Universal Store

Brisbane, 20 February 2025

Appendix 4D and H1 FY25 Interim Report

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

- Appendix 4D – Half Year Report; and
- Interim Consolidated Financial Report for the half year ended 31 December 2024.

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

For more information, please contact:

Alice Barbery
Chief Executive Officer
+617 3368 6503

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

ABOUT 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 (trading under the Universal Store and Perfect Stranger retail banners) and CTC (trading the THRILLS and Worship brands). The Company currently operates 109 physical stores across Australia in addition to online channels. The Company's strategy is to grow and develop its premium youth fashion apparel brands and retail formats to deliver a carefully curated selection of on-trend apparel products to a target 16-35 year-old fashion focused customer.

Universal Store Holdings Limited
ABN 94 628 836 484

Appendix 4D and Interim Consolidated Financial Report for the Half-year Ended 31 December 2024

Appendix 4D

For the half-year ended 31 December 2024

1 Company details

Name of entity:	Universal Store Holdings Limited
ABN:	94 628 836 484
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2 Results for announcement to the market

	Percentage change	**%**		**Amount $'000**
Revenue for ordinary activities	Up	16.1%	to	183,503
Profit after income tax for the period	Down	(45.6)%	to	11,291
Profit for the period attributable to the owners of Universal Store Holdings Limited	Down	(45.6)%	to	11,291

Dividends

During the financial period, the Group paid a final dividend for the year ended 30 June 2024 of $14.6 million ($6.1 million was paid in prior corresponding period).

	Amount per security Cents	**Franked amount per security Cents**
Final dividend in relation to year end 30 June 2024	19.00	19.00
Interim dividend in relation to half-year end 31 December 2024	22.00	22.00

Dividend determined and payment dates:

	Determined	**Paid/Payable**
Final dividend in relation to year end 30 June 2024	21 August 2024	26 September 2024
Interim dividend in relation to half-year end 31 December 2024*	19 February 2025	28 March 2025

*The record date for the interim dividend is 7 March 2025.

3 Net tangible assets per security

	31 December 2024	**31 December 2023**
Net tangible assets per ordinary security	0.52	0.35

Net tangible assets are calculated by deducting intangible assets from the net 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 $0.04 per ordinary share for 31 December 2024 (2023: negative $0.17).

4 Other information

This report is based on the consolidated financial statements which has been reviewed by PricewaterhouseCoopers.

For further explanation of the above figures please refer to the ASX Announcement dated 20 February 2025 on the results for the half-year ended 31 December 2024 and the notes to the interim consolidated financial statements.

Universal Store Holdings Limited
ABN 94 628 836 484

Interim Consolidated Financial Report for the Half-year Ended 31 December 2024

Contents

Directors' report

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 half-year ended 31 December 2024.

In the report, "UNI" or "Group" or "the Company" means Consolidated group parent, "US" means Universal Store/Universal Store business, "CTC" means Cheap THRILLS Cycles business, and "PS" means Perfect Stranger retail format.

Directors

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

Alice Barbery

Peter Birtles

Kaylene Gaffney

Renee Gamble

David MacLean

Trent Peterson

Principal activity

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

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

Dividends

On 21 August 2024, the Directors of the Company declared a final dividend on ordinary shares in respect of the 2024 financial year. The total amount of the dividend was $14.6 million and was paid on 26 September 2024 ($6.1 million was paid in prior corresponding period).

On 19 February 2025, the Directors determined an interim fully franked dividend for the half-year ended 31 December 2024 of 22.0 cents per share, totaling $16.9 million to be paid on 28 March 2025. The record date for the interim dividend is 7 March 2025.

Review of operations

The net profit from ordinary activities after tax of the Group for the half-year ended 31 December 2024 was $11.3 million (31 December 2023: $20.7 million).

	6 months to 31 December 2024 $M	Restated 6 months to 31 December 2023 $M	Change %
Revenue from contracts with customers	183.5	158.0	16.1
Expenses [1]	(129.0)	(109.9)	17.4
Underlying EBITDA [2]	54.5	48.1	13.3
Depreciation and amortisation expense [1]	(19.1)	(17.3)	10.4
Underlying EBIT [3]	**35.4**	**30.8**	**14.9**
Finance costs	(2.6)	(2.5)	4.0
Finance income	0.6	0.4	50.0
Underlying Profit before tax	**33.4**	**28.7**	**16.4**
Income tax expense	(10.2)	(8.7)	17.2
Underlying Profit after tax	**23.2**	**20.0**	**16.0**

Review of operations (continued)

	6 months to 31 December 2024 $M	6 months to 31 December 2023 $M
Reconciliation to Profit after tax		
Underlying EBIT	35.4	30.8
Fair value movement of contingent consideration	1.7	0.7
Impairment of CTC goodwill	(13.6)	-
Finance costs	(2.6)	(2.5)
Finance income	0.6	0.4
Profit before tax	**21.5**	**29.4**
Income tax expense	(10.2)	(8.7)
Profit after tax	**11.3**	**20.7**

	6 months to 31 December 2024 Cents	6 months to 31 December 2023 Cents
Basic earnings per share [4]	14.8	27.2
Diluted earnings per share [4]	14.7	27.1
Underlying EPS [5]	30.3	26.3

[1] In the June 2024 annual report, the Group revised its accounting treatment of holdover leases in accordance with AASB 16 Leases. As described in note 10 "Leases", this revision has been applied to the 31 December 2023 comparatives.

[2] Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA) excludes fair value movement of contingent consideration of $1.7 million (2024: $0.7 million)

[3] Underlying earnings before interest and tax (Underlying EBIT) excludes fair value movement of contingent consideration of $1.7 million (2024: $0.7 million) and impairment of CTC goodwill of ($13.6) million (2024: nil)

[4] Comparative earnings per share (EPS) and weighted average number of ordinary shares have been amended in accordance with AASB133 Earnings per Share to align with the current year's calculation.

[5] Underlying EPS is calculated using underlying NPAT and the weighted average number of ordinary shares outstanding during the period 76.5 million (2024: 76.3 million).

Review of operations

The Group delivered a pleasing H1 FY25 result with total sales of $183.5 million growing +16.1% on H1 FY24. This growth was achieved in an environment of continued high promotional discounting by our peers and cost of living pressures. On a like-for-like (LFL) basis, the Group achieved growth in all three retail brands – Universal Store (+14.4%), Perfect Stranger (+25.3%) and CTC (+3.2%). This growth was achieved against a prior year comparative which experienced challenging trading conditions. Online sales of $25.2 million contributed 13.7% of total sales and represented an increase of +12.6% on H1 FY24. Seven new stores were opened during the period contributing sales of $3.1 million. CTC Wholesale sales of $16.4 million (excluding inter-company eliminations) were down -16.4% on H1 FY24 driven by reduced demand and subdued trading conditions in a small number of retail accounts.

Review of operations (continued)

Group gross margin of $111.2 million was 60.6% of sales which is a 90 basis point improvement on prior year. Increased private brand penetration and cycling a higher level of clearance activity prior year were the key drivers of this improvement. The Group continues to benefit from the gross margin synergies of the CTC brands (THRILLS, Worship) which represented 11% of Universal Store sales in both periods. The Group remains committed to its premium pricing strategy based on discipline promotional and markdown activity.

The Group maintained the cost efficiencies achieved in FY24 in relation to optimising store labour and distribution centre productivity improvements. Investments were made in team capability to address key FY24 role vacancies and new roles to support strategic initiatives and business growth. The Group’s H1 FY25 cost of doing business increased 170 basis points versus the prior corresponding period. This increase was driven by the investment in team capability, cost inflation and increased bonus accrual compared to H1 FY24. The increased bonus accrual reflects the stronger trading result compared to H1 FY24.

Group underlying EBIT was $35.4 million, a +14.9% increase on H1 FY24. Underlying NPAT was $23.2 million, a 16.0% increase on H1 FY24.

CTC H1 FY25 EBIT of $1.8m was 57.4% below prior year comparative due to reduced wholesale channel profitability. Based on this H1 FY25 performance, the Group reassessed the carrying value of CTC goodwill. From this assessment, the Group has recognised a $13.6m CTC goodwill impairment in H1 FY25. This non-cash expense has been excluded from underlying profitability and has not impacted on the interim dividend payout. The Group remains confident in the long-term potential of the CTC business. New leadership was onboarded and a new store was opened in Q2 FY25. An additional new store has been confirmed for Q4 FY25.

The Group's H1 FY25 results represent robust outcome in a challenging macro-economic environment. This result highlights the Group core capabilities of product development and curation and operational prowess.

Strong cash flow and balance sheet

The Group ended the period with a robust cash position of $37.7 million with nil bank borrowings. This strong cash position was underpinned by the Group’s robust operating profits and working capital management.

Inventory levels decreased by $1.4 million from June 2024 reflecting timing of customer demand and diligence in ensuring product remains current and slow-moving stock limited. The Group remains committed to a disciplined and sustainable pricing and promotional strategy as well as a nimble and granular approach to inventory management.

In recognition of the Group’s financial strength, the Board of Directors have determined an interim dividend of 22.0 cents per share, which will be fully franked and payable on 28 March 2025.

Store growth

The Group continues to invest in new stores with seven stores opened in the period.

The Group has 109 physical stores – 84 Universal Stores, 16 Perfect Stranger stores, and 9 THRILLS stores. The Group’s long-term target is 100+ Universal Stores, 60+ Perfect Stranger stores with the THRILLS opportunity yet to be sized. The Group remains committed to managing its lease portfolio to ensure sustainable, long-term profitability. New leases are entered where the Group is confident there is long-term commercial viability.

Significant changes in the state of affairs

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

Significant events after the reporting date

On 19 February 2025, the Directors determined an interim dividend for the half-year ended 31 December 2024 of $16.9 million to be paid on 28 March 2025.

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

Directors' report (continued)

Rounding

The amounts contained in the financial report have been 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 Company is an entity to which the legislative instrument applies.

Auditor's independence declaration

The Directors have received a declaration from the auditor of Universal Store Holdings Limited. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the Directors.

Peter Birtles
Independent Non-Executive Director and Chairman
19 February 2025

Auditor's Independence Declaration

As lead auditor for the review of Universal Store Holdings Limited for the half-year ended 31 December 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 review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
19 February 2025

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Interim consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2024

	Notes	6 months to 31 December 2024 $'000	Restated 6 months to 31 December 2023 $'000
Revenue from contracts with customers	4	183,503	158,001
Raw materials and consumables used		(72,313)	(63,660)
		111,190	94,341
Other income		1,717	699
Other gains		14	13
Employee benefits expenses		(41,487)	(33,436)
Occupancy expenses		(3,636)	(3,349)
Depreciation and amortisation expense		(19,021)	(17,297)
Impairment of CTC goodwill		(13,600)	-
Marketing expenses		(5,312)	(4,427)
Banking and transaction fees		(21)	(19)
Other expenses		(6,285)	(5,054)
Finance costs		(2,659)	(2,453)
Finance income		595	440
Profit before income tax		**21,495**	**29,458**
Income tax expense	5	(10,204)	(8,720)
Profit attributable to owners of Universal Store Holdings Limited		**11,291**	**20,738**
Gains on cash flow hedges	12	619	-
Other comprehensive income for the period, net of tax		619	-
Total comprehensive income for the period is attributable to:			
Owners of Universal Store Holdings Limited		**11,910**	**20,738**

		Cents	Cents
Basic earnings per share (cents)*	14	14.8	27.2
Diluted earnings per share (cents)*	14	14.7	27.1

** Comparative EPS has been amended as disclosed in Note 14.*

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 10.

Interim consolidated statement of financial position

For the half-year ended 31 December 2024

	Notes	31 December 2024 $'000	30 June 2024 $'000
Assets			
Current assets			
Cash and cash equivalents		37,652	29,267
Trade receivables		1,945	1,549
Other receivables		5,008	4,208
Inventories	6	28,475	29,895
Other financial assets		884	-
Total current assets		**73,964**	**64,919**
Non-current assets			
Plant and equipment	7	19,851	17,937
Right-of-use assets	10	61,434	56,098
Goodwill and intangible assets	8	126,543	140,141
Total non-current assets		**207,828**	**214,176**
Total assets		**281,792**	**279,095**
Liabilities			
Current liabilities			
Trade and other payables		35,816	25,175
Lease liabilities	10	23,662	20,698
Contract liabilities		3,963	1,846
Provisions		2,769	2,384
Current tax liabilities		6,847	3,487
Other financial liabilities		-	14
Total current liabilities		**73,057**	**53,604**
Non-current liabilities			
Borrowings	9	-	14,936
Lease liabilities	10	43,785	40,572
Provisions		1,293	1,093
Other payables		-	2,906
Deferred tax liabilities		12,752	13,584
Total non-current liabilities		**57,830**	**73,091**
Total liabilities		**130,887**	**126,695**
Net assets		**150,905**	**152,400**
Equity			
Contributed equity	11	110,844	110,844
Reserves	12	11,292	9,501
Retained earnings		28,769	32,055
Total equity		**150,905**	**152,400**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim consolidated statement of changes in equity

For the half-year ended 31 December 2024

	Contributed equity (Note 11) $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
At 1 July 2024	**110,844**	**9,501**	**32,055**	**152,400**
Profit for the period	-	-	11,291	11,291
Other comprehensive income	-	619	-	619
Total comprehensive income for the period	**-**	**619**	**11,291**	**11,910**
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(14,577)	(14,577)
Share-based payment (Note 12)	-	460	-	460
MEP loan repayment	-	712	-	712
At 31 December 2024	**110,844**	**11,292**	**28,769**	**150,905**
At 1 July 2023	**110,844**	**9,083**	**16,516**	**136,443**
Profit for the period	-	-	20,738	20,738
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**20,738**	**20,738**
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(6,138)	(6,138)
Share-based payment	-	247	-	247
MEP loan repayment	-	46	-	46
At 31 December 2023	**110,844**	**9,376**	**31,116**	**151,336**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim consolidated statement of cash flows

For the half-year ended 31 December 2024

	Notes	31 December 2024 $'000	Restated 31 December 2023 $'000
Operating activities			
Receipts from customers		205,126	173,102
Payments to suppliers and employees		(135,209)	(118,553)
Interest received		595	440
Interest paid		(2,651)	(2,418)
Income taxes paid		(7,942)	(4,440)
Net cash flows from operating activities		**59,919**	**48,131**
Investing activities			
Purchase of plant and equipment	7	(4,948)	(4,315)
Purchase of intangible assets	8	(284)	(54)
Proceeds from sale of plant and equipment		182	1,084
Payment of contingent consideration associated with acquisition of CTC		(2,629)	(3,043)
Net cash flows used in investing activities		**(7,679)**	**(6,328)**
Financing activities			
Payment of principle portion of lease liabilities		(15,555)	(14,898)
Lease incentives received in cash		570	80
Repayment of borrowings		(15,000)	-
Upfront finance charge of borrowings		(5)	-
Dividends paid to the equity holders of the Parent		(14,577)	(6,138)
Proceeds from MEP loan repayments		712	46
Net cash flows used in financing activities		**(43,855)**	**(20,910)**
Net increase in cash and cash equivalents		8,385	20,893
Cash and cash equivalents at beginning of the half-year		29,267	21,444
Cash and cash equivalents at 31 December		**37,652**	**42,337**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

1 Corporate information

The interim condensed consolidated financial statements of Universal Store Holdings Limited (the "Company" or "Parent") and its controlled entities (the "Group") for the half-year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 19 February 2025.

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

The registered office and principal place of business of the Group is 42A, William Farrior Place, Eagle Farm, QLD 4009.

The nature of the operations and principal activity of the Group are described in the Directors' report.

2 Summary of material accounting policies

2.1 Basis of preparation

These consolidated financial statements for the half-year ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These consolidated financial statements do not include all the notes of the type normally included in annual financial reports. Accordingly, these consolidated financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2024 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value or remeasured amount.

The preparation of the consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Uncertainty about these judgements and estimates could result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities affected in future periods. There have been no changes to the Group's methodology for making material accounting judgements, estimates, and assumptions since the year ended 30 June 2024.

The amounts contained in the financial report have been 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 the legislative instrument applies.

Comparatives have been reclassified where appropriate to ensure consistency and comparability with the current period.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted hedge accounting in accordance with AASB 9 *Financial Instruments* for the first time in the period, refer note 12 for more information.

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

3 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. The Universal Store segment includes both the Universal Store and Perfect Stranger retail brands, leveraging a shared infrastructure of Management and supporting systems. 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.

3.1 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 half-year ended 31 December 2024 and also the basis on which revenue is recognised:

	Universal Store $'000	CTC $'000	Inter-segment elimination/ unallocated items $'000	Total $'000
For the half-year ended 31 December 2024				
External revenue from customers	168,740	22,149	(7,386)	183,503
Underlying EBIT	33,406	1,846	190	35,442

	Universal Store $'000	CTC $'000	Inter-segment elimination/ unallocated items $'000	Total $'000
For the half-year ended 31 December 2023				
External revenue from customers	139,762	25,292	(7,053)	158,001
Underlying EBIT	26,368	4,333	71	30,772

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

3 Reportable segments (continued)

3.1 Segment information provided to the CODM's (continued)

	6 months to 31 December 2024 Total $'000	6 months to 31 December 2023 Total $'000
Underlying EBIT	**35,442**	**30,772**
Fair value movement of contingent consideration	1,717	699
Impairment of CTC goodwill	(13,600)	-
Finance costs	(2,659)	(2,453)
Finance income	595	440
Profit before tax	**21,495**	**29,458**

3.2 Segment assets and liabilities

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.

Total assets and liabilities are reconciled by reportable segment as follows:

Total assets by segment	31 December 2024 $'000	30 June 2024 $'000
Universal Store	224,056	209,935
CTC	57,736	69,160
Total assets	**281,792**	**279,095**

Total liabilities by segment	31 December 2024 $'000	30 June 2024 $'000
Universal Store	118,037	114,839
CTC	12,850	11,856
Total liabilities	**130,887**	**126,695**

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

4 Revenue from contracts with customers

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

	6 months to 31 December 2024 $'000	6 months to 31 December 2023 $'000
Revenue from contracts with customers	**183,503**	**158,001**

5 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the Interim consolidated statement of profit or loss and other comprehensive income are:

	6 months to 31 December 2024 $'000	6 months to 31 December 2023 $'000
Income taxes		
Current income tax expense	11,300	8,180
Deferred income tax (benefit)/expense	(1,096)	540
Income tax expense recognised in the interim consolidated statement of profit or loss	**10,204**	**8,720**

6 Inventories

	31 December 2024 $'000	30 June 2024 $'000
Stock on hand at cost	26,379	29,128
Goods in transit at cost	3,253	1,503
Provision for inventory write-downs	(1,157)	(736)
Carrying value of inventory	**28,475**	**29,895**

Inventories recognised as an expense during the half-year ended 31 December 2024 amount to $63.6 million (31 December 2023: $57.8 million). Write-downs of inventories to net realisable value recognised as an expense during the half-year ended amounted to $1.2 million (31 December 2023: $0.1 million). These were included in raw materials and consumables used (together with merchant fees and freight).

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

7 Plant and equipment

	Fixtures and fittings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost				
At 1 July 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**
Additions	475	3,736	737	4,948
Disposals	-	(180)	(4)	(184)
At 31 December 2024	**7,945**	**24,843**	**10,394**	**43,182**
Accumulated depreciation				
At 1 July 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**
Depreciation charge	462	1,656	734	2,852
Disposals	-	-	(2)	(2)
At 31 December 2024	**3,625**	**14,275**	**5,431**	**23,331**
Net book value				
At 30 June 2024	4,307	8,668	4,962	17,937
At 31 December 2024	**4,320**	**10,568**	**4,963**	**19,851**

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

8 Goodwill and intangible assets

	Goodwill $'000	Brand names $'000	Software $'000	Total $'000
Cost				
At 1 July 2023	87,721	51,834	2,064	141,619
Additions	-	-	210	210
At 30 June 2024	**87,721**	**51,834**	**2,274**	**141,829**
Additions	-	-	284	284
At 31 December 2024	**87,721**	**51,834**	**2,558**	**142,113**
Accumulated amortisation				
At 1 July 2023	-	212	1,012	1,224
Amortisation	-	-	464	464
At 30 June 2024	**-**	**212**	**1,476**	**1,688**
Amortisation	-	-	282	282
Impairment	13,600	-	-	13,600
At 31 December 2024	**13,600**	**212**	**1,758**	**15,570**
Net book value				
At 30 June 2024	87,721	51,622	798	140,141
At 31 December 2024	**74,121**	**51,622**	**800**	**126,543**

Impairment testing of goodwill and brand names

The Group recognises goodwill and brand names for two cost generating units (CGUs) – Universal Store and CTC as follows:

	Universal Store $'000	CTC $'000	Total $'000
Goodwill	55,516	18,605	74,121
Brand	36,408	15,214	51,622

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

As disclosed in the FY24 Annual Report, further deterioration of the CTC wholesale channel would increase the risk of impairment of CTC goodwill. Based on adverse changes in some of CTC's key wholesale accounts, Management deemed it appropriate to reassess CTC goodwill carrying value as at 31 December 2024.

As there are no impairment risk indicators for the Universal Store goodwill and brand names, as at 31 December 2024, this CGU will continue to be tested annually.

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

8 Goodwill and intangible assets (continued)

Impairment testing of goodwill and brand names (continued)

The December 2024 CTC impairment testing was based on the fair value less cost of disposal (FVLCD) methodology. Cash flow forecasts are based on Management's most recent forecast for the 2025 financial year updated to reflect the current growth outlook following a review of sales and the impact of H1 FY25 decline in the wholesale channel. 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 for the CTC CGU are as follows:

Item	Assumption
WACC (post tax)	13.5% (2024: 13.5%)
Terminal growth rate	2.5% (2024: 2.5%)
Wholesale sales	**Year 1:** -16% decrease due to expected volatility **Year 2 to 5:** annual growth of 4% to 5%
Retail sales (existing stores)	**Year 1:** -7% decrease due to two store closures. LFL growth of 4% **Year 2 to 5:** annual LFL growth of 5% to 7%
Retail store numbers	**Year 1:** 3 new stores offset by 2 store closures **Year 2 to 5:** 16 new stores over the period

Given the medium-term uncertainty with the wholesale channel, Management's assumption is that this channel will take up to 3 years to fully recover from the decline in key retail accounts over the past 6 months. Based on this outlook, Management has recognised a $13.6 million impairment of CTC goodwill in the period based on a CTC enterprise value of $36.4 million. This impairment impacts the carrying amounts of CTC intangibles as follows:

	Goodwill $'000	Brand $'000	Total $'000
Carrying value – 30 June 2024	**32,205**	**15,214**	**47,419**
Recoverable amount	32,205	15,214	47,419
Impairment charge	(13,600)	-	(13,600)
Carrying value – 31 December 2024	**18,605**	**15,214**	**33,819**

Management has considered possible potential changes in key assumptions that would result in further impairment of goodwill. The table below summaries the impact of changes in key assumptions on goodwill valuation.

Key Assumption	Sensitivity Scenario	Impact on Goodwill Valuation $'000
WACC	14.0%	(1,633)
Terminal Value	2.0%	(1,162)
Wholesale	Sales 5% lower annually over the 5-year period	(3,772)
Retail	Store sales 5% lower annually over the 5-year period	(2,045)

The Group remains committed to the CTC business reflected in the onboarding of new leadership, implementation of a new point of sale system and the opening of one new store in H1 FY25 with another store confirmed opening in Q4 FY25. Based on this commitment, Management continues to view Thrills' brand name as having an indefinite useful life.

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

9 Borrowings

	31 December 2024 $'000	30 June 2024 $'000
Non-current		
Secured		
Bank borrowings (Facility A)*	-	14,936

* The amount includes capitalised borrowing costs of nil for the period ended 31 December 2024 (30 June 2024: $64,000).

During the period, the Group amended the facility agreement with ANZ to facilitate the repayment of Facility A, totalling $15.0m and converted it into a $15.0m redrawable term loan facility. Additionally, ANZ replaced Facility A1, the $0.3m commercial card facility with Facility F, also a $0.3m commercial card Facility.

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

- Facility A for $15.0m redrawable term loan facility, which is undrawn.
- Facility D a $8.5m revolving working capital facility, which is undrawn.
- Facility E a $5.0m standby letter of credit/guarantee facility.
- Facility F a $0.3m corporate card facility, of which $0.1m is undrawn.

Facilities A and D expire in April 2027. Facility E and Facility F 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 its financial covenants, of its borrowing facilities, in all periods and continues to have significant headroom.

10 Leases

In the 30 June 2024 annual report, the Group 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 resulted in occupancy expenses being reclassified as amortisation, and holdover lease cash flows being reclassified from operating activities to financing activities. The H1 FY24 financial information, while immaterial, has also been reclassified to enhance comparability. These reclassifications have not impacted the Net Profit After Tax, the Consolidated Statement of Financial Position, or the Consolidated Statement of Changes in Equity.

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

10 Leases (continued)

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

	Reported H1 FY24 $'000	Adjustment $'000	Restated H1 FY24 $'000
Consolidated statement of profit or loss and other comprehensive income			
Occupancy expenses	(6,386)	3,037	(3,349)
Depreciation, amortisation and impairment	(14,260)	(3,037)	(17,297)
Profit before income tax	**29,458**	**-**	**29,458**
Consolidated statement of cash flows			
Net cash flows from operating activities	45,094	3,037	48,131
Net cash used in financing activities	(17,873)	(3,037)	(20,910)
Net (decrease) / increase in cash and cash equivalents	**20,893**	**-**	**20,893**

10.1 Amounts recognised in the interim consolidated statement of financial position

The Interim consolidated statement of financial position shows the following amounts relating to right-of-use assets and leases:

	31 December 2024 $'000	30 June 2024 $'000
Right-of-use assets	61,434	56,098
Lease liabilities (current)	(23,662)	(20,698)
Lease liabilities (non-current)	(43,785)	(40,572)

Additions to the right-of-use assets during the half-year ended 31 December 2024 were $21.2 million (30 June 2024: $28.2 million).

10.2 Amounts recognised in the interim consolidated statement of profit or loss and other comprehensive income

The Interim consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	6 months to 31 December 2024 $'000	Restated 6 months to 31 December 2023 $'000
Depreciation expense of right-of-use assets	15,887	14,650
Interest expense on lease liabilities	2,107	1,773
Expense relating to variable lease payments not included in lease liabilities	3,637	3,349

Total cash outflow for leases for the half-year ended 31 December 2024 was $20.8 million (31 December 2023: $19.9 million).

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

11 Contributed equity

	31 December 2024 $'000	30 June 2024 $'000
Ordinary shares	110,844	110,844

11.1 Movements in ordinary shares:

	Number of shares '000	$'000
At 1 July 2023	**76,720**	**110,844**
At 30 June 2024	**76,720**	**110,844**
At 31 December 2024	**76,720**	**110,844**

11.2 Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the 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.

12 Reserves

The following table shows a breakdown of the balance sheet line item 'Reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided below the table.

	31 December 2024 $'000	30 June 2024 $'000
Cash flow hedges	619	-
Share-based payment reserve	10,673	9,501
	11,292	9,501

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

12 Reserves (continued)

	31 December 2024 $'000	30 June 2024 $'000
Movements:		
Cash flow hedges		
Revaluation - gross	884	-
Deferred tax	(265)	-
Balance 31 December	619	-
Share-based payments		
Opening balance	9,501	9,083
Share-based payment	460	372
MEP loan repayment	712	46
Balance 31 December	10,673	9,501

(i) Nature and purpose of reserves

Cash flow hedges

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 15. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

The group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in the initial cost of the related inventory when it is recognised.

Share-based payments

The management equity plan reserve is used to record the fair value of shares associated with non-recourse loans extended to Management. These loans were provided to employees under the MEP and are treated as share-based payment arrangements in substance. During the period, all outstanding loans were fully repaid.

The Universal Store Holdings Equity Incentive Plan was created to reward, motivate, and incentivise participants. This plan is designed to align participants' interests with those of the Shareholders by offering the opportunity to acquire equity in the Company through performance rights. The Board may, at its sole discretion, determine from time to time which employees 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 Company achieving;

- Return on Capital Employed (ROCE) target in the final year of the performance period (FY27);
- Earnings Per Share (EPS) targets over the performance period (1 July 2024 - 30 June 2027) and;
- the participant remaining employed or engaged in a full-time capacity by the Group. These performance rights vest on 30 June 2027.

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

12 Reserves (continued)

Number of 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 the end of the period (number)
24 November 2022	114,017	-	-	-	114,017
21 December 2022	209,729	-	-	(20,258)	189,471
20 November 2023	549,306	-	-	(51,562)	497,744
30 October 2024	-	302,668	-	-	302,668
Total	**873,052**	**302,668**	**-**	**(71,820)**	**1,103,900**

All Performance Rights at the end of the period are unvested and the exercise price for all grants is nil.

13 Dividends

13.1 Ordinary shares

	31 December 2024 $'000	31 December 2023 $'000
Final dividend for the year ended 30 June 2024 of 19.0 cents (2023: 8.0 cents) per ordinary share	14,577	6,138

On 19 February 2025, the Directors determined an interim dividend for the half-year ended 31 December 2024 of $16.9 million to be paid on 28 March 2025.

14 Earnings per share (EPS)

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent 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 Parent 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:

	6 months to 31 December 2024 $'000	6 months to 31 December 2023 $'000
Profit attributable to ordinary equity holders	**11,291**	**20,738**

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

14 Earnings per share (EPS) (continued)

	6 months to 31 December 2024	6 months to 31 December 2023
Weighted average number of ordinary shares for basic earnings per share	76,496,535	76,254,144
Effect of dilution from:		
MEP shares and share-based payments	161,585	237,427
Weighted average number of ordinary shares adjusted for the effect of dilution	**76,658,120**	**76,491,571**

	6 months to 31 December 2024 Cents	6 months to 31 December 2023 Cents
Basic earnings per share*	14.8	27.2
Diluted earnings per share*	14.7	27.1

** 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 H1 FY25, is 30.3 cents and in H1 FY24, was 26.3 cents.

15 Fair value measurement

Financial assets and liabilities

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.

15.1 Fair value hierarchy

At 31 December 2024	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets			
Hedging derivatives – forward foreign exchange contracts	884	-	884
Total financial assets	**884**	**-**	**884**
Financial Liabilities			
Contingent consideration payable	-	1,173	1,173
Total financial liabilities	**-**	**1,173**	**1,173**

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

15 Fair value measurement (continued)

Financial assets and liabilities (continued)

15.1 Fair value hierarchy (continued)

At 30 June 2024	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets			
Hedging derivatives – forward foreign exchange contracts	-	-	-
Total financial assets	**-**	**-**	**-**
Financial Liabilities			
Contingent consideration payable	-	5,519	5,519
Total financial liabilities	**-**	**5,519**	**5,519**

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.

The Group's financial instruments were valued using the Level 2 technique, where the fair value is determined using the present values of future cash flows based on the forward exchange rates at the end of the reporting period, and the Level 3 technique, with no transfers between levels during the period.

The fair value of contingent 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 FY25 EBIT, the amount to be paid under each scenario and the probability of each scenario.

Notes to the interim consolidated financial statements

For the half-year ended 31 December 2024

15 Fair value measurement (continued)

Financial assets and liabilities (continued)

15.2 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the half-year ended 31 December 2024:

	Contingent consideration $'000	Total $'000
Opening balance 30 June 2024	**5,519**	**5,519**
Payment	(2,629)	(2,629)
Gains on fair value movement recognised in other income	(1,717)	(1,717)
Closing balance 31 December 2024	**1,173**	**1,173**

16 Commitments and contingencies

Contingent liabilities

The Group had contingent liabilities at 31 December 2024 in respect of:

(i) Guarantees

The Group has given guarantees in respect of various retail tenancies amounting to $3,297,000, of which $266,000 relates to CTC (30 June 2024: $3,505,000).

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.

17 Significant events after the reporting period

On 19 February 2025, the Directors determined an interim dividend for the half-year ended 31 December 2024 of $16.9 million to be paid on 28 March 2025.

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

Directors' declaration

In the Directors' opinion:

1. the consolidated financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that Universal Store Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Peter Birtles
Independent Non-Executive Director and Chairman
19 February 2025

Independent auditor's review report to the members of Universal Store Holdings Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Universal Store Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the interim consolidated statement of financial position as at 31 December 2024, the interim consolidated statement of changes in equity, interim consolidated statement of cash flows and interim consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Universal Store Holdings Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

K Challenor

Kim Challenor | Brisbane
Partner | 19 February 2025