

Universal Store

Brisbane, 30 October 2024

ASX Market Announcements
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam,

UNIVERSAL STORE HOLDINGS LIMITED (ASX:UNI) 2024 AGM CHAIR ADDRESS AND CHAIR AND CEO'S PRESENTATION

Please find attached a copy of the following documents which will be delivered at UNI's 2024 Annual General Meeting to be held at 2.00pm (AEST) today:

- Chairperson's address; and
- Chairperson's and CEO's presentation to shareholders.

This announcement has been authorized for release by the Board of Universal Store Holdings Limited.



Ethan Orsini
Chief Financial Officer and Company Secretary

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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 [106] 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.

UNIVERSAL STORE HOLDINGS LIMITED
2024 ANNUAL GENERAL MEETING
CHAIRPERSON'S ADDRESS

Brisbane, 30 October 2024

It is very pleasing to report that the Group 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 Barbery 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 at the start of the year, 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 CTC to expand this channel.

Financial Results

Group revenue, at \$289 million was 9.7% higher than the prior comparative period. Underlying group profit after income tax was 18% 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 expenditure of \$72 million ensuring that the Group is in a robust financial position with net cash of \$14 million (excluding lease liabilities) and liquidity measures in a healthy position.

Alice will provide further detail on the financial and operating profit of the Group in her address.

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 underlying statutory NPAT. The strong financial performance of the Group enabled the Directors to declare total full year dividends of 35.5 cents per share which was 61% higher than the prior financial year.

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 5 and 10 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.

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 provided a full report on our ESG strategy and initiatives in our Sustainability Report included at pages 20 to 32 of our annual report.

Diversity and inclusion is core to the ethos of the Group. Females represent 70% of our team, 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 Group Board director, Trent Peterson, 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 were set out in the Remuneration report which is on pages 47 to 62 of the Annual Report, and we will have the opportunity to answer any questions on our approach to remuneration later in this meeting.

I would like to acknowledge the significant contribution of Renee Jones who decided to step down from her role as Chief Financial Officer to prioritise her family commitments. We will miss her diligence, passion and energy. I would also like to welcome Ethan Orsini as our recently appointed CFO.

Conclusion

The near-term outlook for the retail market remains mixed but your company 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.

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.

Finally, I would like to thank you, our shareholders for your continued support of our Company.

-ENDS-



Universal Store

2024 ANNUAL GENERAL MEETING

30 October 2024

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CHAIR ADDRESS

GROUP OVERVIEW

Universal Store

Universal Store Holdings Limited
ASX: UNI

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

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

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

Focused on results,
risk management,
and fostering
outstanding talent



PERFECT STRANGER



Universal Store



THRILLS

- #1 selling 'brand' at Universal Store
- www.perfectstranger.com.au
- Emerging standalone retail concept
- On trend women's fashion focused
- Complementary brands ranged in store
- 16 standalone stores as at 30 October 2024*. Long term target of 50 stores
- Brisbane based (Co-located and co-managed with Universal Store)

- Australia's largest specialty retailer of premium casual youth fashion
- www.universalstore.com.au
- ~58% of sales derived from private brands and 'sister businesses' (i.e. THRILLS, Worship)
- On trend men's and women's casual fashion
- Over 50 brands ranged in store
- 81 standalone stores as at 30 October 2024*
- Brisbane based (Co-located and co-managed with Perfect Stranger)

- #1 selling '3P brand' at Universal Store
- www.THRILLS.co
- www.worship-supplies.com
- Vibrant wholesale channel with premium retail partners (including Universal Store)
- Men's and women's casual fashion, quality, sustainable, vintage looks, wide range
- Emerging standalone retail concept
- 9 standalone stores as at 30 October 2024* including one temporary pop-up store. Potential yet to be sized
- Byron Bay based. Independently managed

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

UNI GROUP FY24 OVERVIEW

THE GROUP DELIVERED STRONG RESULTS, WITH +9.7% SALES GROWTH AND +16.6% GROWTH IN UNDERLYING EBIT¹ DRIVEN BY GROSS MARGIN IMPROVEMENT, COST CONTROL, AND SALES MOMENTUM BUILDING IN H2

1

GROUP PERFORMANCE: Sales of \$288.5 million (+9.7% vs pcp) and underlying EBIT¹ of \$47.1 million, up \$6.7 million vs pcp (+16.6%)

2

US: Strong LFL sales growth of +6.6% in H2 turning around from -5.4% in H1, with sequential improvements QoQ as the year progressed²

3

PS: Emerging retail format expanded to 14 stores, with LFL sales of +7.3%. Like US, H2 LFL sales was stronger at +11.5%

4

CTC: Increasing the focus on the direct to customer (DTC) channels given the emerging uncertainty in key wholesale accounts

5

BALANCE SHEET & DIVIDENDS: Continued focus on cash generation resulted in net cash of \$14.3 million at year end (excl lease liabilities and remaining DVC payments for FY24 and FY25)

Final dividend determined at 19.0 cps vs 8.0 cps in pcp. FY24 total dividends of 35.5 cps up 61.4%

1. Underlying EBIT excludes FV movement of DVC (FY23 & FY24) and one-off transaction costs from the CTC acquisition on 31 Oct 2022 (FY23).

2. US LFL (like-for-like) sales in FY24 exclude the CTC and Perfect Stranger and are calculated daily (Mon 3 Jul to Sun 30 Jun 2024), excluding closed stores from the day of closure and new stores until they have cycled the first three weeks of operation.

UNI GROUP FY24 FINANCIAL HEADLINES

EBITA GROWTH UNDERPINNED BY STRONGER GP% AND COST CONTROL WITH POSITIVE H2 SALES GROWTH

\$288.5m

Sales **+9.7%**
(+5.9% excl. CTC)

-0.3%

US LFL Sales²
(H1 -5.4%, H2 +6.6%)

\$40.9m

Online sales
+10.3%
(14.2% of Sales)



60.1%

Gross Margin
+110bps

\$47.1m

Underlying EBIT³
+16.6%

\$30.2m

Underlying NPAT³
+18.0%
(+10.7% excl. CTC)

39.6 cents

Underlying EPS⁴
+14.1%

\$14.3m

Net Cash at
Year End⁵
+\$7.8m

35.5 cps

FY24 Dividend
(Final 19.0 cps)
+61.4%

1. All growth percentages are comparative to the prior period FY23 (pcp).

2. US LFL (like-for-like) sales in FY24 exclude the CTC and Perfect Stranger and are calculated daily (Mon 3 Jul to Sun 30 Jun 2024), excluding closed stores from the day of closure and new stores until they have cycled the first three weeks of operation.

3. Underlying EBIT and NPAT excludes FV movement of DVC (FY23 & FY24) and one-off transaction costs from the CTC acquisition on 31 Oct 2022 (FY23).

4. Underlying EPS is calculated from underlying NPAT and the weighted average shares outstanding during the period (76.3M FY24 vs 73.6M FY23). 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.

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

STRATEGY

BUILDING A PORTFOLIO OF PREMIUM YOUTH FASHION BRANDS AND RETAIL FORMATS

Unique strategies across our businesses share six common pillars:

- 1 Expansion of physical store network
- 2 Range differentiation and dynamic curation
- 3 Delivering superior customer service
- 4 Developing the online experience and integration with physical stores
- 5 Sustainability of product sourcing & supply chain
- 6 Productivity in operations & technology

The Company's unique team cultures, commitment to its retail formula and focus on execution underpin the successful implementation of our business strategies.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

COMMITMENT TO DEVELOPING A SUSTAINABLE FUTURE

UNI's approach to sustainability focuses on five pillars:

Tread lightly to reduce our impact on the environment, preserve natural resources and actively contribute to the restoration of our planet's ecosystems;

Expect transparency and fairness at every step. We are dedicated to improving working conditions and enhancing the lives of workers across our supply chain;

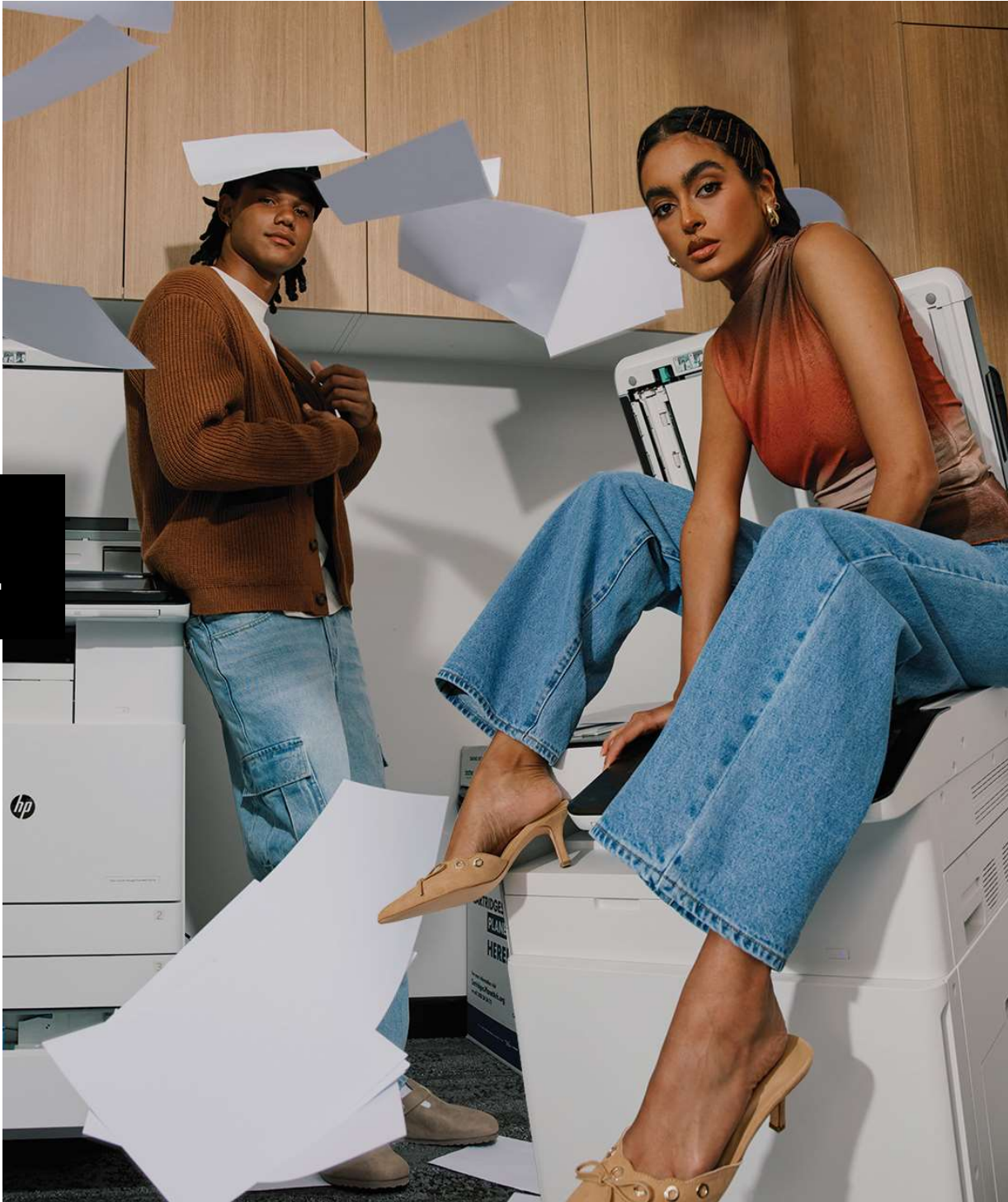
Climate action by being steadfast in our commitment to reducing emissions and spearheading to ensure a sustainable future for generations to come;

Amplify our actions through working collaboratively with the community, suppliers and customers to amplify our impact to effective positive change.

Diversity and inclusion remain core to the ethos of the Group. Our female team represent 70% of total team members, 43% of senior leadership roles and 50% of the Board of Directors.

We continue to strengthen governance processes across the Group with a particular focus on health & safety, cyber security, payroll compliance and broader risk management.

2

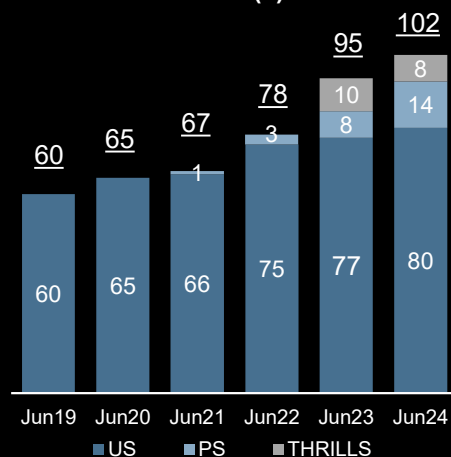


CEO UPDATE

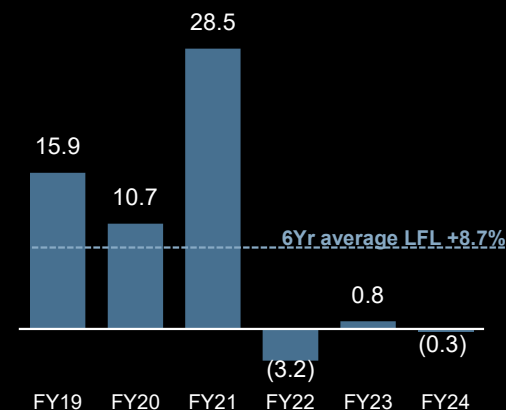
FY24 DELIVERED STRONG GROWTH

- ✓ Total sales \$288.5 million (+9.7% versus pcp), delivering Group 5-year sales CAGR of +14.5% (FY19-FY24)¹
- ✓ Universal Store 6-year average LFL sales growth of +8.7%
- ✓ During FY24: 6 Perfect Stranger ("PS"), 3 Universal Stores ("US") & 1 THRILLS new store & 3 closures, bringing total Group stores to 102 at 30 June 2024 (excl. webstores)
- ✓ The emerging PS retail format is scaling. 14 PS stores trading as of 30 June 2024, with the national rollout continuing
- ✓ UNI generated record Underlying EBIT in FY24 translating to a 5-year CAGR of +17.3% (FY19-FY24)³

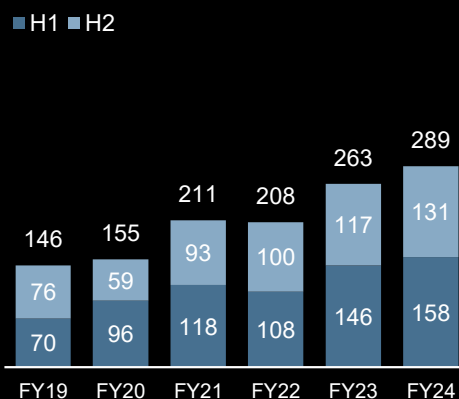
PHYSICAL STORES (#)



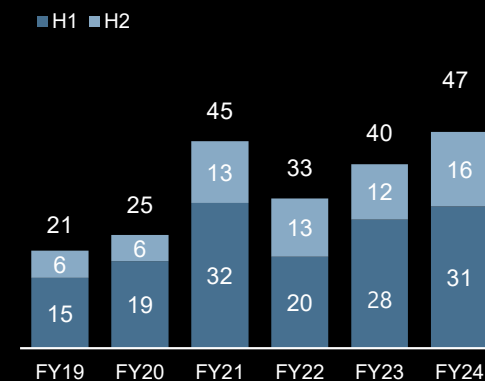
US LFL SALES GROWTH (%)²



GROUP SALES (A\$ MILLION)¹



UNDERLYING EBIT (A\$ MILLION)³ (FY20-FY24 POST-AASB 16)



- Total Group sales includes CTC revenue of \$30.4m in FY24 and \$19.4m in FY23 (Nov 22 Jun 23) net of intercompany eliminations.
- US LFL (like-for-like) sales in FY24 exclude CTC and Perfect Stranger and are calculated daily (Mon 3 Jul to Sun 30 Jun 2024), excluding closed stores from the day of closure and new stores until they have cycled the first three weeks of operation. FY20-FY22, LFL sales were calculated weekly using a 4/4/5 financial week. Stores that were closed during the COVID-19 pandemic are also excluded from LFL sales calculations.
- Underlying EBIT excludes one-off transaction costs related to IPO & MEP expenses (FY19 to FY21), onerous lease (FY22) and CTC acquisition costs (FY23) and the impact of FV movement of DVC (FY23 - FY24). FY19 proforma EBIT per the Prospectus (pre AASB16).

FY24 STRATEGY UPDATE

Store Network

- Group: 10 new stores opened in FY24 (network of 102 stores at 30 June 2024)
- US: 2 new stores and 1 temporary pop-up opened in FY24 (network of 80 stores at 30 June 2024)
- PS: 6 new stores opened in FY24 (network of 14 stores at 30 June 2024)
- CTC: 1 new store and 3 store closures in FY24 (network of 8 stores at 30 June 2024)



Range Differentiation

- Customer-led range strategy supported with a nimble and fast to market mindset
- Private brands continue to resonate with the customer and trade well. Private brand penetration increased to 46% of sales (45% in FY23)
- Neovision, US latest private label, has surpassed expectations and contributes ~ 10% of total FY24 sales
- Continue to evolve and differentiate the Perfect Stranger range



Sustainability

- Strategy measured through 11 targets of which 2 have been met, 4 on track, 4 in-progress and to be defined
- Signed up to Seamless, Australia's first National Clothing Stewardship Scheme



Digital Growth

- Online represented 14.2% of total sales
- Store to door offer continues to perform well
- Improved fulfilment speed
- Digitally engage with customers through social media platforms as well as through search and branded websites



Customer

- Youth fashion apparel customer has come through cost-of-living challenges and willing on spend on-trend, quality clothing
- New value offer introduced for more cost-conscious customers
- Competitive positioning continues to be based on differentiated, on-trend range and customer service
- Leverage Influencer marketing and customer data analytics to improve how we connect with customers



Productivity

- New POS will enhance the customer experience and is being implemented in the CTC network in Q2 FY25. US and PS network rollout to occur in calendar 2025.
- Inbound inventory management migrated into ERP system in Q2 FY25
- New HCM system implemented in Q1 FY25 with phase 2 capability being evaluated in Q3 FY25



FY25 YTD TRADING UPDATE

Sales performance – Weeks 1 to 17:

- Group YTD¹ direct to customer (DTC) sales are up +19.3% on prior corresponding period (“pcp”)

	Total Sales Growth	LFL Sales Growth ²
US	+15.5%	+13.8% cycling -7.0% ²
PS	+111.1%	+29.9% cycling +4.6% ²
CTC	+7.4%	+12.3% cycling +6.3% ²

- US trading well across both bricks & mortar (B&M) and online. Strong growth across men's and women's categories with increasing private brand sales mix driven by Neovision, Luck & Trouble and Worship. We anticipate LFL growth to moderate as the year progresses and we cycle stronger prior year trading comparatives;
- PS sales growth reflects an increasing customer base as we refine product ranging. All stores are profitable and online sales are accelerating;
- CTC DTC sales continue to improve off a low sales base. CTC wholesale channel sales are measured monthly with September YTD down -16.8%³ on pcp. Australian wholesale customer base (excluding US) continues to be volatile.

Store roll-out:

- New store roll out is on track to achieve previous market guidance of 9 to 15 new stores in FY25;
- Three new stores have opened FY25 YTD – two Perfect Stranger stores and one new Universal Store. In addition, one temporary pop-up CTC store has been opened;
- Four additional new stores will be opened pre-Christmas – three Universal Stores and one THRILLS store;
- Continue to be prudent in store selection.

Gross Margin:

- Gross margin benefits achieved in H2 FY24 maintained into FY25;
- Private brand performance continues to be strong, led by Neovision;
- Stock levels are healthy for upcoming peak trade period.

Cost of Doing Business (CODB):

- Cost of Doing Business % of sales is ~1% above prior year due to underlying cost inflation and investment in team capability.
- Incremental investment in team capability to support planned growth and implementation of new point of sale (“POS”), HCM and ERP systems.

1. YTD sales are measured from 1 July 2024 to 27 October 2024

2. LFL (like-for-like) sales are calculated daily (1 July 2024 to 27 October 2024) excluding closed stores from the day of closure and new stores until they have cycled the first three weeks of operation. CTC's LFL sales represent direct to customer (“DTC”) sales and exclude the wholesale channel

3. CTC wholesale sales exclude intercompany eliminations

DISCLAIMER

The material contained in this presentation has been prepared by Universal Store Holdings Limited ABN 94 628 836 484 (Universal Store) and is general background information about the businesses, operations and activities of Universal Store and its subsidiaries, current as at the date of this presentation. The information is provided in summary form only and does not purport to be complete or comprehensive. The information in this presentation should not be considered as advice or a recommendation for investment purposes, as it does not take into account your particular investment objectives, financial position or needs. These factors should be considered, with or without independent professional advice, when deciding if an investment is appropriate.

This presentation may contain forward-looking statements with respect to the operations and businesses of the Universal Store. The assumptions underlying these forward-looking statements involve circumstances and events that have not yet taken place and which are subject to uncertainty and contingencies outside Universal Store's control. Readers are cautioned not to place undue reliance on any forward-looking statements. Universal Store does not undertake any obligation to publicly release the result of any revisions to forward-looking statements in this presentation or to otherwise update forward-looking statements, whether as a result of new information, future events, or otherwise, after the date of this presentation. Past performance is not a reliable indication of future performance.

To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of the material contained in this presentation is accepted by Universal Store.

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.

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

For more information, please contact:

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