

Universal Store

Brisbane, 25 August 2021

UNIVERSAL STORE DELIVERS STRONG FY21 RESULT

FY21 Highlights:

- Sales up 36.1% to \$210.8m
 - Group LFL sales growth of 28.5% (LFL B&M stores up 21.8%)
 - Online sales up 90.3% representing 12.2% of total sales
- Gross profit \$ up 41.4% to \$123.9m
- Gross profit margin % up 210bps to 58.7%
- Underlying EBIT margin of 20.9% up approximately 560 basis points on pcp
- Statutory NPAT up 90% to \$24.4m
- Underlying NPAT up 87.7% to \$30.4m
- Net cash of \$18.6m at period end
- Underlying earnings per share (EPS) to 41.5 cents
- Final dividend of 10.5 cents per share (fully franked)

Overview

Universal Store Holdings Limited ('Universal Store'), (ASX:UNI) today announced its results for FY21. Universal Store traded strongly throughout FY21 generating significant growth in both revenue and profit. This result was delivered despite the ongoing disruption to the business arising from the COVID-19 pandemic.

Sales grew to \$210.8 m in FY21, an increase of 36.1% on the prior year. Overall, like for like sales across the company rose 28.5%, with first half growth of 26.5% and second half growth of 31.7%.

Online sales grew 90.3% which is a result of a significant investment in our online capabilities during COVID-19 in FY20, which included the implementation of ship-from-store and click & collect.

Gross profit is up 41.4% from \$87.6m in FY20 to \$123.9m FY21, driven by strong customer demand for our private brands, along with expansion of our men's private brand offering and accelerated direct sourcing in various women's product categories of our private brands.

Commenting on the results, Universal Store CEO, Alice Barbery said; "In spite of the many challenges encountered during FY21, including store closures in Melbourne from August to October, the results we have delivered are outstanding and well ahead of FY20. This highlights the ability of our team to operate in what has been an unpredictable trading environment.

I am very proud of what our team has been able to manage and achieve, including our successful IPO in November 2020. This has undoubtedly been the most challenging and rewarding operating environment our Company has seen in the last decade.

We have continued to focus on delivering an improved top line result by executing our strategic priorities as well as responding to the unique trading environments created by COVID-19.

The step of making our full range of inventory available to online shoppers through the launch of ship from store ('SFS') was instrumental in driving the ~90% sales growth from our webstore, and a near doubling of the contribution margin from our online channel in FY21. Critically, this also delivers increased customer satisfaction, and is a key example of how we can use our stores to support our online channel and vice versa. As the online channel becomes a more material component of both our sales and profitability, we will continue to invest in new capabilities and capacity to further drive this channel over the coming years.

Our business model is omni-channel, and we are ultimately 'channel agnostic' and support our customer to browse and transact with via a channel that suits them. We stand ready to deliver our range and service across both our channels. We support both sales channels with a large set of group assets, team and capabilities, which gives us both operating efficiencies and scale advantages. This business model is fundamental to our capacity to deliver attractive economics and growth from both the underlying channels and the business as a whole. This model is also a key source of differentiation and competitive advantage. The omni-channel customer who shops both our channels is extremely valuable to us and growing strongly in number.

The product team remains nimble to changing market conditions continuing to curate and range relevant on-trend products. The focus of our product and operations teams of being 'close to market and customer', buying late in season, maintaining collaborative supplier relationships, and micro allocating our stock to store and channel has never been more crucial and valuable than in FY21. Our culture and the hustle of our team remain the building blocks of our Company, and they have stood up in extreme circumstances. The agility and resilience that these fundamentals give us has been integral to delivering our results".

Strong cash flow and balance sheet

The outstanding earnings result for FY21 also converted to underlying operating cash flow generation of \$32.5m. The balance sheet is very strong with net cash of \$18.6m at year end.

Dividend

The Board have declared a final dividend of 10.5 cents per share (fully franked) payable on 29 September 2021. This takes the total dividend paid to shareholders as a listed entity or since listing to 15.5 cents per share.

Store Growth

The company currently has 68 stores and is targeting a network of 100+ stores across Australia and New Zealand over the longer term. Two new stores were opened during the financial year and one has been opened since June 2021. Seven new stores are expected be opened during the

first half of FY22. Additional stores are expected to open the second half of FY22. Further, we expect to relocate and expand two stores during the same period.

Supply Chain

Our review has been completed and we are currently finalising agreements and anticipate that the new distribution centre will be operational in the first half of the next financial year. This new facility will have the flexibility and capacity to support business growth during the next 5 – 10 years.

Outlook

We continue to execute on our strategic priorities in this unique and volatile trading environment. Our sales results online and in ‘open markets’ give us confidence that our customers have both the capacity and appetite to shop with us when circumstances permit.

Sales for the first eight weeks of FY22 are down 20.7% compared to the same period last year which reflects the current state of lockdown. LFL sales across this period are down just 0.4% despite the fact that we are cycling elevated levels of LFL sales growth of 24.5% in the prior corresponding period.

Given the uncertainty regarding trade restrictions and potential for ongoing lockdowns, we do not consider it appropriate to provide FY22 guidance at this time. We are managing our costs carefully in markets where stores are closed. Our inventory is well balanced and we are ready to trade all stores when possible.

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

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ABOUT UNIVERSAL STORE

Universal Store is a specialty retailer of youth casual apparel that operates 67 physical stores across Australia and a fast-growing online store.

The Company's strategy is to deliver a frequently changing and carefully curated selection of on-trend apparel products to a target 16–35-year-old fashion focused customer. Universal Store seeks to provide a high level of customer service, consistent price proposition and a welcoming and engaging store environment. It offers a diversity of brands and styles in order to cater to the constantly evolving and widely varied tastes and trends observed in the youth apparel market.