.3)
Underlying EBIT³	47.1	40.4	16.6
Underlying EBIT margin	16.3%	15.4%	5.8%
	2024 Cents	2023 Cents	
Basic earnings per share*	45.0	32.0	
Diluted earnings per share*	44.9	31.4	
Underlying EPS ^{4*}	39.6	34.7	

1. Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA).

2. Earnings before interest and tax (EBIT).

3. Underlying EBIT includes the impact of AASB 16 Leases.

4. Underlying EPS is calculated using underlying NPAT and the weighted average number of ordinary shares outstanding during the period 76.3 million (2023: 73.6 million).

* Comparative earnings per share (EPS) and weighted average number of ordinary shares have been amended in accordance with AASB 133 *Earnings per Share* to align with the current year's calculation as disclosed in Note 8.

DIRECTORS' REPORT (CONT.)

OPERATIONS

The Group achieved impressive results in FY24, generating revenue of \$288.5 million, marking a significant growth of \$25.5 million or 9.7% compared to FY23¹.

The year was characterised by two distinct halves. Initially, the Group observed a more cautious customer spending approach due to rising cost-of-living pressures. This environment once again allowed us to demonstrate agility and adaptability in response to the evolving trading conditions.

Despite these macroeconomic challenges, the Group effectively managed costs, met customer expectations by offering new premium products, re-engineered offerings for budget-conscious customers, and refocused on in-store sales execution. This strategic approach led to a significant turnaround in the second half (H2) sales growth. Universal Store Like-for-like (LFL) sales growth improved from -5.4% in the first half (H1) to +6.6% in H2, with consistent sequential improvement each quarter².

The Group's commitment to sustainable gross margin improvement resulted in a gross profit of \$173.5 million, representing 60.1% of sales, a 110-basis point improvement on FY23. This success was driven by contributions from acquired brands (THRILLS, Worship), increased private brand penetration, enhancements in direct sourcing, and reductions in freight costs.

The Group's cost of doing business decreased by 40 basis points to 31.8% of sales, driven by various initiatives aimed at boosting productivity in store operations and the distribution centre. During FY24, we rolled out the "Right Team Right Time" (RTRT) initiative nationally in US & PS stores. This initiative ensured store teams were rostered at the optimal hours each day to enhance service and sales conversion, resulting in \$1.9 million in savings on employee costs. These savings helped offset the 6.3% increase in retail award rates, including superannuation, and investment into new stores.

In the distribution centre, the focus remained on productivity, successfully implementing several initiatives to eliminate non-value-added activities, improve fulfillment accuracy, and drive efficiencies, resulting in approximately \$1.0 million in labour savings.

During the period, the Group opened 10 new stores, completed one major refurbishment, and closed three THRILLS stores. As of 30 June 2024, the Group operates a total of 102 stores, including 80 Universal Store stores, 14 Perfect Stranger standalone stores, and eight THRILLS stores.

The strategic acquisition of CTC on 31 October 2022 has enhanced the Group's portfolio by adding a profitable brand with a diverse business model and impressive expertise in branding, product development, and sourcing. CTC generated \$44.4 million (excluding inter-company eliminations) in revenue for the full financial year, reflecting a 6.2% increase compared to the pro forma FY23 sales.

Looking ahead, the Group is actively working to expand CTC's direct-to-customer operations and restore gross profit margins through various initiatives. These efforts are designed to deliver sustainable growth and profitability. Additionally, CTC is closely collaborating with the Universal Store Group team to ensure alignment with governance and compliance standards. This collaboration will further strengthen our market position and support our continued success.

Throughout the year, the Group again demonstrated the strength of the team and remained steadfast in delivering its strategic priorities while navigating unique trading environments. The Group's adaptability and focus on seizing opportunities have ensured continued profitable sales momentum.

Group underlying EBIT reached \$47.1 million, representing a 16.6% increase from the prior period². Statutory EBIT was \$51.2 million, up 34.6% on the prior period.

Inventory levels were managed closely again in FY24 with Group inventory of \$29.9 million, up \$3.9 million on FY23. Aged inventory remains in line with expectations, and commitment to disciplined pricing and promotional strategy persists to protect brand, margin and customer trust.

1. CTC ownership commenced from 31 October 2022. Financial statements include results post this date, with revenue of \$30.4 million after inter-company eliminations for FY24 (FY23: \$19.4 million).

2. LFL (like-for-like) sales exclude CTC 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.

Capital expenditure of \$8.8 million was driven predominantly by the opening of new stores and maintenance capital. Continuing investment in digital platforms, enhancement of warehouse management system, and infrastructure upgrades support the expanding of store network and distribution centre.

Cash on hand at the end of the financial year was \$29.3 million and represents a \$7.8 million increase in cash from the prior year end balance.

The Group cashflow and balance sheet remain in a healthy position, delivering an underlying cash flow from operations of \$79.5 million, representing operating cash flow conversion of 97.0% with a net cash position of \$14.3 million (excluding lease liabilities).

During the year, the Group amended their facility agreement with ANZ to extend the terms of Facility A and Facility D until April 2027. ANZ also replaced the \$10 million working capital facility of Facility A1 with a \$0.3 million commercial card facility, which was historically documented in a separate linked facility offer. Additionally, the financial reports and covenant testing requirements have been changed from quarterly to half-yearly.

The Group currently has the following debt facilities available with ANZ:

- + Facility A for \$15.0 million which is fully drawn.
- + Facility A1 a \$0.3 million corporate card facility, of which \$0.1 million is undrawn.
- + Facility D a \$8.5 million revolving working capital facility, which is undrawn.
- + Facility E a \$5.0 million standby letter of credit/guarantee facility.

Facilities A and D expire in April 2027. Facility A1 and Facility E is reviewed annually.

Facilities are secured by a General Security Agreement (GSA) and Corporate Guarantee provided by Universal Store Holdings Ltd, US 1A Pty Ltd, US 1B Pty Ltd, US Australia Pty Ltd and Universal Store Pty Ltd. A negative pledge has been provided by all parties via the ANZ Facility Agreement.

The Group has complied with all the financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods and continues to have significant headroom.

Key business risks

The Group is committed to maintaining effective risk management systems to address both financial and non-financial risks. Universal Store Group continues to evolve its approach to risk management to meet the demands of the trading environment. The business risks faced by the Group that may have a material effect on its financial results are listed below, including an overview of the Group's mitigating actions:

Key Risk and Description	Mitigation Activities
Retail Environment and economic conditions The Group's products are generally discretionary in nature. Consumer spending on these items is potentially sensitive to changes in general consumer sentiment. Factors which affect general consumer sentiment may or may not have a direct impact on the income levels of the Group's customers but can adversely affect their spending levels notwithstanding. These factors include house prices, political uncertainty, economic outlook, employment certainty, conflict and terror events. Disposable incomes of Universal Store, Perfect Stranger and CTC's customers can vary as a result of changes to factors such as petrol prices, rent, food and energy prices, interest rates, unemployment levels and taxation. Any material reduction in consumer spending on discretionary items may in turn result in lower levels of revenue and profitability for Universal Store and CTC wholesale business, as well as impact the planned Bricks and Mortar expansion for THRILLS stores.	<ul style="list-style-type: none"> + Proactively monitor the market, economic conditions, and customer sentiment. + Promptly react to consumer demand and using predicative analysis to mitigate risks or act on opportunities. + Keep our cost of doing business variable with sales and invest in initiatives that will drive efficiency and productive gains into the future.

DIRECTORS' REPORT (CONT.)

Key Risk and Description	Mitigation Activities
<p>Pandemic</p> <p>Events related to the COVID-19 pandemic have resulted in significant market volatility and the increased risk of further pandemics in the future. Continued uncertainty remains as to the ongoing and future responses of governments and authorities both in Australia and globally. There is a likelihood of an Australian economic recession of unknown duration or severity. As such, the full economic impact of COVID-19 on consumer behaviour, suppliers, employees and the Group is not fully known.</p> <p>Pandemics may create an adverse impact on the Group's supply chain. This may occur if the ability to deliver products into Australia by the Group's key suppliers is negatively affected or the Group is otherwise unable to efficiently distribute products to customers who have placed online orders. If the Group's supply chain is disrupted, it may have a material adverse effect on financial and/or operating performance.</p>	<ul style="list-style-type: none"> + Maintain COVID-19 safe plans and policies and executed across all departments within the business. + Continue to provide health and safety communications to team members via our employee well being program. + Continued cleaning and personal hygiene in all stores and office areas. + Online and digital contingency plans in place should stores need to close. + Continue to diversify our supply chain.
<p>Competition</p> <p>The Australian clothing, footwear and accessories market in which the Group operates is highly competitive and is subject to constantly changing consumer preferences in relation to trends, brands and shopping channels. The competitor set is fluid and evolving. There is a risk that Universal Store may lose market share to new or existing competitors. Some practical examples of the risks Universal Store faces include:</p> <ul style="list-style-type: none"> + Existing Australian-based competitors may rollout additional stores and existing competitors may successfully reposition their offering to more effectively compete with Universal Store's offering. + Online retailers may rollout physical stores. + Existing or new market entrants may increase or gain market share through aggressive marketing campaigns, new product offerings or price discounting. <p>Universal Store's customers may choose to purchase products from its competitors rather than from Universal Store and this may in turn reduce Universal Store's revenue. Such a reduction in revenue may have an adverse impact on Universal Store's financial performance.</p>	<ul style="list-style-type: none"> + Remain relevant and nimble, ensuring our channels continuously exceed customer expectations both in stores and online channels. + Continue to enhance the online proposition and build CRM platform. + Monitor and stay close to competition ensuring our customer base continues to grow and take appropriate actions to course correct. + Maintain strong private brand close to market strategies. + Continue exclusive special make up product with third-party brands.
<p>Fashion trends and consumer preferences</p> <p>Demand for the Group's products is sensitive to its successful range development and the specific brand, product selection, and quantification decisions made by its team. While a level of error rate in this area is normal, sustained and material misjudgements in relation to evolving fashion trends and product range can adversely affect sales levels and consumer perspectives of its brand and result in a loss of market share. The Group can also mis-quantify the consumer demand arising from certain fashion trends, and therefore offer too much or too little product that is relevant to a particular fashion trend. In addition, with third-party brands currently contributing approximately 55%³ of Universal Store's clothing range, the business is also reliant on the trend judgements and range development of these suppliers. In the longer term, trend misjudgements may adversely impact the Group's brand and reputation.</p>	<ul style="list-style-type: none"> + Remain relevant, ensuring curated outfits are in demand and on trend. + Continue to test and trial before investing heavily. + Monitor and stay close to customers and the events, social outings, occasions they are attending. + Continue to work with suppliers on special make up and diversification. + Enhance analytical tools to back best sellers with speed and exit underperforming products. + Maintain shorter lead times to react to trends with speed.

3. Includes CTC business, with THRILLS/Worship sister brands treated as third-party to Universal Store.

Key Risk and Description	Mitigation Activities
<p>Branded supplier relationships</p> <p>The success of the Group's business relies in part on its ability to retain its existing key supplier relationships and its ability to continue to attract suppliers on acceptable terms. The deterioration of the Groups relationships with its key suppliers or the inability of the Group to maintain functioning arrangements with its key suppliers on acceptable terms may have a material adverse effect on financial and/or operational performance in the future. Similarly, Universal Store relies on its key product suppliers for matters including product innovation, product quality and maintaining and building the consumer appeal and demand for these brands. The Group's position in retailing these third-party brands and their appeal to customers can also be affected by the distribution channel strategy of the brand owners. Material changes by any of Universal Store's key suppliers of their distribution channel strategy, may impact Universal Store's financial and/or operational performance in the future.</p>	<ul style="list-style-type: none"> + Maintain respectful and transparent relationships. + Continue to build relationships based on trust and develop win/win strategies for the Group and supplier. + Continue to enhance the Group's brand positioning (marketing, campaigns, etc.).
<p>Product sourcing</p> <p>The Group's products have historically been predominantly sourced from China and within Australia. While the Group has a diversified supplier base, the business still relies on key suppliers. Regardless of the nature and domicile of the supplier, most of the goods are manufactured in China. Any material change or disruption to product sourcing or supply chain could have an adverse impact on inventory availability at Universal Store.</p> <p>The following matters are examples of factors which could adversely impact the timing, cost and reliability of Universal Store's product sourcing and supply chain, and therefore the business' overall financial performance: Adverse effects of acts of war or terrorism, natural disasters or an outbreak of an epidemic (such as COVID-19), including disruption to critical points of infrastructure such as ports. Any adverse change in existing relationships or operations with product and service suppliers, unexpected, prolonged or repeated disruption to services provided by suppliers, or adverse changes to the terms and conditions of suppliers.</p> <p>These may result in material delays in the supply chain, which may adversely affect cost of sales and overall financial performance.</p>	<ul style="list-style-type: none"> + Diversification and reducing reliance on China are in plan as the Group explores and builds partnerships outside of China. + Limited dependency on a single vendor which creates more flexibility and reduces risks. + Monitor and stay close to key suppliers to prevent or mitigate disruptions.

DIRECTORS' REPORT (CONT.)

Key Risk and Description	Mitigation Activities
Cyber attacks <p>The Group's business may be materially adversely affected by malicious third parties or applications that interfere with, or exploit, security flaws in websites. The security of information stored in the Group's systems could be put at risk by attacks from malicious software programs or persons, or inadvertent breaches. There is a risk that, if a cyber-attack were successful, any data security breaches, failure to protect confidential information or disruption to the Group store's website could result in a loss of information integrity, breaches of obligations under applicable laws and website and system outages. Similarly, given some third-party suppliers hold confidential or customer data in relation to the Group may be involved in such a breach. The occurrence of any of these events may potentially have a material adverse impact on Universal Store Group's reputation, business, financial performance and operations.</p>	<ul style="list-style-type: none"> + Continue adherence to the CIS security framework, ensuring compliance and proactive improvement to enhance overall security posture. + Conduct regular penetration testing and risk assessments to identify and address potential security gaps. + Enhance network security by continuously improving firewall configurations, intrusion detection systems, and antivirus software. + Continue to invest into our advanced threat detection and response, supported by our external cyber partner. + Leverage our centralised and streamlined security monitoring platform to automate risk detection and mitigation. + Build upon the disaster recovery strategy and introduce comprehensive business continuity planning to ensure readiness in the event of a cyber incident. + Ensure ongoing compliance with Payment Card Industry Data Security Standard (PCI DSS) to protect credit card transactions. + Collaborate with third-party suppliers to ensure they adhere to the Group's security policies and standards to minimise the risk of breaches through external partners.
Health and Safety <p>The Group operates nationally across Australia and must comply with safety standards to ensure their customers are shopping in a safe and risk-free environment. The Group's employees are at risk of workplace accidents and incidents.</p> <p>Should an employee, supplier, contractor or customer be injured in the course of their employment or engagement with the business on premises, the Group may be liable for penalties or damages as a result. If Universal Store, Perfect Stranger or THRILLS (CTC) business were required to pay monetary penalties, this may adversely affect its financial position as well as the reputation of Universal Store Group.</p>	<ul style="list-style-type: none"> + Continue to encourage employee assistance program usage and optimise as necessary. + The Group's Health & Safety committee is responsible for reporting, tracking training, and proving risk mitigation plans. + Continue to facilitate and mitigate risks by training programs, in particular the Distribution centres and Stores.

Key Risk and Description	Mitigation Activities
<p>Legal and compliance</p> <p>The Group is subject to, and must comply with, a variety of laws and regulations in the ordinary course of its business. These laws and regulations include those that relate to fair trading and consumer protection, product safety, employment, property, taxation (including GST and stamp duty), customs and tariffs. Changes to laws and regulations in these areas may adversely affect the Group, including by increasing costs either directly (such as an increase in the amount of tax the Group is required to pay), or indirectly (including by increasing the cost to the business of complying with legal requirements). Any such adverse effect may impact Universal Store Group's future financial performance.</p> <p>The Group may be involved in disputes or litigation, be the subject of disputes, complaints, inquiries or audits. These disputes may be related to warranties, product descriptions, personal injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations. If the Group were to be found liable under a claim, the Group's financial position and future financial and operational performance may be adversely affected.</p>	<ul style="list-style-type: none"> + External assurance and support engaged to ensure compliance with all laws and regulations. + Experienced leadership team ensuring appropriate governance is embedded to support the business in its operations.
<p>Environmental & Social Sustainability</p> <p>The Group has a moderate exposure to environmental risks in that its supply chain and store operations could be disrupted by extreme weather events and natural disasters. The Group recognises that climate change increases the potential frequency and severity of these events and could lead to an increase in operating costs from managing the impact and the likely increase in insurance premiums.</p> <p>The Group has a moderate exposure to social risks. In this regard, the overarching goal is to ensure we are a responsible business that contributes positively to the health, safety and livelihoods of the people that work for us and continues to provide customers with high quality, on-trend products that provide value for money.</p>	<ul style="list-style-type: none"> + The Group recognises the significance of understanding and responding to the environmental and social impacts of our business on the wider community. + The Group monitors performance against published sustainability targets and has established an ESG committee to ensure all business units are on track to meet both short and long term committed targets. + Continue to refine and enhance the Group's responsible procurement policy which addresses the risk of modern slavery throughout the supply chain and business operations. + For further information on how environmental risks are managed, refer to the Sustainability Report, available in the annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Group during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 21 August 2024, the Directors of Universal Store Holdings Limited determined a final dividend on ordinary shares in respect of the 2024 financial year. The amount of the dividend is 19.0 cents per share (\$14.6 million) to be paid on 26 September 2024. This dividend reflects the Group's strong trading performance and solid cash position, placing it at the higher end of the Company's dividend policy range.

There were no other significant events which occurred after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

DIRECTORS' REPORT (CONT.)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

SHARE OPTIONS

No option to acquire shares in the Group has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Group paid a premium to insure the Directors and Secretaries of the Group and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The policy prohibits the disclosure of the premium paid.

INDEMNIFICATION OF AUDITORS

Universal Store Holdings Limited has agreed to reimburse PricewaterhouseCoopers ("PricewaterhouseCoopers") for any liability (including reasonable legal costs) that PricewaterhouseCoopers incur in connection with any claim by a third-party arising from a breach by Universal Store Holdings Limited of its agreement with PricewaterhouseCoopers.

NON-AUDIT SERVICES

From time to time, non-audit services are provided by the entity's auditor, PricewaterhouseCoopers. The Directors are satisfied that the provision of services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

PricewaterhouseCoopers received, or are due to receive, the following amounts for the provision of non-audit services:

	2024 \$	2023 \$
Amounts paid or payable to PricewaterhouseCoopers for:		
Assurance services – Group audit and half-year review	313,000	358,000
Other services	12,000	12,000
Tax compliance services	–	17,000
Tax advisory services	–	29,000
Sustainability reporting	–	31,000
Total remuneration of PricewaterhouseCoopers Australia	325,000	447,000

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

Total number of meetings held	Meetings of Committees					
	Board Meetings		Audit and Risk		People and Remuneration	
	12		4		5	
	Attended	Eligible*	Attended	Eligible*	Attended	Eligible*
Peter Birtles	12	12	4	4	5	5
Alice Barber	12	12	4	-	5	-
Kaylene Gaffney	12	12	4	4	-	-
David MacLean	11	12	-	-	4	5
Trent Peterson	12	12	-	-	5	5
Renee Gamble	12	12	4	4	-	-

* Directors are eligible to attend a meeting from appointment to the Board, or as a member of a Committee. At times, non-member Directors attend meetings of sub-committees by invitation.

COMMITTEE MEMBERSHIP

Members acting on the committees of the Board during the year were:

Audit and Risk Management	People and Remuneration
Kaylene Gaffney (Chair)	Trent Peterson (Chair)
Peter Birtles	Peter Birtles
Renee Gamble	David MacLean

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

ROUNDING

The amounts contained in the financial report were rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Group under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. The Group is an entity to which this legislative instrument applies.

DIRECTORS' REPORT (CONT.)

CORPORATE GOVERNANCE STATEMENT

Universal Store Holdings Limited Corporate Governance Statement discloses how the Group complies with the Principles and Recommendations of the ASX Corporate Governance Council (4th Edition) and sets out the Group's main corporate governance practices. This statement has been approved by the Board and is current as at 21 August 2024. The Corporate Governance Statement of Universal Store can be found on the Group's website: <https://investors.universalstore.com/investor-centre/#governance>

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received a declaration from the auditor of Universal Store Holdings Limited. This has been included on page 63.

The Directors of Universal Store Holdings Limited present the Remuneration Report (the "Report") for the Group for the year ended 30 June 2024. This Report forms part of the Directors' report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

The Report details the remuneration arrangements for the Group's key management personnel ("KMP") comprised of Non-Executive Directors, Executive Directors and Senior Executives.

The KMP of the Group are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

The table below outlines the KMP of the Group and their movement during the financial year.

Name	Position	Terms at KMP
Non-Executive Directors		
Peter Birtles	Non-Executive Director and Chairman	Full financial year
Kaylene Gaffney	Non-Executive Director	Full financial year
David MacLean	Non-Executive Director	Full financial year
Trent Peterson	Non-Executive Director	Full financial year
Renee Gamble	Non-Executive Director	Full financial year
Executive Directors and Senior Executives		
Alice Barberly	Chief Executive Officer (CEO) and Managing Director	Full financial year
Renee Jones	Chief Financial Officer	Full financial year

The focus of this Report is on the remuneration arrangements and outcomes for the KMP listed in the table above.

CONTENTS:

Section 1: Remuneration strategy and policy

Section 2: Role of the People and Remuneration Committee

Section 3: Group Performance – relationship between financial performance and remuneration

Section 4: Details of remuneration

REMUNERATION REPORT (AUDITED) (CONT.)

SECTION 1: REMUNERATION STRATEGY AND POLICY

The People and Remuneration Committee (PRC) is responsible for determining and reviewing the remuneration arrangements for its Directors and Executives.

From a remuneration perspective, the objective of Universal Store Holdings Limited is to attract and retain talented and motivated, culturally aligned Executives and Team who can enhance the Group's performance through their teamwork, choices and leadership. The Board believe that our people are a key source of competitive advantage that is fundamental to the long-term success of the Group.

Fostering a workplace culture that supports the imperative to maintain and develop current and future generations of leaders is a key priority of the Group.

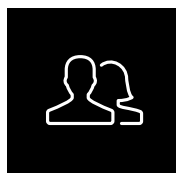
The executive remuneration and reward arrangements at Universal Store Holdings Limited have two components:

- + Fixed remuneration comprising of salary and superannuation.
- + Variable remuneration including short-term incentives ("STI") in the form of a cash-based reward and long-term incentives ("LTI") in the form of an equity reward.

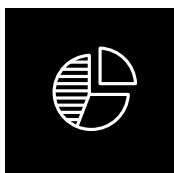
The elements of the total remuneration package may vary according to the job role, team members experience and performance. Generically, the two key variables driving the mix of fixed versus 'at risk' or variable remuneration are (1) seniority and responsibility level and (2) ability to impact performance and shareholder value.



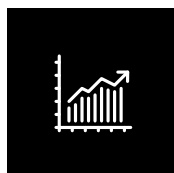
In considering the remuneration arrangements of KMP and applying the market remuneration governance standards, the PRC makes recommendations based on the following objectives:



Strengthen our capabilities by attracting and retaining high calibre talent



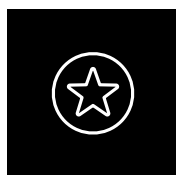
Align the interest of the Company's KMPs to those of the shareholders



Drive sustainable long-term performance of the business



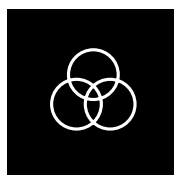
Promote individual and cross functional teamwork



Reward for outcomes and performance



Conscious of risks and managing reliance on KMP individuals



Be simple and transparent

The Committee considers individual remuneration arrangements, and assesses how the individual's contracted terms measure up against these principles. Market movements and benchmarks are considered, however we do not set specific remuneration objectives or benchmarks (e.g. meet 'second quartile' remuneration benchmarks) or adhere to the benchmarks or movements strictly. Instead, granular knowledge of roles, market dynamics, individual capabilities and circumstances, the risk and return trade-offs faced by the Group to determine remuneration arrangements. Remuneration is considered as just one part of an employee's reward for employment with the Group.

The remuneration policies are designed to achieve alignment between the Group's business strategy, values and the behaviour of employees as well as recognise and reward individual responsibility levels.

In relation to its most senior Team Members, the Board believes that an important part of building employee engagement is to align management with each other and with shareholder interests through the ownership of shares or related securities. Management KMP have material shareholdings in the Group, as do other members of the leadership team and various Board members. In FY23, the Board implemented a new layer to our existing LTI plans to deepen this alignment and bring the Group's remuneration approach more in line with mechanics commonly offered by our ASX listed peers.

REMUNERATION REPORT (AUDITED) (CONT.)

Executive Directors and Senior Executives' remuneration

The CEO and Senior Executives are rewarded with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with our business strategy.

Remuneration for KMP during the financial year consists of both fixed remuneration and variable remuneration.

Fixed remuneration

Fixed remuneration is in the form of salary, superannuation contributions and other benefits and allowances and is designed to reward for:

- + The scope of the executive's role;
- + The executive's skills, experience and qualifications;
- + Strategic value of the role;
- + Size and complexity of the role; and
- + Individual performance.

As discussed above, fixed remuneration is set with reference to comparable roles in similar companies, coupled with detailed knowledge of an individual's performance, nuance of their role, and the risk and return trade-offs associated with the role and its contribution to the Group. Additionally, there is consideration for the context of an individual's participation in STI and LTI plans of the Group and their remuneration history.

Variable remuneration

Variable remuneration includes STI in the form of a cash-based reward and an LTI in the form of an equity reward.

Short-Term Incentive Plan

Members of the Group's Management (including the CEO and Senior Executives who are considered KMP) are eligible to participate in the Group's STI plan. Participants in the STI plan have a target cash payment amount which is set each year ("Maximum Bonus Amount").

Provisional STI amounts in any given year may be between 0% and 100% of the Maximum Bonus Amount and are assessed having regard to the Group's actual underlying EBIT result (post AASB 16) delivered in the relevant year relative to pre-set annual underlying EBIT targets (benchmarks may ignore one offs and other abnormal or non-trading items).

For the FY24 STI arrangements, the Board set a performance based STI range linked to the Group's FY24 underlying EBIT result (post AASB 16), with the minimum and maximum underlying EBIT thresholds per the below:

- + At the low end: KMP will receive an STI of 20% of the Maximum Bonus Amount if Group underlying EBIT reaches \$40.0 million in FY24.
- + At the high end: an STI of 100% of the Maximum Bonus Amount will be paid if Group underlying EBIT reaches \$47.0 million or more in FY24.

For results falling within this STI range, a pro-rated payment will be made, and the final payment will be subject to the Board's discretion, including having regard to the Board's assessment of any material Environmental, Social or Governance ("ESG") breach, should this occur – which it did not in FY24.

The Board continues to believe that underlying EBIT is an appropriate primary measure for determining STI outcomes. Underlying EBIT is widely understood by both our team and shareholders and in most circumstances, underlying EBIT based targets achieve a balance between a measure that can be materially influenced by management and a measure of sound proxy for the leadership team's ability to deliver results that contribute to driving shareholder value.

The participants in the executive STI plan have varying levels of direct influence over the Group's underlying EBIT result. Notwithstanding, the participants all play an important role in delivering our results and managing the risks associated with our short and long term financial results. Teamwork is required from all leadership to deliver our financial results, coupled with the collaborative culture the Group strives to build and maintain, is a sound reason for having one primary financial measure to assess and drive the STI outcome.

Payments under the STI plan will be made following the release of the full-year financial results. Participants in the STI plan may have to repay the Group some or all the payments made under the STI plan in an event of any serious misconduct or material misstatement in the financial statements of the Group during any of the three preceding financial years, subject to Board approval. Generally, no incentive payment is payable if the threshold performance target is not met.

The measures are reviewed and re-set each year and are tested annually after the end of the relevant financial year. An individual's eligibility to receive an STI in any year is also subject to Board discretion in relation to any major Environmental, Social or Governance ("ESG") breach or incident which the Board consider to be sufficiently material and attributable to an individual or group of individuals that the payment of all or part of an STI entitlement would be inappropriate.

Long-Term Incentive Plan

The existing equity ownership arrangements for the CEO and Senior Executives were established during the Group's transition from private to public ownership (in some instances, many years prior to the IPO). As a result, the CEO and Senior Executives each hold a material number of shares with significantly greater value than their individual fixed and short-term incentive arrangements.

The incentives provided prior to and as part of the IPO process have the impact of delivering a long-term incentive to certain KMP and promote alignment between the leadership team with the Group's shareholders. In FY23, the Board reviewed the LTI arrangements and established the current LTI layer with a particular emphasis on the retention of our highest performing leaders, and deepening alignment toward outcomes which we believe drive long term shareholder value.

An overview of the parameters are set out in the section below titled 'Current Executive LTI Plan'.

The CEO and CFO currently hold in aggregate 2,746,230 shares, representing 3.6% of the shares on issue as at 30 June 2024.

466,666⁴ of these shares are loan-backed by the Group, with the loan being limited recourse, interest bearing and repayable:

- (a) out of certain proceeds from the sale of the relevant shares;
- (b) out of certain proceeds of all or a portion of any dividends, distributions or similar received in respect of the shares (subject to the Board's discretion to waive the requirement to apply dividends, distributions or similar to repayment of the loan); or
- (c) in full if holder ceases to be employed by the Group.

Given the size of this existing equity interest and the continuing limited recourse loans from the Group, the Board believes that Management's interests are aligned with the interests of the Group and Shareholders at this time.

It is noted that the aggregate value of loans receivable by the Group from KMP is approximately \$0.7 million as at 30 June 2024 (\$0.7 million at 30 June 2023). This amount is not included on the balance sheet of the Group as these instruments are accounted under AASB 2 *Share-based Payment* as share-based payments. It is expected that proceeds from the repayment of these loans will be collected by the Group over time in accordance with the terms of the loan agreement.

Discussion of the impact of the acquisition of CTC completed on 31 October 2022

Background

On 31 October 2022, the Group acquired all of the shares in CTC. The acquisition of CTC was led by Alice Barbary (CEO), Trent Peterson (Non-Executive Director) and Renee Jones (CFO), with the oversight and final approval of the Board. The Group also engaged legal, tax and corporate advisors to support the due diligence process and execution of the acquisition.

4. In FY23, the 583,333 shares disclosed included 116,667 fully paid ordinary shares that were not financed by a limited recourse loan. The total number of shares under the limited recourse loan is 466,666.

REMUNERATION REPORT (AUDITED) (CONT.)

The acquisition process and subsequent post-completion activities have significantly increased the demands and workload of the KMP both directly and indirectly. Post acquisition, the CEO has direct oversight over the key leaders of CTC, including a General Manager appointed post completion of the acquisition.

The CFO has the responsibility of consolidating CTC results, expanded audit requirements and additional reporting on CTC's performance and risk for the Group's Board and shareholders. Additionally, the CFO is accountable for overseeing the implementation of new systems and processes pertaining to various areas such as risk management, modern slavery, payroll compliance, tax compliance, and treasury management.

The CEO, CFO and Trent Peterson sit on an internal Advisory Board for the CTC business which provide specific guidance and strategic oversight to the business and its operational leaders.

While CTC is managed as a standalone business on a day-to-day basis, our KMP are accountable for the results and the ultimate success of the acquisition strategy. The Board believe CTC will contribute strongly to the Group earnings and shareholder value creation over the medium and longer term.

Fixed Remuneration

The fixed remuneration arrangements for the KMP remained unchanged in FY24. However, the Board acknowledge the growing complexity of the organisation and the increasing demands of the KMP roles. These factors will be considered alongside future reviews of the remuneration arrangements.

As compensation for his role in completing the acquisition and chairing the Advisory Board of CTC post-acquisition, Non-Executive Director Trent Peterson is paid an additional amount of \$40,000 per annum. This amount is included in the remuneration disclosures for his role as a Non-Executive Director of the Group.

FY24 Short-Term Incentive Implications

For FY24, both the Group CEO and CFO had financial targets for the purpose of determining their STI that include the underlying EBIT contribution of CTC in the Group's results.

Long-Term Incentive Implications

The Group funded the acquisition of CTC through a combination of \$16.5 million from cash reserves (and secured additional debt facilities), the issue of 3,524,974 ordinary shares to the vendors, and deferred variable consideration, to be paid based on earnings performance over the period FY23, FY24 and FY25.

The Group's existing Long-Term Incentive uses measures which the Board believes are appropriate indicators of success in growing earnings (specifically EPS), effectively allocating capital, managing risk and driving shareholder returns. These matters were revisited in view of the CTC acquisition and the Board remain comfortable that the measures and metrics for the existing tranche of the Group's LTI scheme remain appropriate and unchanged adequately serving the primary purpose of deepening the alignment between LTI participants and shareholders.

Senior Executive employment arrangements

Remuneration arrangements for Executives are formalised in employment agreements. The following outlines the details of specific contracts with executives:

Chief Executive Officer

Alice Barbery is employed in the position of CEO of the Group. Alice is entitled to a base salary of \$545,000 per annum (inclusive of statutory superannuation) for the 2024 financial year.

In addition to her base salary, Alice is eligible to participate in the Group's STI plan. Alice will receive a cash bonus of \$375,000 (inclusive of superannuation) under that STI plan for the FY24 period.

The term of Alice's employment as CEO is ongoing. Alice's employment may be terminated by either party giving six months' notice. The Group may pay Alice in lieu of giving her notice. The Group may terminate Alice's employment immediately where there is cause to do so (e.g., serious misconduct or a material breach of her terms and conditions of employment), without notice or payment in lieu of notice.

Upon termination, Alice is bound by a restraint period of up to six months, during which time she cannot compete with the Group, provide services in any capacity to a competitor of the Group or solicit current or proposed suppliers or employees of the Group in Australia.

Chief Financial Officer

Renee Jones is employed in the position of CFO of the Group. Renee is entitled to a gross annual base salary of \$415,000 per annum (inclusive of superannuation) for the 2024 financial year.

In addition to her base salary, Renee is eligible to participate in the Group's STI plan. Renee will receive a cash bonus of \$230,000 (inclusive of superannuation) under that STI plan for the FY24 period.

Renee holds shares partially funded by limited recourse loans under the Group's LTI Plan.

The term of Renee's employment as CFO ceases on 30 August 2024 following her resignation. Ethan Orsini has commenced as the CFO from 5 August 2024.

Ethan is entitled to a gross annual base salary of \$430,000 per annum (inclusive of superannuation) for the 2025 financial year. In addition to his base salary, Ethan is eligible to participate in the Group's STI plan. Ethan will be eligible to receive a cash bonus of up to \$215,000 (inclusive of superannuation) under the STI plan for the FY25 period.

Upon resignation, Renee is bound by a restraint period up to six months, during which time she cannot compete with the Group or provide services in any capacity to a competitor of the Group or solicit current or proposed suppliers or employees of the Group in Australia.

Non-Executive Directors' remuneration

Under the Company's Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for their services as a Director, subject to ASX Listing Rules from time to time. However, the total aggregate amount provided to all Non-Executive Directors in any financial year for their services as Directors must not exceed the aggregate amount of Non-Executive Directors' fees approved by Shareholders at the Company's annual general meeting. This amount is currently fixed at \$750,000 per annum. Any change to this aggregate annual sum needs to be approved by Shareholders. The aggregate sum does not include any special and additional remuneration for special exertions and additional services performed by a Director as determined appropriate by the Board or any amounts payable to any Executive Director under any executive services agreements. As required by ASX Listing Rule, the remuneration of Directors does not include a commission on, or a percentage of profits or operating revenue.

Directors may also be reimbursed for all reasonable travel and other expenses incurred by the Directors in attending to the Company's affairs including attending and returning from Board meetings or any meetings of committees of Directors and in attending and returning from any general meetings of the Group.

Directors may be paid such additional or special remuneration if they, at the request of the Board, and for the purposes of the Group, perform any extra services outside the scope or ordinary duties of a Director.

The Board reviewed the remuneration levels for Board members at the end of FY24, and commencing from 1 July 2024 has implemented the following changes:

- + The base fee paid to the Non-Executive Chairman increased to \$163,000 (from \$150,000).
- + The base fee paid to other Non-Executive Directors increased to \$87,000 (from \$80,000).

Committee Fees were changed as follows:

	Audit & Risk Committee	People & Remuneration Committee
Chair Fee	\$15,000 (from \$10,000)	\$10,000 (from \$5,000)
Member Fee	\$6,000 (from \$4,000)	\$4,000 (from \$2,000)

The fees paid to directors had not changed since the IPO of the company in November 2020, and in aggregate will remain under the cap approved by shareholders of \$750,000.

REMUNERATION REPORT (AUDITED) (CONT.)

Other policies

Claw back policy

If the Group becomes aware of serious misconduct or a material misstatement in its financial statements, the Board may claw back that overpayment. The PRC will review this claw back policy at least annually and make recommendations to the Board as to any changes it considers should be made.

Securities trading policy

In all instances, buying or selling shares is not permitted at any time by any KMP who possess inside information in a manner contrary to the *Corporations Act 2001*. Black-out periods are strictly applied.

SECTION 2: ROLE OF THE PEOPLE AND REMUNERATION COMMITTEE

The role of the PRC is to assist the Board in fulfilling its statutory and regulatory responsibilities for corporate governance and overseeing the Group's nomination and remuneration policies and practices.

This includes evaluating and recommending the remuneration packages and policies related to the CEO, CFO, Directors and other members of Management to the Board for approval. The PRC is also responsible for administering short-term and long-term incentive plans (including any equity plans).

The Committee seeks independent advice where it is appropriate. No advice or guidance was sought or obtained during FY24.

The Group complies with the recommendations set by ASX Listing Rules and ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee comprises Trent Peterson (as Chair), David MacLean and Peter Birtles.

SECTION 3: GROUP PERFORMANCE – RELATIONSHIP BETWEEN FINANCIAL PERFORMANCE AND REMUNERATION

Overview of Our Results and the STI Outcomes for KMP

FY24 is the Group's fourth annual result since its IPO in November 2020.

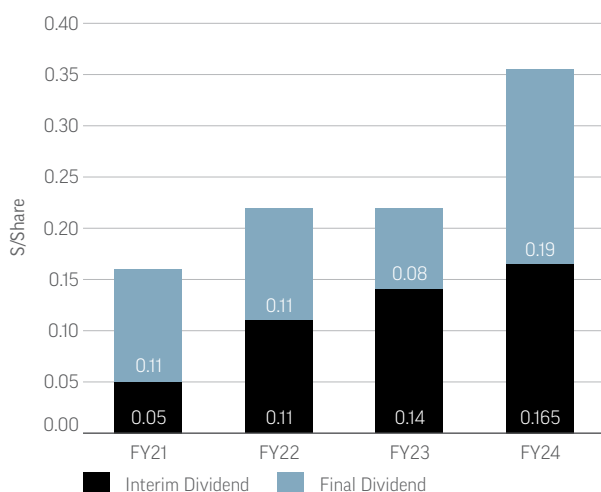
The table below summarises the headline results and the outcomes under the STI plan for our KMP across the last 4 years.

	FY20	FY21	FY22	FY23	FY24
Sales (\$m) ¹	154,869	210,817	207,969	243,634	288,523
Underlying EBIT (excluding AASB 16 until FY24) (\$m) ^{1,2}	23,666	44,040	30,943	35,972	47,076
CEO Fixed Rem (\$'000's)	430	430	545	545	545
CEO Max STI available (\$'000's)	231	231	327	360	375
CEO Actual STI received (\$'000's)	120	231	–	234	375
CFO Fixed Rem (\$'000's)	320	320	400	415	415
CFO Max STI available (\$'000's)	160	160	200	215	230
CFO Actual STI received (\$'000's)	96	128	–	140	230

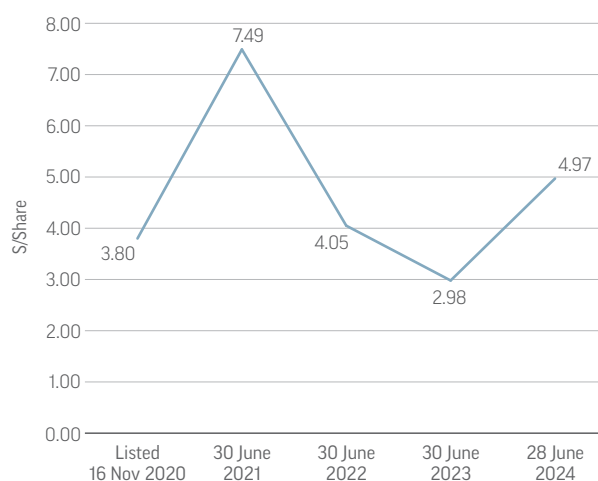
1. This number is unaudited as it excludes CTC results for FY20 – FY23 as STI targets were agreed prior to acquisition. FY24 is inclusive of CTC results.

2. This is a non-IFRS measure that is unaudited but derived from audited Financial Statements. Underlying EBIT for FY20 – FY23 is exclusive of AASB 16 Leases. FY24 underlying EBIT is inclusive of AASB 16 Leases.

SHAREHOLDER DISTRIBUTIONS



UNI SHARE PRICE TREND



Executive Director and Senior Executives Remuneration Structure

The Executive Director and Senior Executives are currently remunerated under a total reward structure that consists of both fixed remuneration comprising base salary package (inclusive of superannuation contributions and other allowances) and STI.

The mix of fixed remuneration and at risk elements as a percentage of total target remuneration for 30 June 2024 was as follows:

	% of total target remuneration for 30 June 2024		
	Fixed Remuneration	At risk remuneration	
		STI maximum opportunity	LTI maximum opportunity
Alice Barbery	37.2%	25.6%	37.2%
Renee Jones	44.4%	24.6%	31.0%

Fixed remuneration

The remuneration for Senior Executives includes a fixed component comprised of base salary and employer superannuation contributions that are in line with statutory obligations.

The base salary reflects the base salary for a comparable role in similar sized companies operating in the retail industry, having regard to the experience and expertise of the Senior Executive, their performance, and history with the Group, and other relevant factors. This requires both quantitative and subjective assessment.

Fixed remuneration is reviewed annually by the PRC, with recommendations made to and approved by the Board. Approved changes are usually effective from the commencement of the new financial year.

The CEO and CFO did not receive an increase in base salary in FY24.

The Board have agreed to increase the fixed remuneration of the CEO for FY25. This decision was made having regard to changes in market, expanded responsibility given the scale and complexity of the group, and having regard to Alice's continued strong performance and leadership. From 1 July 2024, the fixed remuneration of the CEO will increase to \$590,000 per annum (inclusive of employer superannuation contributions).

REMUNERATION REPORT (AUDITED) (CONT.)

Short-Term Incentive Plan

The 30 June 2024 STI plan was assessed following the completion of the performance period from 1 July 2023 to 30 June 2024. The STI plan awarded to each Senior Executive is detailed in the table below:

Senior Executive	Target STI (\$)	Actual STI awarded (\$)	Actual STI awarded as a % of maximum STI	% of maximum STI award forfeited
Alice Barbery	375,000	375,000	100%	0%
Renee Jones	230,000	230,000	100%	0%

The maximum (100%) STI measure for KMP was set at an underlying EBIT (post AASB 16) level of \$47.0 million in FY24. This threshold was met. Note STI targets may ignore one offs and other abnormal or non-trading items.

Despite a challenging macro environment the business performance has been pleasing with the Group exceeding corporate budget expectation. The KMP have delivered on numerous cost-saving and income generating initiatives that saw significant turnaround in performance month after month, with noticeable turnaround from half one to half two of FY24.

The Board would like to note that the leadership team again worked exceptionally hard in the period and persevered through unpredictable and difficult conditions. The Board is pleased with the results delivered in this environment. Our team has adapted admirably, shown great skill and resilience, materially progressed our strategic priorities, and driven financial results that in context are pleasing.

The Board has agreed to increase the FY25 Target STI for the CEO to \$475,000 (26.7% increase from FY24 Target STI).

Pre-listing Long-Term Incentive Plan

The existing LTI scheme was developed and implemented over the five years prior to the IPO which saw various members of the executive leadership team acquire shareholdings in the business. A significant portion of the capital invested by the participants was funded by limited recourse loans from the Group. No further loans were made to participants since the IPO. The loans are accounted for as share-based payments, all of which are fully vested, and no options or rights have been granted during the period.

In the case of the KMP, as at 30 June 2024, the value of the loans owed to the Group are as follows, together with the total number of shares held, and the market value of their shareholding at that date:

KMP	Amount vested and exercisable at 30 June 2023***	Amount vested and exercisable at 30 June 2024	Value of loan outstanding at 30 June 2024^	Market value of shares at 30 June 2024**	Implied LVR (%)*
Renee Jones	466,666	466,666	698,626	2,319,330	30.12
Total	466,666	466,666	698,626	2,319,330	30.12

^ Balance represents the loan balance yet to be repaid to exercise the in substance-options into ordinary shares. Amounts have been recognised in accordance with AASB 2.

* LVR is the ratio of the loan to the market value of the shares as at a date, expressed as a percentage.

** As at close of trade on 30 June 2024, the UNI share price was \$4.97 per share.

*** In FY23, the 583,333 shares disclosed included 116,667 fully paid ordinary shares that were not financed by a limited recourse loan. The total number of shares under the limited recourse loan is 466,666.

No Non-Executive member of the Board is a beneficiary of loans from the Group.

Current Executive Long-Term Incentive Plan

Universal Store listed on the ASX in November 2020. As a listed Company, the Board believe there is both scope and merit in implementing a LTI scheme which supplements the existing LTI scheme, which in most part was established prior to listing on the ASX.

The current LTI plan was approved at the AGM on 24 November 2022.

An overview is set out below:

Instrument	Performance Rights									
Quantum	CEO: Target ~100% of TFR.*									
	CFO: Target ~70% of TFR.									
	Vesting period: shares vest after the end of the Performance period for each grant of Performance Rights.									
	Allocation Price: 5 trading day volume weighted average price (VWAP) immediately following the date of release of annual results.									
	Performance measure: Return on Capital Employed (ROCE) gateway target in the final year of the performance period of not less than 20%. ROCE is calculated by dividing EBIT by total shareholder equity.									
	Performance measure: Specified Earnings Per Share targets.									
	Service condition: the Participants must remain employed or engaged in a full-time capacity by the Group, and must not have given notice of resignation or been given notice of termination, as at the end of the Performance period.									
	Shares vest after the end of the Performance period. Straight line pro-rata grading as between Minimum Threshold and Maximum. Threshold for are per the below:									
	FY23 Grant (Granted Nov 2022)									
	Performance period: 1 July 2022 to 30 June 2025									
	<table><tr><td></td><td>Minimum Threshold</td><td>Maximum Threshold</td></tr><tr><td>FY2025 EPS Target</td><td>\$0.45</td><td>\$0.60</td></tr><tr><td>% of Performance Rights that vest</td><td>30%</td><td>100%</td></tr></table>		Minimum Threshold	Maximum Threshold	FY2025 EPS Target	\$0.45	\$0.60	% of Performance Rights that vest	30%	100%
	Minimum Threshold	Maximum Threshold								
FY2025 EPS Target	\$0.45	\$0.60								
% of Performance Rights that vest	30%	100%								
	FY24 Grant (Granted Nov 2023)									
	Performance period: 1 July 2023 to 30 June 2026									
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	Minimum Threshold	Maximum Threshold								
FY2026 EPS Target	\$0.45	\$0.60								
% of Performance Rights that vest	30%	100%								
	EPS will be calculated based on Statutory EPS and may be adjusted where deemed necessary by the Board to deliver a fair outcome for all stakeholders. Adjustments may be made for matters including for material one off items that do not reflect the underlying earnings and therefore EPS of the Company, or where there was a major capital event (e.g. acquisition) changing the Company’s capital structure such that statutory EPS did not fairly represent the performance of the Company. The Board would only make adjustments to Statutory EPS in circumstances where the prima facie result for stakeholders was considered to be unfair or inappropriate in material respects.									

* TFR is made up of salary and superannuation.

REMUNERATION REPORT (AUDITED) (CONT.)

The Board believes that EPS is a sound measure as an indicator of long-term performance of the Company and management's ability to drive results which are strongly correlated with shareholder value. This plan coupled with the existing shareholdings of management together ensure that the participants have a significant focus on and alignment with the share price performance of the Company over the long-term.

Details of the performance rights for the Senior Executives are included in Section 4 of the Remuneration Report.

The Board has issued an additional grant of securities to KMP under the LTI Plan for FY24, following the implementation of a LTI arrangement (Performance Rights) in FY23. This grant follows the same plan rules and proportions relative to TFR as the FY23 grant. FY24 performance measures were considered by the board and again based on ROCE and EPS targets. These measures are reviewed annually in light of business performance and the macro-environment, with FY24 LTI targets maintained at FY23 levels.

The board anticipates a further FY25 LTI grant under the same plan rules.

Claw back policy

The Board may claw back overpayment if the Group becomes aware of participant actions or circumstances that may lead to unfair benefits. This includes instances of fraud, serious misconduct, material financial losses, material reputational damage, breach of duties, convictions, or material misstatement in the financial statement. Additionally, the Board may act if it becomes aware of relevant circumstances after a participant's employment ceases, or if the initial Award is no longer justified based on new information. The PRC will review this claw back policy at least annually and make recommendations to the Board as to any changes it considers should be made.

SECTION 4: DETAILS OF REMUNERATION

Non-Executive and Executive Directors' remuneration

The following annual base fees are payable to Directors in FY24:

Director fees (Base Fees)	\$	Directors in office
Chair	\$150,000	Peter Birtles
Non-Executive Directors	\$120,000	Trent Peterson*
	\$80,000	Kaylene Gaffney
	\$80,000	David MacLean
	\$80,000	Renee Gamble

* Annual fees paid to Trent Peterson reflect additional responsibilities with CTC Advisory Board and his ongoing contribution.

The following annual committee fees are payable to the Chair and members of each of the Audit and Risk Management Committee and People and Remuneration Committee:

Committee fees for FY24	\$	Directors in office
Audit and Risk Management Committee		
Chair	\$10,000	Kaylene Gaffney
Non-Executive Directors	\$4,000	Peter Birtles Renee Gamble
People and Remuneration Committee		
Chair	\$5,000	Trent Peterson
Non-Executive Directors	\$2,000	Peter Birtles David MacLean

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

Details of the remuneration of the Directors and KMP of the Group for the current financial year are set out below.

Name	Financial year	Short-term benefits		
		Board and committee fees \$	Super-annuation \$	Total \$
Non-Executive Directors				
Peter Birtles*	2024	156,000	–	156,000
Kaylene Gaffney	2024	81,081	8,919	90,000
David MacLean	2024	73,874	8,126	82,000
Trent Peterson*	2024	125,000	–	125,000
Renee Gamble	2024	84,000	–	84,000
Total Non-Executive Directors	2024	519,955	17,045	537,000

Name	Financial year	Short-term benefits		
		Board and committee fees \$	Super-annuation \$	Total \$
Non-Executive Directors				
Peter Birtles*	2023	156,000	–	156,000
Kaylene Gaffney	2023	81,448	8,552	90,000
David MacLean	2023	74,208	7,792	82,000
Trent Peterson*	2023	125,000	–	125,000
Renee Gamble	2023	84,000	–	84,000
Total Non-Executive Directors	2023	520,656	16,344	537,000

* Fees paid for Peter Birtles are paid to Trent Bridge Consulting, fees paid for Trent Peterson are paid to Catalyst Direct Capital Management.

REMUNERATION REPORT (AUDITED) (CONT.)

Name	Financial year	Short-term benefits			Long-term benefits	Post-employment	Share-based payments	Total \$	% Performance related
		Salary & fees \$	Cash bonus \$	Annual leave \$	Long-service leave \$	Super-annuation \$	Share-based payments \$		
Executive Directors and Senior Executives									
Alice Barbery	2024	517,601	375,000	(637)	8,150	27,399	46,128	973,641	43.3%
Renee Jones	2024	387,601	230,000	16,276	–	27,399	24,531	685,806	37.1%
Total Executive Directors and Senior Executives	2024	905,202	605,000	15,639	8,150	54,798	70,659	1,659,447	

Name	Financial year	Short-term benefits			Long-term benefits	Post-employment	Share-based payments	Total \$	% Performance related
		Salary & fees \$	Cash bonus \$	Annual leave \$	Long-service leave \$	Super-annuation \$	Share-based payments \$		
Executive Directors and Senior Executives									
Alice Barbery	2023	519,708	234,000	7,553	9,000	25,292	174,446	969,999	42.1%
Renee Jones	2023	389,708	139,750	1,984	–	25,292	92,984	649,718	35.8%
Total Executive Directors and Senior Executives	2023	909,416	373,750	9,537	9,000	50,584	267,430	1,619,717	

Performance rights

Performance rights under the LTI scheme have been granted during FY24. The performance rights vest after three years from the grant date. On vesting, each right automatically converts into one ordinary share. The Executives do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If an Executive ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

The fair value of the rights is determined based on the market price of the Group's shares at the grant date, with an adjustment made to take into account the three-year vesting period and expected dividends during that period that will not be received by the KMP.

Grant date	Vesting date	Grant date value	Exercise price
24 November 2022	30 June 2025	4.6	nil
21 December 2022	30 June 2025	4.6	nil
20 November 2023	30 June 2026	2.9	nil

Performance rights

This table shows how many performance rights were granted, vested and forfeited during the year.

Name	Performance Rights Grant Date	Balance at start of the Year (Number)	Granted during the period (Number)	Exercised during the period (Number)	Forfeited during the period (Number)	Balance at end of the period (Number)	Maximum value yet to vest
Alice Barbery*	24 November 2022	114,017	–	–	–	114,017	523,338
Renee Jones**	21 December 2022	60,774	–	–	–	60,774	278,953
Alice Barbery*	20 November 2023	–	145,101	–	–	145,101	414,989
Renee Jones**	20 November 2023	–	77,343	–	–	77,343	221,201
Total		174,791	222,444	–	–	397,235	1,438,481

* Approval by shareholders under LR 10.14 for grant has been obtained.

** The entitlement to performance rights for Renee Jones will be confirmed upon cessation of employment.

Shareholdings of KMP*

Shares held in Universal Store Holdings Limited (number)

	Balance 1 July 2023 Ord	Shares acquired during the year through the vesting of LTI Ord	Other shares acquired (disposed of) during the year Ord	Balance 30 June 2024 Ord	Held nominally 30 June 2024 Ord
Non-Executive Directors					
Peter Birtles	220,000	–	–	220,000	–
Kaylene Gaffney	25,000	–	–	25,000	–
David MacLean	1,129,113	–	–	1,129,113	–
Trent Peterson	1,300,000	–	–	1,300,000	–
Renee Gamble	–	–	–	–	–
Executive Directors and Senior Executives					
Alice Barbery	2,162,897	–	–	2,162,897	–
Renee Jones**	583,333	–	–	583,333	–

* Includes shares and options held directly, indirectly and beneficially by KMP.

** Includes options held at the beginning of the year as part of the existing limited recourse loans (refer to “Existing Long-Term Incentive Plan” section). Renee’s loan balance remains outstanding and therefore the amount disclosed above represent in-substance options in accordance with AASB 2.

REMUNERATION REPORT (AUDITED) (CONT.)

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Other transactions and loans with KMP

There are no other transactions or outstanding loans to KMP in the current or prior period.

Signed in accordance with a resolution of the Directors.



Peter Birtles

Independent Non-Executive Director and Chairman

21 August 2024

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Universal Store Holdings Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Universal Store Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read "K Challenor", written in a cursive style.

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
21 August 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	2024 \$'000	Restated 2023 \$'000
Revenue from contracts with customers	5.1	288,523	263,052
Raw materials and consumables used	5.2	(114,998)	(107,721)
		173,525	155,331
Other income/(loss)	6	4,292	(535)
Other gain/(loss)		(18)	-
Employee benefits expenses	5.3	(66,737)	(60,827)
Occupancy expenses		(6,259)	(6,326)
Depreciation, amortisation and impairment expense	5.4	(34,862)	(30,389)
Transaction costs associated with acquisition of CTC	5.5	-	(1,806)
Marketing expenses		(8,414)	(8,232)
Banking and transaction fees		(38)	(35)
Other expenses		(10,296)	(9,145)
Finance costs	5.6	(4,924)	(4,023)
Finance income		1,171	639
Profit before income tax		47,440	34,652
Income tax expense	7	(13,104)	(11,081)
Profit for the period		34,336	23,571
Profit for the year is attributable to:			
Owners of Universal Store Holdings Limited		34,336	23,571
Other comprehensive income		-	-
Total comprehensive income for the period		34,336	23,571
Total comprehensive income for the period is attributable to:			
Owners of Universal Store Holdings Limited		34,336	23,571
		34,336	23,571
Earnings per share			
Basic earnings per share (cents)*	8	45.0	32.0
Diluted earnings per share (cents)*	8	44.9	31.4

* Comparative EPS has been amended as disclosed in Note 8.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. Comparative information has been restated to recognise adjustments as detailed in Note 15 and 29.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 \$'000	Restated 30 June 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	29,267	21,444
Trade receivables	10	1,549	1,896
Other receivables	11	4,208	3,016
Inventories	12	29,895	25,980
Current tax assets		–	717
Total current assets		64,919	53,053
Non-current assets			
Plant and equipment	13	17,937	16,061
Right-of-use assets	15	56,098	57,370
Goodwill and intangible assets	14	140,141	140,395
Total non-current assets		214,176	213,826
Total assets		279,095	266,879
Liabilities			
Current liabilities			
Trade and other payables	16	25,175	24,602
Lease liabilities	15	20,698	21,114
Contract liabilities	19	1,846	1,568
Provisions	20	2,384	2,181
Current tax liabilities		3,487	–
Other financial liabilities		14	–
Total current liabilities		53,604	49,465
Non-current liabilities			
Borrowings	18	14,936	14,879
Lease liabilities	15	40,572	42,396
Provisions	20	1,093	1,071
Other payables	17	2,906	9,634
Deferred tax liabilities	7	13,584	12,991
Total non-current liabilities		73,091	80,971
Total liabilities		126,695	130,436
Net assets		152,400	136,443
Equity			
Contributed equity	21	110,844	110,844
Share-based payment reserve	22	9,501	9,083
Retained earnings		32,055	16,516
Total equity		152,400	136,443

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. Comparative information has been restated to recognise adjustments as detailed in Note 15 and 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Notes	Contributed equity \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 July 2023		110,844	9,083	16,516	136,443
Profit for the period		-	-	34,336	34,336
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	34,336	34,336
Transactions with owners in their capacity as owners:					
Dividends paid	23	-	-	(18,797)	(18,797)
Share-based payment	22	-	372	-	372
MEP loan repayment	22	-	46	-	46
At 30 June 2024		110,844	9,501	32,055	152,400
At 1 July 2022		92,161	7,977	11,371	111,509
Profit for the period		-	-	23,571	23,571
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	23,571	23,571
Transactions with owners in their capacity as owners:					
Dividends paid	23	-	-	(18,426)	(18,426)
Share-based payment	22	-	494	-	494
MEP loan repayment	22	-	612	-	612
Issue of ordinary shares as consideration for acquisition of CTC		18,683	-	-	18,683
At 30 June 2023		110,844	9,083	16,516	136,443

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	2024 \$'000	Restated 2023 \$'000
Operating activities			
Receipts from customers (inclusive of GST)		317,661	293,205
Payments to suppliers and employees (inclusive of GST)		(238,160)	(222,728)
Transaction costs associated with acquisition of CTC	29	-	(1,806)
Interest received		1,171	639
Interest paid		(4,860)	(3,842)
Income taxes paid		(8,306)	(10,943)
Net cash flows from operating activities	9	67,506	54,525
Investing activities			
Payment for acquisition of subsidiary, net of cash acquired	29	-	(16,526)
Payment of deferred variable consideration associated with acquisition of CTC	29	(3,043)	-
Proceeds from sale of plant and equipment		1,264	621
Purchase of plant and equipment	13	(8,559)	(9,871)
Purchase of intangible assets	14	(210)	(355)
Net cash flows used in investing activities		(10,548)	(26,131)
Financing activities			
Payment of principle portion of lease liabilities	9.3	(30,478)	(28,424)
Lease incentives received in cash		94	645
Upfront finance charge of borrowings	9.3	-	(125)
Dividends paid to the equity holders of the Parent	23	(18,797)	(18,426)
Proceeds from MEP loan repayments		46	612
Net cash used in financing activities		(49,135)	(45,718)
Net increase/(decrease) in cash and cash equivalents		7,823	(17,324)
Cash and cash equivalents at the beginning of the financial year		21,444	38,768
Cash and cash equivalents at end of the period	9	29,267	21,444

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. Comparative information has been restated to recognise adjustments as detailed in Note 15 and 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. CORPORATE INFORMATION

The consolidated financial statements of Universal Store Holdings Limited (the "Company" or "Parent") and its controlled entities (the "Group") for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 21 August 2024.

Universal Store Holdings Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia whose shares from 16 November 2020 are publicly traded on the Australian Stock Exchange ('ASX').

The Group is principally engaged in retail operations in the fashion market segment in Australia, and further information on the nature of the operations and principal activity of the Group are described in the Directors' report. Information on the Group's structure is provided in Note 24. Information on other related party relationships of the Group is provided in Note 25.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial liabilities measured at fair value or remeasured amount.

The consolidated financial statements are presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated under the option available to the Group under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. The Group is an entity to which this legislative instrument applies.

Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Directors have the power to amend and reissue the financial statements.

2.2 Changes in accounting policies and disclosures

New and amended standards adopted by the Group

Certain amendments to accounting standards have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 30 June 2024. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- + Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- + Exposure, or rights, to variable returns from its involvement with the investee.
- + The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- + The contractual arrangement(s) with the other vote holders of the investee.
- + Rights arising from other contractual arrangements.
- + The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 Material of significant accounting policies

(a) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- + Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- + Held primarily for the purpose of trading;
- + Expected to be realised within twelve months after the reporting period, or
- + Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- + It is expected to be settled in the normal operating cycle;
- + It is held primarily for the purpose of trading;
- + It is due to be settled within twelve months after the reporting period; or
- + There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(b) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(c) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the CGU's fair value less costs of disposal.

For the purpose of assessing the recoverability of property, plant and equipment, all stores are individual CGUs. For the purpose of assessing the recoverability of goodwill, brand names and other net CGU assets, the testing is performed at the operating segment level. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing fair value, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's operating segments. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive statement in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested annually for impairment at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(d) Finance income

Interest income is recorded using EIR. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- + When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; and
- + When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(f) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation of assets and liabilities but resulting in no impact to the overall profit for the period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases – Estimating the Incremental Borrowing Rate ('IBR')

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR build-up approach is that the Group provides Australia and New Zealand Banking Group (ANZ) the lease details and ANZ provides the Group with an estimated interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Measurement of fair value

The Group applies specific accounting policies and disclosures that require measuring fair values for both financial and non-financial assets and liabilities.

To ensure accurate fair value measurements, the Group finance team regularly reviews important inputs and adjustments used for fair value measurements. When third-party information is used, the team carefully examines the evidence to ensure compliance with AASB 13 *Fair Value Measurement* and proper classification in the fair value hierarchy.

The Group primarily uses observable market data when determining fair values. Fair values are categorised into three levels in the fair value hierarchy based on the inputs used:

- + Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- + Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- + Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

If inputs used for fair value measurement fall into different levels, the entire fair value is categorised under the level of the lowest significant input to ensure consistency. Transfers between levels are recognised at the end of the reporting period.

All of the Group's financial instruments were valued using the Level 3 technique, with no transfers between levels during the period.

The fair value of deferred variable consideration is determined by calculating the present value of the future expected cash flows using a risk-adjusted discount rate. The expected cash flows are determined by considering the possible scenarios of forecast underlying EBIT from FY24 to FY25, the amount to be paid under each scenario and the probability of each scenario.

For more details about the assumptions in measuring fair values, please refer to the relevant notes.

- + Note 17 – Other payables (Level 3); and
- + Note 29 – Business combination (Level 3).

Make good provisions

Make good provisions are for the estimated cost of the legal obligations of restoring leased premises to their original condition at the end of the lease term. Significant management judgement is required to estimate make good obligations to dismantle, remove and restore items of right-of-use assets and property, plant and equipment.

Key assumptions used for goodwill and brand names impairment testing

The Group tests whether goodwill and brand names have suffered any impairment on an annual basis. The recoverable amount of the CGUs was determined based on fair value less costs of disposal calculations which require the use of assumptions. Management uses cash flow projections based on approved financial budgets and projections covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 2.5%. For further information refer to Note 14.

The Group has developed various accounting estimates in the consolidated financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2024 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in the consolidated financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to impairment of assets such as goodwill, brands, right-of-use assets and inventory.

4. REPORTABLE SEGMENTS

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-maker (CODM's). The CODM's has been identified as the Board of Directors on the basis that they make the key operating decisions of the Group and are responsible for allocating resources and assessing performance.

Key internal reports received by the CODM's, primarily the management accounts, focus on the performance of the Group as two reportable segments, being Universal Store and CTC. Prior to the acquisition of CTC on 31 October 2022, Universal Store Group was the only performing segment. The accounting policies adopted for internal reporting to the CODM's are consistent with those adopted in the consolidated financial statements.

The Group has considered its internal reporting framework, management and operating structure and the Directors' conclusion is that the Group operates as two reportable segments.

4.1 Segment information provided to the CODM's

The table below shows the segment information provided to the CODM's for the reportable segments for the year ended 30 June 2024 and also the basis on which revenue is recognised:

For the year ended 30 June 2024	Universal Store \$'000	CTC \$'000	Inter-segment elimination \$'000	Total \$'000
Total segment revenue	258,147	44,434	(14,058)	288,523
Revenue from external customers	258,147	44,434	(14,058)	288,523

For the year ended 30 June 2023	Universal Store \$'000	CTC \$'000	Inter-segment elimination \$'000	Total \$'000
Total segment revenue	243,634	25,739	(6,321)	263,052
Revenue from external customers	243,634	25,739	(6,321)	263,052

	2024				2023			
Reconciliation to underlying EBIT	Universal Store \$'000	CTC \$'000	Inter- segment Elimination/ Unallocated items \$'000	Total \$'000	Universal Store \$'000	CTC \$'000	Inter- segment Elimination/ Unallocated items \$'000	Total \$'000
EBIT	46,186	5,431	(424)	51,193	38,453	3,097	(3,514)	38,036
Transaction costs associated with acquisition of CTC	-	-	-	-	-	-	1,806	1,806
Fair value movement of deferred variable consideration	-	-	(4,117)	(4,117)	-	-	535	535
Underlying EBIT ¹	46,186	5,431	(4,541)	47,076	38,453	3,097	(1,173)	40,377

1. Underlying EBIT includes the impact of AASB 16 Leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

	2024 Total \$'000	Restated 2023 Total \$'000
Underlying EBIT	47,076	40,377
Fair value movement of deferred variable consideration	4,117	(535)
Transaction costs associated with the acquisition of CTC	-	(1,806)
Finance costs	(4,924)	(4,023)
Finance income	1,171	639
Profit before tax	47,440	34,652

4.2 Segment assets

Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	2024 \$'000	Restated 2023 \$'000
Universal Store	209,935	201,292
CTC	69,160	65,587
Total segment assets	279,095	266,879

4.3 Segment liabilities

Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

The Group's borrowings and derivative financial instruments are not considered to be segment liabilities, but are managed by the treasury function.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2024 \$'000	Restated 2023 \$'000
Universal Store	114,839	118,893
CTC	11,856	11,543
Total segment liabilities	126,695	130,436

5. REVENUE AND EXPENSES

5.1 Revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time as follows:

	2024 \$'000	2023 \$'000
Total revenue from contracts with customers	288,523	263,052

Within the revenue stream of sales of goods, the Group has three channels of sales being store sales, online sales and wholesale, at 79%, 14% and 7% of the total sales of goods respectively during the period. (2023: 81% store sales, 14% online sales and 5% wholesale).

Material accounting policies

Revenue from contracts with customers is recognised when performance obligations are satisfied and the amount of transaction price allocated to satisfied performance obligations. A performance obligation is satisfied by transferring a promised good to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements.

Sales of goods

Store sales

Revenue from store sales is recognised at the point in time when the performance obligation is satisfied, which is generally on handover of the goods.

Online sales

Revenue from sale of goods in online sales is recognised when the Group's performance obligations is satisfied, which is when the inventory leaves the warehouse or store.

Wholesale

Revenue from sale of wholesale goods is recognised when the Group's performance obligations is satisfied, which is when the inventory leaves the warehouse.

Rights of return assets and refund liabilities

For online sales, store sales and wholesale that permit the customer to return the goods within a specified period, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in contract liabilities) is recognised for expected sales returns by the customer in relation to sales made until the end of the reporting period. The validity of the assumption and the estimated amount of returns are reassessed at each reporting date.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., a performance obligation is satisfied by transferring a promised good to the customer).

The Group's contract liabilities predominantly relate to gift cards. A contract liability is recognised when payment is made in exchange for a gift card. Revenue is recognised when the gift card is redeemed in exchange for goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

5.2 Included in raw materials and consumables used

Raw materials and consumables used includes net foreign exchange gains and losses and merchant fees.

5.3 Employee benefits expense

	2024 \$'000	2023 \$'000
Employee benefits expense	66,737	60,827

5.4 Depreciation, amortisation and impairment expense

	Notes	2024 \$'000	Restated 2023 \$'000
Plant and equipment	13	4,903	4,496
Right-of-use assets	15	29,495	25,480
Intangible assets	14	464	413
Depreciation, amortisation and impairment expense		34,862	30,389

5.5 Transaction costs

	2024 \$'000	2023 \$'000
Transaction costs associated with acquisition of CTC	–	1,806

5.6 Finance costs

	Notes	2024 \$'000	2023 \$'000
Interest on debt and borrowing		1,402	1,208
Interest on lease liabilities	15	3,522	2,815
		4,924	4,023

Material accounting policies

Finance costs comprise interest expense on borrowings and other finance charges. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate (EIR) method.

6. OTHER INCOME

	Notes	2024 \$'000	2023 \$'000
Fair value movement in deferred variable consideration	29	4,117	(535)
Other items		175	-
		4,292	(535)

For more details about the Fair value movement in deferred variable consideration, please refer to Note 29.

7. INCOME TAX

The major components of income tax expense for the years ended 30 June 2024 and 2023 are:

	2024 \$'000	2023 \$'000
Current income tax:		
Current income tax expense	13,305	9,537
Under/over provision for income tax	(795)	102
Deferred tax:		
Deferred income tax expense	(162)	1,442
Adjustments for deferred tax of prior periods	756	-
Income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	13,104	11,081

Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2024 and 2023:

	2024 \$'000	2023 \$'000
Accounting profit before income tax	47,440	34,652
At Australia's statutory income tax rate of 30% (2023 - 30%)	14,232	10,396
Adjustments in respect of current income tax of previous years	(38)	102
Items not assessable or deductible for tax purposes	(1,090)	583
Income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	13,104	11,081

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Deferred tax balances

(i) Deferred tax assets

	2024 \$'000	Restated 2023 \$'000
The balance comprises temporary differences attributable to:		
Employee benefits	814	825
Provisions	1,473	1,843
Lease liabilities	18,620	18,954
Blackhole expenditure	695	1,299
Other	16	537
Total deferred tax assets	21,618	23,458
Set-off of deferred tax assets pursuant to set-off provisions	(21,618)	(23,458)
Net deferred tax assets	-	-

	Employee benefits \$'000	Provisions \$'000	Lease liabilities \$'000	Blackhole expenditure \$'000	Other \$'000	Total \$'000
At 1 July 2022	727	441	14,568	1,975	188	17,899
(Charged)/credited to profit and loss	28	1,402	3,518	(676)	389	4,661
Acquisition of subsidiary	70	-	868	-	(40)	898
At 30 June 2023	825	1,843	18,954	1,299	537	23,458
(Charged)/credited to profit and loss	(11)	(370)	(334)	(604)	(521)	(1,840)
At 30 June 2024	814	1,473	18,620	695	16	21,618

(ii) Deferred tax liabilities

	2024 \$'000	2023 \$'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	16,830	17,077
Property, plant and equipment	2,885	3,885
Intangible assets	15,487	15,487
Total deferred tax liabilities	35,202	36,449
Set-off of deferred tax assets pursuant to set-off provisions	(21,618)	(23,458)
Net deferred tax liabilities	13,584	12,991

	Right-of-use assets \$'000	Property, plant and equipment \$'000	Intangible assets \$'000	Other \$'000	Total \$'000
At 1 July 2022	11,869	1,769	10,922	-	24,560
Charged/(credited) to profit and loss	4,341	2,116	-	(353)	6,104
Acquisition of subsidiary	867	-	4,565	353	5,785
At 30 June 2023	17,077	3,885	15,487	-	36,449
Charged/(credited) to profit and loss	(247)	(1,000)	-	-	(1,247)
Acquisition of subsidiary	-	-	-	-	-
At 30 June 2024	16,830	2,885	15,487	-	35,202

Offsetting within tax consolidated group

Universal Store Holdings Limited and its wholly-owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Material accounting policies

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss and Other Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- + When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- + In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- + When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- + In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation legislation

Universal Store Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Universal Store Holdings Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Universal Store Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

8. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing profit for the period attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2024 \$'000	2023 \$'000
Profit attributable to ordinary share holders	34,336	23,571
	2024	2023
Weighted average number of ordinary shares for basic earnings per share	76,254,143	73,614,258
Effect of dilution from:		
MEP shares and share-based payments	273,114	1,461,893
Weighted average number of ordinary shares adjusted for the effect of dilution	76,527,257	75,076,151
	2024 Cents	2023 Cents
Basic earnings per share*	45.0	32.0
Diluted earnings per share*	44.9	31.4

* Comparative earnings per share (EPS) and weighted average number of ordinary shares have been amended in accordance with AASB 133 *Earnings per Share* to align with the current year's calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

9. CASH AND CASH EQUIVALENTS

	2024 \$'000	2023 \$'000
Cash on hand	64	63
Cash at bank	29,203	21,381
	29,267	21,444

	2024 \$'000	Restated 2023 \$'000
Cash flow reconciliation		
Profit after tax	34,336	23,571
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of plant and equipment	4,903	4,496
Depreciation of right-of-use assets	29,495	25,480
Amortisation of intangible assets	464	413
Non-cash share-based payment	372	494
Amortisation of debt issue costs	56	137
Loss on derivatives	13	-
Loss on disposal of assets	4	-
Amortisation of lease incentives ¹	(108)	(108)
Provision for bad debt	30	-
Change in operating assets and liabilities, net of assets and liabilities acquired as part of a business combination:		
(Increase)/Decrease in trade and other receivables	(334)	2,970
Increase in inventories	(3,915)	(2,378)
Increase in deferred tax liabilities	594	1,442
Decrease in trade and other payables	(2,833)	(784)
Increase/(Decrease) in current tax liabilities	4,204	(1,304)
Increase in other provisions	225	96
Net cash flows from operating activities	67,506	54,525

1. Lease incentives include amounts received that fall outside the scope of AASB 16 *Leases*.

9.1 Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

+ Acquisition of right-of-use assets – Note 15.

9.2 Net debt reconciliation

	Notes	2024 \$'000	Restated 2023 \$'000
Net debt			
Cash and cash equivalents	9	29,267	21,444
Lease liabilities	15	(61,270)	(63,510)
Borrowings	18	(14,936)	(14,879)
		(46,939)	(56,945)

9.3 Changes in liabilities arising from financing activities

	1 July 2023 \$'000	Cash inflows \$'000	Cash outflows \$'000	Amortisation of debt issue costs \$'000	Non-cash additions and modifications of lease liabilities \$'000	Other* \$'000	30 June 2024 \$'000
Borrowings	15,000	-	(1,402)	-	-	1,402	15,000
Debt issue costs	(121)	-	-	56	-	-	(65)
Lease liabilities	63,510	-	(30,385)	-	28,145	-	61,270
Total liabilities from financing activities	78,389	-	(31,787)	56	28,145	1,402	76,205

Restated	1 July 2022 \$'000	Cash inflows \$'000	Cash outflows \$'000	Amortisation of debt issue costs \$'000	Non-cash additions and modifications of lease liabilities \$'000	Other* \$'000	30 June 2023 \$'000
Borrowings	15,000	-	(1,208)	-	-	1,208	15,000
Debt issue costs	(135)	-	(125)	139	-	-	(121)
Lease liabilities	48,748	-	(27,779)	-	42,541	-	63,510
Total liabilities from financing activities	63,613	-	(29,112)	139	42,541	1,208	78,389

* Interest paid on borrowings.

Material Accounting Policy – Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise of cash at banks and on hand.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

10. TRADE RECEIVABLES

	2024 \$'000	2023 \$'000
Trade receivables	1,549	1,896
	1,549	1,896

Material Accounting policy

(i) Classification as trade receivables

Trade receivables are amounts due from wholesale customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days from end of month and are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 26.4.

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

The Group has assessed the impairment based on historical loss experience, which has been adjusted to reflect information about current conditions and has concluded that the balance of trade receivables is not impaired.

11. OTHER RECEIVABLES

	2024 \$'000	2023 \$'000
Other receivables	1,624	1,038
Prepayments and deposits	2,584	1,978
	4,208	3,016

Material Accounting policy

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method.

12. INVENTORIES

	2024 \$'000	Restated 2023 \$'000
Stock on hand at cost	29,128	26,087
Goods in transit at cost	1,503	1,627
Provision for inventory write-downs	(736)	(1,734)
	29,895	25,980

Inventories recognised as an expense during the year ended 30 June 2024 amount to \$102.4 million (2023: \$95.4 million). Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2024 amounted to \$1.3 million (2023: \$2.3 million). These were included in raw materials and consumables used.

Material accounting policies

Inventory is stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts and are assigned to quantities of inventory on hand on a weighted average costing basis.

13. PLANT AND EQUIPMENT

	Fixtures and fittings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Cost				
At 1 July 2022	4,297	14,891	4,982	24,170
Acquisition of subsidiary	-	403	-	403
Additions	2,721	4,664	2,486	9,871
Disposals	(808)	(1,554)	(387)	(2,749)
At 30 June 2023	6,210	18,404	7,081	31,695
Additions	1,260	4,679	2,620	8,559
Disposals	-	(1,796)	(40)	(1,836)
At 30 June 2024	7,470	21,287	9,661	38,418
Depreciation				
At 1 July 2022	2,283	8,211	2,772	13,266
Depreciation charge	856	2,529	1,111	4,496
Disposals	(808)	(933)	(387)	(2,128)
At 30 June 2023	2,331	9,807	3,496	15,634
Depreciation charge	832	2,828	1,243	4,903
Disposals	-	(16)	(40)	(56)
At 30 June 2024	3,163	12,619	4,699	20,481
Net book value				
At 30 June 2023	3,879	8,597	3,585	16,061
At 30 June 2024	4,307	8,668	4,962	17,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Material accounting policies

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Fixtures and fittings	2 to 10 years
Leasehold improvements	1 to 10 years
Other equipment	1 to 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.4(c)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

14. GOODWILL AND INTANGIBLE ASSETS

	Goodwill \$'000	Brand names \$'000	Software \$'000	Total \$'000
Cost				
At 1 July 2022	55,516	36,620	1,777	93,913
Acquisition of subsidiary (Note 29)	32,205	15,214	-	47,419
Additions	-	-	355	355
Disposals	-	-	(68)	(68)
At 30 June 2023	87,721	51,834	2,064	141,619
Additions	-	-	210	210
At 30 June 2024	87,721	51,834	2,274	141,829
Amortisation				
At 1 July 2022	-	212	667	879
Amortisation	-	-	413	413
Disposals	-	-	(68)	(68)
At 30 June 2023	-	212	1,012	1,224
Amortisation	-	-	464	464
At 30 June 2024	-	212	1,476	1,688
Net book value				
At 30 June 2023	87,721	51,622	1,052	140,395
At 30 June 2024	87,721	51,622	798	140,141

Impairment testing of goodwill and brand names

Goodwill and brand names are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

Carrying amount of goodwill and brand names allocated to the CGUs is as follows:

	Universal Store \$'000	CTC \$'000
Goodwill	55,516	32,205
Brand	36,408	15,214

The recoverable amount of CGUs is the greater of its value in use and its fair value less costs to sell.

Impairment testing was carried out as a group of cash-generating units (CGUs), based on fair value less cost of disposal (FVLCD) calculations with management performing sensitivity analysis on the key assumptions used in the impairment model. Management has considered possible changes in key assumptions that would cause the carrying amount of CGU assets to exceed the CGU's FVLCD.

Cash flow forecasts are based on the Group's most recent budget. Revenue for the purposes of impairment testing was based on expectations of future outcomes having regard to available market information and historical experience. Cash flow forecasts are modelled over a five year forecast period with a terminal growth rate at the end of year five discounted to present value.

The key assumptions at the Group level are as follows:

Universal Store	CTC
WACC (post tax) 11.5% (2023: 11.5%)	WACC (post tax) 13.5% (2023: 13.5%)
Terminal growth rate 2.5% (2023: 2.5%)	Terminal growth rate 2.5% (2023: 2.5%)
Year 1 forecast sales are based on most recent sales profile by store	Year 1 forecast sales are based on budget
Year 2 – 5 forecasted existing store revenue growth at 6%	Year 2 – 5 forecasted wholesale and existing store revenue growth at 4% and 5 to 10% respectively
Ten new stores by the end of year 1 and eight new stores per annum for year 2 – 5 (including both Perfect Stranger and Universal Store)	Three new stores by end of year 1, four new stores by end of year 2 and six new stores per annum for year 3 – 5

The Group has assessed prevailing market and economic conditions, undertaking thorough analysis to develop forecast scenarios encompassing potential low, medium, and high forecast assumptions. These scenarios serve to anticipate various outcomes should trading conditions either deteriorate or surpass expectations. Forecasts are constructed by combining historical performance with future performance expectations to provide a comprehensive outlook.

Key assumptions used in Fair Value Less Cost of Disposal (FVLCD) forecast modelling includes sales growth by channel, B&M expansion, long-term growth rates, gross margin improvement and the discount rate.

In evaluating the outlook for the CTC CGU, management have considered a range of potential scenarios to estimate future cashflows on a reasonable and appropriate basis.

The rollout of THRILLS stores in FY24 progressed more slowly than initially expected due to ongoing refinements in the operating model, store fit-out, team, and product offerings. The Group anticipates resuming the rollout in FY25, with plans to open three new stores by the end of the financial year.

Revenue growth over the five-year period is projected based on historical data and the most recent sales budget, incorporating planned new store openings as outlined above. The average annual revenue growth over the forecast period is assumed to be 11.1% per annum. As of the balance date, the Group has ascertained that there is no impairment in Goodwill and brand names based on the FVLCD model.

However, management have identified that a significant change in market conditions or a further decline in wholesale sales may increase the risk of impairment in the CTC channel in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The following sensitivities in the five-year average sales growth have been modelled, indicating the threshold at which impairment would become apparent:

CTC average revenue growth five-year period	Headroom (\$m)	Headroom (%)
11.0%	6.6	15.4%
10.5%	1.8	4.2%
10.0%	(0.9)	(2.1)%

The expansion of our direct-to-customer (DTC) channels, particularly through new store rollouts, is crucial for the long-term growth of the CTC business and underpins the revenue growth outlined above. Current scenario modelling assumes 25 Thrills stores to open across the five year period. DTC expansion continues to be our strategic priority for management.

Material accounting policies

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purposes of managing goodwill, the Group treats all stores and the central distribution centre as a single cash-generating unit (CGU) or aggregation of CGUs.

(ii) Brand names

Separately acquired brand names are shown at historical cost. Brand names acquired in a business combination are recognised at fair value at the acquisition date. They have an indefinite useful life and are assessed annually for impairment.

(iii) Software

Software-as-a-Service (SaaS) arrangements

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract.

Software costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- + it is technically feasible to complete the software so that it will be available for use;
- + management intends to complete the software and use or sell it;
- + there is an ability to use or sell the software;
- + it can be demonstrated how the software will generate probable future economic benefits;
- + adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- + the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Software is amortised over a period of five years.

15. LEASES

During FY24, the Group experienced a substantial increase in stores under holdover status compared to FY23 due to prolonged lease renewal negotiations with landlords for market resets. The Group has revised its treatment of "holdover leases" to be accounted for as a lease in accordance with "AASB 16 Leases" (previously holdover lease rentals were expensed as incurred). This has resulted in occupancy expenses being reclassified as amortisation, and holdover lease cash flows being reclassified from operating activities to financing activities. The FY23 financial information, while immaterial, has also been reclassified to enhance comparability. These reclassifications have not impacted the Net Profit After Tax, or the Consolidated Statement of Changes in Equity.

The following comparatives have been adjusted to align with the current year's presentation:

	Reported 2023 \$'000	Adjustment \$'000	Restated 2023 \$'000
Consolidated statement of profit or loss and other comprehensive income			
Occupancy expenses	(9,886)	3,560	(6,326)
Depreciation, amortisation and impairment	(26,829)	(3,560)	(30,389)
Profit before income tax	34,652	-	34,652
Consolidated statement of financial position			
Right-of-use assets	56,942	428	57,370
Current Lease liabilities	(20,686)	(428)	(21,114)
Total equity	136,443	-	136,443
Consolidated statement of cash flows			
Net cash flows from operating activities	50,965	3,560	54,525
Net cash used in financing activities	(42,158)	(3,560)	(45,718)
Net (decrease)/increase in cash and cash equivalents	(17,324)	-	(17,324)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Group as a lessee

The Group has lease contracts for various properties used in its operations and equipment. Leases of properties generally have lease terms between one to seven years and leases of equipment generally have lease terms between one to five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Properties \$'000	Equipment \$'000	Total \$'000
Restated			
At 1 July 2022	40,023	-	40,023
Additions*	27,316	288	27,604
Acquisition of CTC	2,894	-	2,894
Modifications**	12,329	-	12,329
Depreciation expense	(25,448)	(32)	(25,480)
At 30 June 2023	57,114	256	57,370
Additions*	7,800	127	7,927
Modifications**	20,296	-	20,296
Depreciation expense	(29,403)	(92)	(29,495)
At 30 June 2024	55,807	291	56,098

* The amount includes rent incentives of \$390,000 in 2024 (2023: \$739,000).

** COVID-19 abatement of \$nil in 2024 (2023: \$102,000).

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024 \$'000	Restated 2023 \$'000
At 1 July	63,510	48,748
Additions	7,849	27,486
Acquisition of CTC	-	2,894
Modifications	20,296	12,161
Accretion of interest	3,522	2,815
Payments	(33,907)	(30,594)
At 30 June	61,270	63,510
Current	20,698	21,114
Non-current	40,572	42,396

The following are the amounts recognised in profit or loss:

	2024	Restated 2023
	\$'000	\$'000
Depreciation expense of right-of-use assets	29,495	25,480
Interest expense on lease liabilities	3,522	2,815
Expense relating to variable lease payments not included in lease	6,283	6,422
Short-term rental reliefs received	(24)	(95)
Total amount recognised in profit or loss	39,276	34,622

The Group had total cash outflows for leases of \$40.2 million in 2024 (2023: \$36.9 million). The Group also had non-cash additions to right-of-use assets of \$28.2 million (2023: \$39.9 million) and to lease liabilities of \$28.1 million in 2024 (2023: \$39.6 million).

Lease payments that depend on sales or usage

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on basis of variable payment terms with percentages ranging from 10% to 15% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments.

Material accounting policies

The Group has lease contracts for various properties used in its operations. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, make good provision, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

+ Properties (offices, warehouses, retail stores and equipment) 1 to 10 years.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the leases if it is reasonably certain to be exercised, or any periods covered by an option to terminate the leases, if it is reasonably certain not to be exercised.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.4(c) Impairment of non-financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Make good provision

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with returning the premises to its original condition. The calculation of this provision requires assumptions such as expected lease expiry dates, and cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each leased premises is periodically reviewed and updated based on the facts and circumstances available at the time.

Changes to the estimated future costs for sites are recognised in the Consolidated Statement of Financial Position by adjusting both the expense or asset (if applicable) and provision.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include lease components, fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate ("IBR") at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(iv) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Future cash outflows to which the lessee is potentially exposed are not reflected in the measurement of lease liabilities. This includes exposure arising from variable lease payments.

(v) Lease modification

Modification accounting as applicable for lessees is defined by AASB 16. A lease modification (as considered in these financial statements, which does not address changes in the leased asset, such as decreases in leased space) arises when the lease contract is altered such that future cash flows and/or the scope of the lease change. Where an increase in scope occurs, the lease payments are adjusted to the commensurate market rates.

Otherwise, the original lease is remeasured by:

- + Identifying a revised IBR appropriate to the revised lease term, underlying asset and the lessee;
- + Determining the net present value of future cash outflows using that revised IBR; and
- + Adjusting the remaining right-of-use asset for the increase or decrease in the lease liability. If the adjustment exceeds the carrying value of the right-of-use asset, this excess is recognised as a gain in profit or loss.

16. TRADE AND OTHER PAYABLES

	2024 \$'000	Restated 2023 \$'000
Current		
Trade payables	10,152	9,709
GST payable	1,120	1,138
Accrued expenses	11,237	10,237
Deferred variable consideration (Note 29)	2,612	3,410
Other payables	54	108
	25,175	24,602

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Material accounting policies

These amounts, excluding deferred variable consideration, represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

Deferred variable consideration is estimated by calculation the present value of the future expected cash flows. Details are included in Note 29.

17. OTHER PAYABLES

	Notes	2024 \$'000	2023 \$'000
Non-current			
Deferred variable consideration	29	2,906	9,580
Lease incentives		-	54
		2,906	9,634

Deferred variable consideration

Deferred variable consideration is estimated by calculating the present value of the future expected cash flows. Details are included in Note 29.

Lease incentives

Lease incentives include amounts received that fall outside the scope of AASB 16 *Leases*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

18. BORROWINGS

	2024 \$'000	2023 \$'000
Non-current		
Bank borrowings (Facility A)*	14,936	14,879

* The amount includes capitalised borrowing costs of \$64,000 for the current year (2023: \$121,000).

During the year, the Group amended their facility agreement with ANZ to extend the terms of Facility A and Facility D until April 2027. ANZ also replaced the \$10 million working capital facility of Facility A1 with a \$0.3 million commercial card facility, which was historically documented in a separate linked facility offer. Additionally, the financial reports and covenant testing requirements have been changed from quarterly to half yearly.

The Group has the following debt facilities with ANZ:

- + Facility A for \$15.0 million which is fully drawn.
- + Facility A1 a \$0.3 million corporate card facility, of which \$0.1 million is undrawn.
- + Facility D, a \$8.5 million revolving working capital facility, which is undrawn.
- + Facility E, a \$5.0 million standby letter of credit/guarantee facility.

Facilities A and D expire in April 2027. Facility A1 and Facility E are reviewed annually.

Facilities are secured by a General Security Agreement (GSA) and Corporate Guarantee provided by Universal Store Holdings Limited, US 1A Pty Ltd, US 1B Pty Ltd, US Australia Pty Ltd and Universal Store Pty Ltd. A negative pledge has been provided by all parties via the ANZ Facility Agreement.

The Group has complied with all of the financial covenants of its borrowing facilities during the 2024 and 2023 reporting period and continues to have significant headroom.

Material accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

19. CONTRACT LIABILITIES

	2024 \$'000	2023 \$'000
Gift cards	1,609	1,399
Other contract liabilities	237	169
	1,846	1,568

	Gift cards \$'000	Other contract liabilities \$'000	Total \$'000
At 1 July 2022	1,346	121	1,467
Deferred during the period	3,170	149	3,319
Recognised as revenue during the period	(3,117)	(101)	(3,218)
At 30 June 2023	1,399	169	1,568
Deferred during the period	3,184	218	3,402
Recognised as revenue during the period	(2,974)	(150)	(3,124)
At 30 June 2024	1,609	237	1,846

20. PROVISIONS

	2024 \$'000	2023 \$'000
Current		
Employee benefits	2,384	2,181
Non-current		
Employee benefits	178	205
Make good provision	915	866
	1,093	1,071

(a) Information about individual provisions and significant estimates

Make good provision

The Group is required to restore the leased premises of its retail stores to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the right-of-use asset and are amortised over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(b) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Make good provision \$'000	Employee benefits \$'000	Total \$'000
At 1 July 2022	680	2,138	2,818
Acquisition of subsidiary	85	-	85
Additional provision charged to right-of-use asset	118	-	118
Charged to profit or loss	(17)	248	231
At 30 June 2023	866	2,386	3,252
Additional provision charged to right-of-use asset	87	-	87
Charged to profit or loss	(38)	176	138
At 30 June 2024	915	2,562	3,477

Material accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

21. CONTRIBUTED EQUITY

	2024 \$'000	2023 \$'000
Ordinary shares	110,844	110,844
	Number of shares '000	\$'000
Ordinary shares issued and fully paid		
At 1 July 2022	73,195	92,161
Issue of ordinary shares as consideration for acquisition of CTC	3,525	18,683
At 30 June 2023	76,720	110,844
At 30 June 2024	76,720	110,844

21.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. The Group does not have a limited amount of authorised capital.

21.2 Related party disclosures

Material accounting policies – Contributed equity

Limited recourse loans have been provided to employees under a MEP (refer Note 22.1) with equity issued in Universal Store Holdings Limited. The limited recourse loans are accounted for as a share-based payment which is recognised as an expense over time (until vesting).

21.3 Share buy-back

There is no current on-market share buy-back.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

22. SHARE-BASED PAYMENT RESERVE

	Share options \$'000
At 1 July 2022	7,977
Share-based payment	494
MEP loan repayment	612
At 30 June 2023	9,083
Share-based payment	372
MEP loan repayment	46
At 30 June 2024	9,501

22.1 Nature and purpose of share-based payment reserve

The share-based payment reserve is used to record the fair value of the shares attached to the non-recourse loans provided to management. Non-recourse loans have been provided to employees under a MEP. These transactions are accounted for as a share based payment in-substance arrangement.

During FY23, the Group has established the Universal Store Holdings Limited Equity Incentive Plan to reward, motivate, and incentivise participants. The Equity Incentive Plan is designed to align interests with those of Shareholders by providing an opportunity to receive an equity interest in the Group in the form of performance rights. The Board from time to time in its absolute discretion may determine Employees who are eligible to participate in the Plan.

Members of the Leadership Team were granted performance rights during the period. These performance rights have vesting conditions based on the Group achieving;

- + Return on Capital Employed (ROCE) target in the final year of the performance period (FY26);
- + Earnings Per Share (EPS) targets over the performance period (1 July 2023 – 30 June 2026); and
- + the Participant remaining employed or engaged in a full-time capacity by the Group. These performance rights vest on 30 June 2026.

Performance Rights Grant Date	Balance at start of the Year (Number)	Granted during the period (Number)	Exercised during the period (Number)	Forfeited during the period (Number)	Balance at end of the period (Number)	Maximum value yet to vest
24 November 2022	114,017	–	–	–	114,017	523,338
21 December 2022	209,728	–	–	–	209,728	962,652
20 November 2023	–	549,306	–	–	549,306	1,571,020
	323,745	549,306	–	–	873,051	3,057,010

23. DIVIDENDS

23.1 Ordinary shares

The final dividend for the year ended 30 June 2023 of 8.0 cents per share was paid on 3 October 2023 (\$6.1 million).

In respect of the half-year ended 31 December 2023, an interim dividend of 16.5 cents per share was declared on 21 February 2024 and paid on 28 March 2024 (\$12.7 million) (2023: 14.0 cents per share, \$10.7 million).

On 21 August 2024, the Directors determined a final dividend of 19.0 cents per share to be paid on 26 September 2024 (\$14.6 million) (2023: 8.0 cents per share, \$6.1 million). This dividend reflects the Group's strong trading performance and solid cash position, placing it at the higher end of the Company's dividend policy range.

23.2 Franked dividends

The final dividends determined after 30 June 2024 will be fully franked out of existing franking credits, or out of franking credits that arose from the payment of income tax during the year ended 30 June 2024.

	2024 \$'000	2023 \$'000
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30.0%	17,246	20,503

The above amounts are calculated from the balance of the franking account as at the end of the reporting year, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the period.

The payment of the dividend proposed subsequent to year end is expected to give rise to franking debits of \$6.2 million.

Material accounting policies

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

24. INTERESTS IN OTHER ENTITIES

Material subsidiaries

The Group's principal subsidiaries at 30 June 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group	
		2024 %	2023 %
Cheap Thrills Cycles Pty Ltd	Australia	100	100
Universal Store Pty Ltd	Australia	100	100
US Australia Pty Ltd	Australia	100	100
US 1B Pty Ltd	Australia	100	100
US 1A Pty Ltd	Australia	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Pursuant to ASIC Corporations (*Wholly owned Companies*) Instrument 2016/785, the Group and its controlled entities have entered into a deed of cross guarantee on 12 May 2021 (amended 8 May 2023 to include Cheap Thrills Cycles Pty Ltd). The effect of the deed is that the Group has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The controlled entities have also given a similar guarantee in the event that the Group is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The above companies represent a 'closed group' for the purposes of the deed of cross guarantee that are controlled by Universal Store Holdings Limited, they also represent the extended closed group. There is no difference in closed group and the extended closed groups and there is no change to the consolidated group numbers.

25. RELATED PARTY TRANSACTIONS

25.1 Key management personnel compensation

	2024 \$	2023 \$
Short-term employee benefits	2,045,796	1,813,359
Long-term employee benefits	8,150	9,000
Post-employment benefits	71,843	66,928
Share-based payments	70,659	267,430
	2,196,448	2,156,717

Detailed remuneration disclosures are provided in the remuneration report.

25.2 Transactions with other related parties

	2024 \$	2023 \$
Repayment of MEP loans by KMP	(46,665)	(524,423)
Amounts paid to KMP as shareholders: Dividends	1,323,084	1,181,201

26. FINANCIAL RISK MANAGEMENT

26.1 Interest rate

The Group's main interest rate risk arises from long-term borrowings with variable interest rates, which exposes the Group to cash flow interest rate risk. During FY24, the Group's borrowings at variable rate were denominated in Australian dollars. Interest rate risk is monitored at the Board level.

26.2 Foreign exchange risk

Foreign currency risk refers to the potential fluctuation in the fair value or future cash flows of an exposure due to changes in foreign exchange rates. The Group has engaged in some purchases denominated in US dollars, thereby exposing it to the risk of foreign exchange rate fluctuations, primarily in relation to its operating activities when revenue or expenses are denominated in foreign currencies.

Historically, the Group's exposure to foreign currency risk has not been significant, as approximately 55% to 60% of its products sold are from third-party sources with fixed wholesale pricing in Australian dollars. This has provided a degree of stability in setting relevant price points based on the costs to procure these products.

However, with the growth of the Group's vertical product offerings, particularly with the expansion of Perfect Stranger stores and the recent acquisition of the CTC business, the exposure to foreign currency fluctuations is expected to increase.

To address this growing risk, the Group has proactively established a Hedging policy for FY24. The Hedging policy aims to mitigate the impact of adverse currency movements and protect the Group's financial performance and cash flows from potential currency-related uncertainties. By implementing this policy, the Group aims to navigate the challenges associated with foreign currency risk while ensuring stability and sustained growth in its business operations.

26.3 Liquidity risk

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2024 \$'000	2023 \$'000
Floating rate		
Expiring within one year (commercial card facility)	110	–
Expiring beyond one year (bank loans)	8,500	18,500
	8,610	18,500

Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2024	Less than 6 months \$'000	6 to 12 months \$'000	1 to 2 years \$'000	2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Trade payables	10,152	–	–	–	–	10,152
Deferred variable consideration	2,612	–	3,300	–	–	5,912
Borrowings	–	–	–	15,000	–	15,000
Lease liabilities	12,560	11,383	19,516	21,665	4,328	69,452
	25,324	11,383	22,816	36,665	4,328	100,516

Restated Year ended 30 June 2023	Less than 6 months \$'000	6 to 12 months \$'000	1 to 2 years \$'000	2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Trade payables	9,709	–	–	–	–	9,709
Deferred variable consideration	3,410	–	5,095	6,562	–	15,067
Borrowings	–	–	15,000	–	–	15,000
Lease liabilities	13,017	11,021	17,423	24,353	5,940	71,754
	26,136	11,021	37,518	30,915	5,940	111,530

Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting the retail industry. The Group's key risk concentration is in relation to its suppliers, with the majority of its suppliers being based in China. This was highlighted at the beginning of the COVID-19 pandemic when boarder closures resulted in significantly limited stock being available for sale to customers. The Group is working to mitigate this risk by creating a diversified portfolio of supplier based both locally and internationally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

26.4 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(a) Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Sales to retail customers are required to be settled in cash, major credit cards and Afterpay, mitigating credit risk. Trade receivables primarily pertain to the wholesale channel, and the Group maintain a proactive approach in monitoring and managing debtors. As a result, and based on historical trends no provisions for credit losses are necessary. There are no significant concentrations of credit risk, whether through exposure to individual and wholesale customers, specific industry sectors and/or regions.

27. CAPITAL RISK MANAGEMENT

Risk management

The Group's objectives when managing capital are to:

- + safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- + maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents, trade and other receivables, inventories, intangibles and net working capital. The equity issued to equity holders of the Parent entity comprises issued capital and reserves and retained earnings.

Management manages the capital position by assessing the Group's financial risk and ensuring due diligence on all capital investments, adjusting the capital structure in response to any risks or changes in market conditions. These responses include the ability to adjust debt levels, distributions to shareholders and share issues.

The Group monitors capital on the basis of a gearing ratio which is net debt divided by total equity. Included in net debt are: interest bearing loans and borrowings, less cash and short-term deposits.

	Notes	2024 \$'000	2023 \$'000
Borrowings	18	14,936	14,879
Add: lease liabilities		61,270	63,510
Less: cash and cash equivalents	9	(29,267)	(21,444)
Net debt		46,939	56,945
Total equity		152,400	136,443
Net debt to equity ratio		31%	42%

The Group had access to the following undrawn debt facilities at the end of the reporting period:

	2024 \$'000	2023 \$'000
Working capital facilities	8,500	18,500
Bank guarantee facility	1,760	1,406
Commercial card facility	110	-
	10,370	19,906

28. COMMITMENTS AND CONTINGENCIES

The Group had contingent liabilities at 30 June 2024 in respect of:

Guarantees

The Group has given guarantees in respect of various retail tenancies amounting to \$3,505,000 of which \$266,000 relates to CTC (2023: \$3,969,000).

Upon signing certain leases, the Group has received a fixed contribution towards costs of fit-outs. Some of these leases contain repayment clauses should certain default events occur.

Lease commitments

The Group has also signed new lease commitment amounting to \$2,539,000 for new store opening in FY25.

Capital commitments

The Group has committed capital expenditure of \$767,000 for the new store opening for FY25.

29. BUSINESS COMBINATION

29.1 Current period

During the year to 30 June 2024, the Group did not complete any acquisitions, however the Group retrospectively adjusted the provisional amounts recognised for the CTC business combination to reflect new information obtained. The retrospective adjustment mainly relates to the finalisation of the assessment of the fair values of the identifiable net assets and liabilities acquired and deferred variable consideration payable.

29.2 Prior period

On 31 October 2022, Universal Store Holdings Limited acquired 100% of the issued shares in Cheap THRILLS Cycles Pty Limited (CTC), a wholesaler and retailer of fashion apparel for men and women.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Provisional fair value on acquisition 31 October 2022 \$'000	Adjustments \$'000	Final fair value on acquisition 31 October 2022 \$'000
Purchase consideration:			
Cash consideration	21,209	-	21,209
Ordinary shares issued	18,683	-	18,683
Deferred variable consideration	12,455	(945)	11,510
Subtotal purchase consideration	52,347	(945)	51,402
Cash consideration attributed to settlement of a pre-existing payable to CTC	(2,051)	-	(2,051)
Total purchase consideration	50,296	(945)	49,351

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value on acquisition 31 October 2022 \$'000	Adjustments \$'000	Final fair value on acquisition 31 October 2022 \$'000
Cash and cash equivalents	2,632	-	2,632
Receivables	5,459	-	5,459
Inventories	3,951	859	4,810
Property, plant and equipment	403	-	403
Intangible assets: Brand	15,214	-	15,214
Right-of-use asset	2,894	-	2,894
Payables	(3,266)	(1,743)	(5,009)
Deferred tax liability	(4,848)	(40)	(4,888)
Lease liabilities	(2,894)	-	(2,894)
Employee benefit obligations	(233)	-	(233)
Other liabilities	(85)	-	(85)
Current tax liabilities	(1,157)	-	(1,157)
Net identifiable assets acquired	18,070	(924)	17,146
Add: goodwill	32,226	(21)	32,205
Net assets acquired	50,296	(945)	49,351

(a) Significant estimate: deferred variable consideration

As part of the acquisition of CTC in October 2022, a deferred variable consideration arrangement required the Group to pay the deferred variable consideration (DVC) to the former owners of CTC which formed part of the total purchase consideration.

The DVC will be calculated as 10% of the Adjusted Notional Value (ANV) at the end of the relevant year. ANV is calculated with reference to CTC's underlying EBIT⁵ in each of FY23, FY24 and FY25 multiplied by the relevant multiple at each future payment date as per the multiple matrix.

CTC EBIT in period	Relevant multiple
<\$7.0 million	5x
>\$7.0 million and <\$11.0 million	6x
>\$11.0 million	7x

DVC amounts are to be determined and paid following finalisation of audited accounts for each period. There is no minimum amount.

During the period FY23 deferred variable consideration was paid at an amount of \$3.3 million based on an adjusted EBIT of \$6.7 million. The fair value of the deferred variable consideration has been updated to reflect actual adjusted EBIT for FY24 of \$5.2 million and FY25 has been updated to reflect the most recent forecast. Underlying EBIT under the revised projections has decreased by \$7.6 million cumulatively over the period (compared to the adjusted EBIT estimated at 30 June 2023). The fair value of the remaining deferred variable consideration at 30 June 2024 is \$5.5 million (based on a discount rate of 13.5%). As a result, the deferred variable consideration has decreased by \$4.1 million which has been recognised in other income in the Consolidated statement of profit or loss.

5. Underlying EBIT for DVC purposes is adjusted for items as agreed in the sales purchase agreement.

The Group has considered the adjustment in DVC alongside the carrying value of assets and considered a range of possible scenarios of performance outcomes.

The Group remains optimistic about the long-term potential and prospects of CTC, acknowledging the importance of investing in its team to drive sustainable growth and capture a larger market.

(b) Correction of prior period inventory balances

During the reporting period, the Group completed a comprehensive review of supplier terms related to CTC, which identified an understatement of inventory as well as trade and other payables at 30 June 2023, which relates to goods in transit.

The impact is an understatement of \$1,627,000 to both inventory and trade and other payables in the prior comparative period.

This has been corrected as follows:

	As previously stated 30 June 2023 \$'000	Increase/ (decrease) 30 June 2023 \$'000	Restated 30 June 2023 \$'000
Inventories	24,353	1,627	25,980
Trade and other payables ¹	23,036	1,566	24,602

1. The Trade and other payables increase of \$1.57 million reflects inventory of \$1.63 million, net of the retrospective adjustment arising on finalisation of CTC business combination fair value of net identifiable assets and deferred variable consideration.

30. AUDITOR'S REMUNERATION

The auditor of Universal Store Holdings Limited is PricewaterhouseCoopers.

	2024 \$	2023 \$
Amounts paid or payable to PricewaterhouseCoopers for:		
Audit and other assurance services:		
Assurance services – Group audit and half-year review	313,000	358,000
Other non-audit services:		
Other services	12,000	12,000
Tax compliance services	–	17,000
Tax advisory services	–	29,000
Sustainability reporting	–	31,000
Total remuneration of PricewaterhouseCoopers Australia	325,000	447,000

31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date the following events have occurred:

On 21 August 2024, the Directors of Universal Store Holdings Limited determined a final dividend on ordinary shares in respect of the 2024 financial year. The amount of the dividend is 19.0 cents per share (\$14.6 million) to be paid on 26 September 2024. This dividend reflects the Group's strong trading performance and solid cash position, placing it at the higher end of the Company's dividend policy range.

There were no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

32. INFORMATION RELATING TO UNIVERSAL STORE HOLDINGS LIMITED (THE PARENT)

	2024 \$'000	2023 \$'000
Current assets	2,421	3,838
Non-current assets	137,179	134,777
Total assets	139,600	138,615
Current liabilities	2,015	75
Non-current liabilities	14,936	14,879
Total liabilities	16,951	14,954
Contributed equity	110,844	110,844
Retained earnings	2,304	3,734
Share-based payment reserve	9,501	9,083
Total equity	122,649	123,661
Profit/(loss) of the Parent entity	17,367	16,283
Total comprehensive income/(loss) of the Parent entity	17,367	16,283

The Parent entity did not have any contingent liabilities or commitments as at 30 June 2024 or 30 June 2023.

The financial information for the Parent entity has been prepared on the same basis as the consolidated financial statements.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2024

Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Place of business/ country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Cheap Thrills Cycles Pty Ltd	Body corporate	–	100	Australia	Australian	n/a
Universal Store Pty Ltd	Body corporate	–	100	Australia	Australian	n/a
US Australia Pty Ltd	Body corporate	–	100	Australia	Australian	n/a
US 1B Pty Ltd	Body corporate	–	100	Australia	Australian	n/a
US 1A Pty Ltd	Body corporate	–	100	Australia	Australian	n/a
Universal Store Holdings Limited	Body corporate	–	n/a	Australia	Australian	n/a

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 64 to 107 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (c) the consolidated entity disclosure statement on page 107 is true and correct, and
- (d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Note 2.1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board



Peter Birtles

Independent Non-Executive Director and Chairman

21 August 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 30 JUNE 2024

To the members of Universal Store Holdings Limited



Independent auditor's report

To the members of Universal Store Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Universal Store Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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INDEPENDENT AUDITOR'S REPORT (CONT.)



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope	Key audit matters
<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Carrying value of indefinite lived assets of the CheapThrills Cycles (CTC) cash-generating unit (CGU) Accounting for leases These are further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of indefinite lived assets of the CTC CGU (Refer to note 14) Goodwill: \$32.2 million, Brand names \$15.2 million</p> <p>The carrying value of goodwill and brand names was a key audit matter due to their size and the judgement involved in estimating the cash flow forecasts, including consideration of revenue growth, new store openings, margins and profitability, the discount rate and terminal growth rate.</p>	<p>Our procedures in relation to the carrying value of indefinite lived assets of CTC CGU included, amongst others:</p> <ul style="list-style-type: none"> Evaluated the Group's assessment that the indefinite life assumption for brand names remained appropriate with respect to the period over which the Group expects to generate cash flows For a sample of calculations, tested the mathematical accuracy of the Fair Value Less Cost of Disposal (FVLCD) model



Key audit matter

How our audit addressed the key audit matter

- Compared actual results with historical forecasts to assess the Group's ability to reliably make forecasts used in the cashflow model
- Based on our knowledge of the Group's operations, assessed whether the carrying value of CTC CGU included all assets and liabilities directly attributable to CTC CGU and that the impairment models included all cashflows directly attributable to the CGU
- Compared the cash flow forecasts for FY25 in the impairment model to the Board-endorsed FY25 budget
- Considered alternative assumptions to those presented by management with respect to new store openings and revenue growth
- Together with our PwC valuation experts, assessed the valuation methodology of the FVLCD model and compared the discount rate, terminal growth rate to market observable inputs
- Evaluated the reasonableness of the disclosures made in the financial report, in light of the requirements of Australian Accounting Standards

Accounting for leases

(Refer to note 15) Lease Liability: \$61.3 million, Right of use assets \$56.1 million

Accounting for leases was a key audit matter due to the size of right-of-use assets and lease liability balances included in the financial report and the judgement involved in determining the balances, including the incremental borrowing rate used for discounting, accounting for leases in holdover and treatment of lease incentives and modifications.

Our procedures in relation to the accounting for leases included, amongst others:

- Obtained an understanding of and evaluated the Group's process and controls relating to leases
- Assessed whether the Group's accounting policies are in accordance with the requirements of Australian Accounting Standard
- Considered the Group's consideration of leases in holdover and assessed the presentation and disclosure changes made by management with respect to these leases
- For a sample of lease agreements:
 - compared the inputs of the lease calculation to the original lease agreement, including relevant dates and terms, lease payments, lease options and incentives

INDEPENDENT AUDITOR'S REPORT (CONT.)



Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> – assessed the incremental borrowing rate used in discounting future lease payments – tested the mathematical accuracy of the lease calculations – evaluated adjustments between occupancy and depreciation categories in profit or loss for leases in holdover – assessed the Group's application of the Australian Accounting Standards to these leases to evaluate whether they had been accounted for appropriately
	<ul style="list-style-type: none"> • Evaluated the adequacy of the disclosures made in Note 15 in light of the requirements of Australian Accounting Standards, including the restatement relating to leases in holdover

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* including giving a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Universal Store Holdings Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Kim Challenor
Partner

Brisbane
21 August 2024

ASX ADDITIONAL INFORMATION

In accordance with ASX Listing Rule 4.10, the Group provides the following information not otherwise disclosed in this Annual Report. The information is current as at 25 July 2024.

(A) DISTRIBUTION OF EQUITY SECURITIES

Ordinary share capital

+ 76,720,810 fully paid ordinary shares are held by 2,278 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends. There is one class of share, being fully paid ordinary shares. The number of shareholders, by size of holding is:

	%	Number of shareholders
1 – 1000	53.95	1,229
1,001 – 5,000	32.13	732
5,001 – 10,000	7.51	171
10,001 – 100,000	5.22	119
100,001 and over	1.19	27
Total	100.00	2,278
Unmarketable Parcels	4.08	93

(B) SUBSTANTIAL SHAREHOLDERS

	Fully paid	
	Number	%
Bennelong Funds Management Group Pty Ltd	10,856,699	14.15
Perpetual Limited	7,646,689	9.97
Spheria Asset Management Pty Ltd	5,998,063	7.82
Milford Asset Management Limited	5,842,056	7.61
Lennox Capital Partners Pty Ltd	4,580,126	5.97
Challenger Limited*	4,163,057	5.43
Pendal Group Limited	3,981,885	5.19
	43,068,575	56.14

* Challenger Limited is an affiliated company of Lenox Capital Partners.

(C) TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Twenty largest quoted equity security holders

	Fully paid	
	Number	%
Citicorp Nominees Pty Limited*	22,417,715	29.22
HSBC Custody Nominees (Australia) Limited*	19,207,342	25.04
J P Morgan Nominees Australia Pty Limited	8,718,060	11.36
Rayra Pty Ltd	3,100,000	4.04
Hoang George Minh Do	2,230,924	2.91
Dorothy Alice Barbery	2,162,897	2.82
BNP Paribas Nominees Pty Ltd*	1,946,885	2.54
Howard Blend	1,462,864	1.91
Catalyst Direct Capital Management Pty Ltd	1,300,000	1.69
David Maclean	1,129,113	1.47
B D McGregor & T H R Shafran	1,031,055	1.34
Ryan Collins	1,031,055	1.34
James Cameron	982,096	1.28
UBS Nominees Pty Ltd	651,213	0.85
Renee Jones	583,333	0.76
Steven Harris & Monique Harris	540,532	0.70
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd*	304,138	0.40
BNP Paribas Nominees Pty Ltd IB AU Noms Retail Client*	234,332	0.31
Peter Birtles	220,000	0.29
Certane Ct Pty Ltd	203,760	0.27
	69,457,314	90.54

* Grouped Investor Holdings.

(D) SHARES UNDER VOLUNTARY ESCROW ARRANGEMENTS

3,524,974 of the Group's ordinary shares are held under voluntary escrow, which prevents the shareholder from disposing of their respective escrowed shares until the applicable escrow period is complete. For 1,762,488 shares, the voluntary escrow period will be complete upon the release of the Group's financial results for FY24, while for the remaining 1,762,486 shares, the voluntary escrow period will be complete upon the release of the Group's financial results for FY25.

ASX ADDITIONAL INFORMATION (CONT.)

(E) UNQUOTED SECURITIES

There are 873,052 unlisted performance rights on issue under the Group's employee incentive plan, held by 12 holders.

Distribution of holders of performance rights

The following table shows the distribution of the Group's holders of performance rights and number of holders of performance rights.

	Number of holders	Performance rights	
		Number	%
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	11	613,934	70.3
100,001 and over	1	259,118	29.7
Total	12	873,052	100.00

CORPORATE INFORMATION

ABN 94 628 836 484

DIRECTORS

Peter Birtles, Independent Non-Executive Director and Chairman
Alice Barbery, Managing Director and Chief Executive Officer
Kaylene Gaffney, Independent Non-Executive Director
Renee Gamble, Independent Non-Executive Director
David MacLean, Independent Non-Executive Director
Trent Peterson, Independent Non-Executive Director

COMPANY SECRETARIES

Renee Jones (Appointed: 27 October 2020)
Clare Craven (Appointed: 13 May 2022)

REGISTERED OFFICE

42A, William Farrior Place
Eagle Farm QLD 4009
Australia
Phone: 1300 553 520

PRINCIPAL PLACE OF BUSINESS

42A, William Farrior Place
Eagle Farm QLD 4009
Australia
Phone: 1300 553 520

SHARE REGISTRY

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000
Australia

Phone: 1300 554 474

Universal Store Holdings Limited shares are listed on the Australian Stock Exchange (ASX).

SOLICITORS

Gilbert + Tobin

Level 35, Tower Two International Towers Sydney
200 Barangaroo Avenue
Barangaroo NSW 2000
Australia

BANKERS

Australia and New Zealand Banking Group Ltd

324 Queen Street
Brisbane QLD 4000
Australia

AUDITORS

PricewaterhouseCoopers

480 Queen Street
Brisbane QLD 4000
Australia

universalstore.com