Universal Store

UNIVERSAL STORE MACQUARIE CONFERENCE & TRADING UPDATE

Brisbane, 15 June 2022

Universal Store Holdings Limited ('Universal Store', ASX: UNI), will today present to institutional investors at the Macquarie Annual Emerging Leaders Conference.

During the conference Universal Store's Chief Executive Officer, Alice Barbery and Chief Financial Officer, Renee Jones will be presenting the attached presentation.

Slide 9 in the attached presentation provides a trading update and guidance in relation to FY22 sales and EBIT.

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

For more information, please contact:

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ABOUT UNIVERSAL STORE

Universal Store is a specialty retailer of youth casual apparel that operates 78 physical stores across Australia and fast-growing online stores.

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.

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PRESENTATION AT MACQUARIE EMERGING LEADERS CONFERENCE

WEDNESDAY, 15 JUNE

Universal Store

SECTION

1

PRESENTATION

agenda

CONTENTS

- Business Overview
- FY22 Priority Update
- FY22 Trading & Guidance Update
- Appendices

PRESENTERS

Alice Barbery
CEO

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

Renee Jones
CFO

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

A LEADING AUSTRALIAN YOUTH-FOCUSED APPAREL RETAILER WITH CUSTOMER SERVICE AT ITS CORE

WHO IS UNIVERSAL STORE?

- **Omni-channel retailer**
- **Casual youth fashion apparel**
- **78 stores around Australia (excluding online)**
- **Curated domestic, international and private brand collections**
- **High service, friendly experience**

WHO IS OUR QUINTESSENTIAL CUSTOMER?

Millennials and Gen Z (16-35 year old)	**Fashion focused (and buy now preference)**
~54% women, ~38% men, ~9% unisex[1]	**Late education or early adult phase of life**
Digital natives	**Socially active**
Sub-culture 'fluid'	**Occasion and event driven**

SOME IMPLICATIONS ABOUT OUR CUSTOMERS….

- **Relatively few financial commitments or long-term savings goals**
- **High proportion of income is "disposable"**
- **Shop across multiple brands seeking what's new**
- **Buy now pay later products and parents support spending capacity**
- **Most active customers seek outfits to fit in or stand out**

1. Based on FY22 to date revenue only, excluding ticket sales and other adjustments.

BUSINESS OVERVIEW - ONGOING STRONG PERFORMANCE AMIDST EASING RESTRICTIONS

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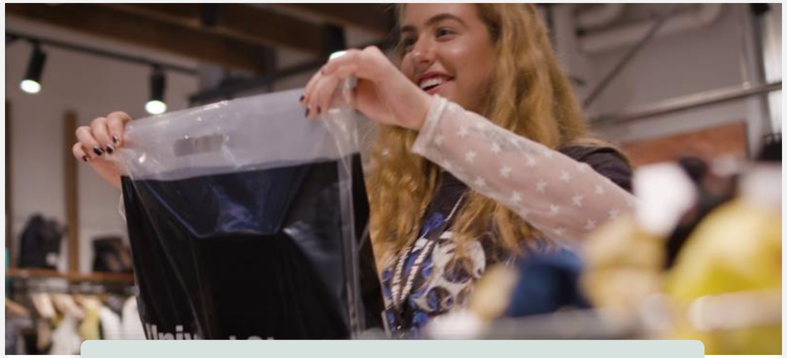
CUSTOMERS

- H1 significantly disrupted by government mandated store closures – during the half, closures in NSW, VIC and the ACT resulted in 3,192 lost trading days (~25% potential trading days)
- H2 performance continues to improve as foot traffic returns as COVID 19 restrictions ease and occasions for wear grow (events, festivals, travel)
- Our youthful customer-base are typically more resilient to higher energy prices and interest rates
- Despite lower relative disposable income levels, our customers place greater emphasis and value on social occasions and appearance



TEAM

- During H1 mandated store closures, we supported our full-time team and continue to manage COVID 19 impacts which are now increasingly ‘normal’ part of day-to-day-life
- Resumption in travel invigorating support office teams to return to stores
- Labour market remains tight, particularly for more skilled positions (e.g. digital, finance, product, retail operations managers)

SUPPLY CHAIN

- Thoughtfully managing inventory build. Currently comfortable, healthy position and anticipate no major impact by end of June
- Experiencing some delayed delivery of 3rd Party brands, although continue to manage. Minimal impact to vertical brands
- Implementing our new Warehouse Management System in June ahead of moving into our new DC in September

FY22 PRIORITY UPDATE

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WE CONTINUE TO EXECUTE ON OUR STRATEGY AND PLEASED WITH CURRENT PROGRESS

NEW STORE ROLLOUT

- **13 new stores opened since IPO (78 stores by June FY22)**
- Standalone Perfect Stranger concept progressing well – 3 locations currently with a further 5 secured pre-Christmas
- "Full Potential" target is 100+ Universal Stores across Australia/ New Zealand (excl PS rollout)

OPTIMISE PRODUCT MIX

- **FY22 product gross margin (excl. delivery costs) risen to 61% (from ~58% at IPO)**
- Ongoing brand and range curation, injecting fresh new product and brands into our offering
- Maintain our customer-led and complimentary private brand strategy, **progressing direct sourcing where possible**

STORE MATURATION

- **Our average LFL store growth over the last 3 years is ~12%.** [1]
- We continue to grow market share through superior customer service, inspirational stores and strongly curated brands

ONLINE GROWTH

- **17.7% Online sales as a percentage of total, up from 8.8% at IPO.** [2]
- Continue to scale our digital and eCommerce capacity and services, **doubling investment into digital marketing**
- Improved speed and delivery options
- Launched standalone Perfect Stranger website, further enhancements and customer acquisition strategy in plan

SUSTAINABILITY

- Rolled out our Supplier code of conduct to all Private label suppliers (100%) and 89% of our 3rd party suppliers have signed our code or have equivalent or superior policies in place
- 38 of 39 factories have had a valid audit during FY22, with the remaining factory scheduled in June
- In the process of setting up Sedex supply chain transparency platform

PRODUCTIVITY

- Continued care for team, ensuring COVID-safe workplaces
- **Warehouse Management System launched early June, in current DC**
- Relocation into new, purpose-built DC and Office on track for H1 FY23
- Ongoing progress on IT roadmap

1. LFL is calculated on 4/4/5 weekly basis and excludes closed stores. FY22 YTD is up to week ending 12th June 22
2. Online sales as % Total is at YTD May 31st FY22.

FY22 PRIORITIES - PERFECT STRANGER TRIAL

PLEASING PERFORMANCE OF STORES. ON TRACK TO DELIVER
PHASE 3 OF TRIAL AS WE REFINE OUR PRODUCT AND SERVICE OFFERING

Phase 1
DEC 20 – NOV 21

- Successful trial of Chermside pop-up, which was relocated to a permanent site in Nov 21

Phase 2
NOV 21 – DEC 21

- Opened 2 stores in QLD (Chermside & Sunshine Plaza) and one pop-up (Garden City)
- Launched the standalone website in Dec 21

Phase 3
JAN 22 – JAN 23

- Refine store model based on lessons
- Targeted rollout of further 5-8 stores (in next 12mo), predominantly QLD and NSW

Post completion of phase 3, we aim to have proof of its broad appeal, scalability and ‘box economics’

FY22 PRIORITIES – SUSTAINABILITY

DEVELOPMENT & IMPLEMENTATION OF KEY SUSTAINBILITY AND ENVIRONMENTAL TARGETS

PRODUCT EXCELLENCE

TREAD LIGHTLY

Reduce our impact. Preserve our resources. Restore the planet

ELIMINATE WASTE

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

RESPONSIBLE PROCUREMENT

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

SUPPLIER PARTNERSHIPS

EXPECT TRANSPARENCY

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

POLICIES & PROCEDURES

- 100% of our manufacturing and key 3rd party brands endorse our Supplier Code of Conduct by 2022

SOCIAL AUDITS

- 100% of Tier 1 and 2 factories are audited by 2022

ENERGY & WATER EFFICIENCY

- Manufacturing from facilities applying best practice water, waste and chemical management practices by 2025

COMMUNITY IMPACT

CLIMATE ACTION

Reverse climate change and take action to end the climate crisis

REDUCE CARBON EMISSIONS

- 100% stores equipped with energy efficient LED lights by 2022
- Develop a climate action plan by 2023 and reduce emissions by 30% by 2030
- 100% of electricity for our support office and DC from renewable sources by 2025

AMPLIFY OUR ACTIONS

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

CHARTER OF ENVIRONMENTAL ATTRIBUTES

- 1M customer education touchpoints on responsible use and care of garments by 2025

FY22 TRADING & GUIDANCE UPDATE

TRADING UPDATE

Solid H2 FY22 sales to date, delivering[1];

- Total sales growth of +6.9% on H2 FY21 (pcp)
- Online sales growth of +27.3% on H2 FY21 (pcp) (+119.3% vs. H2 FY20)
- Despite ~25% of trading days being lost in H1 FY22 (Jul-Nov 2021), resulting in H1 sales being down 8.2% vs pcp, our FY22 YTD sales are now down just 2.3% on FY21, aided by growth in H2 sales and successful new store openings
- LFL sales are currently a less insightful measure as the year progresses and we again cycle periods of material store closures in prior year(s). YTD FY22 LFL sales (incl. online) are down 2.8% vs pcp (and +28.7% vs FY20)

- We are pleased with the sales momentum we are delivering in H2, including in our most recent trading results as interest rate increases and other increases in costs of living have become more apparent in the market
- As previously flagged, we have continued to invest in our people, new office and distribution centre projects, as well as improved technology – all necessary investments for scale and continued growth
- We are mindful of the 'cost of doing business' challenges across supply and service chains impacting retail sector

FY22 GUIDANCE

- We anticipate FY22 sales to be between \$205m and \$207m (\$210.8m in FY21) and underlying EBIT to be between \$30m and \$31m (\$44.0m in FY21)
- We expect to finish FY22 with inventory in line with plan with aged inventory at historical levels
- We expect 'net cash' in excess of \$20m

1. LFL is calculated on 4/4/5 weekly basis and excludes closed stores. FY22 YTD is up to week ending 12th June 22 and results are un-audited.

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SECTION

2

QUESTIONS

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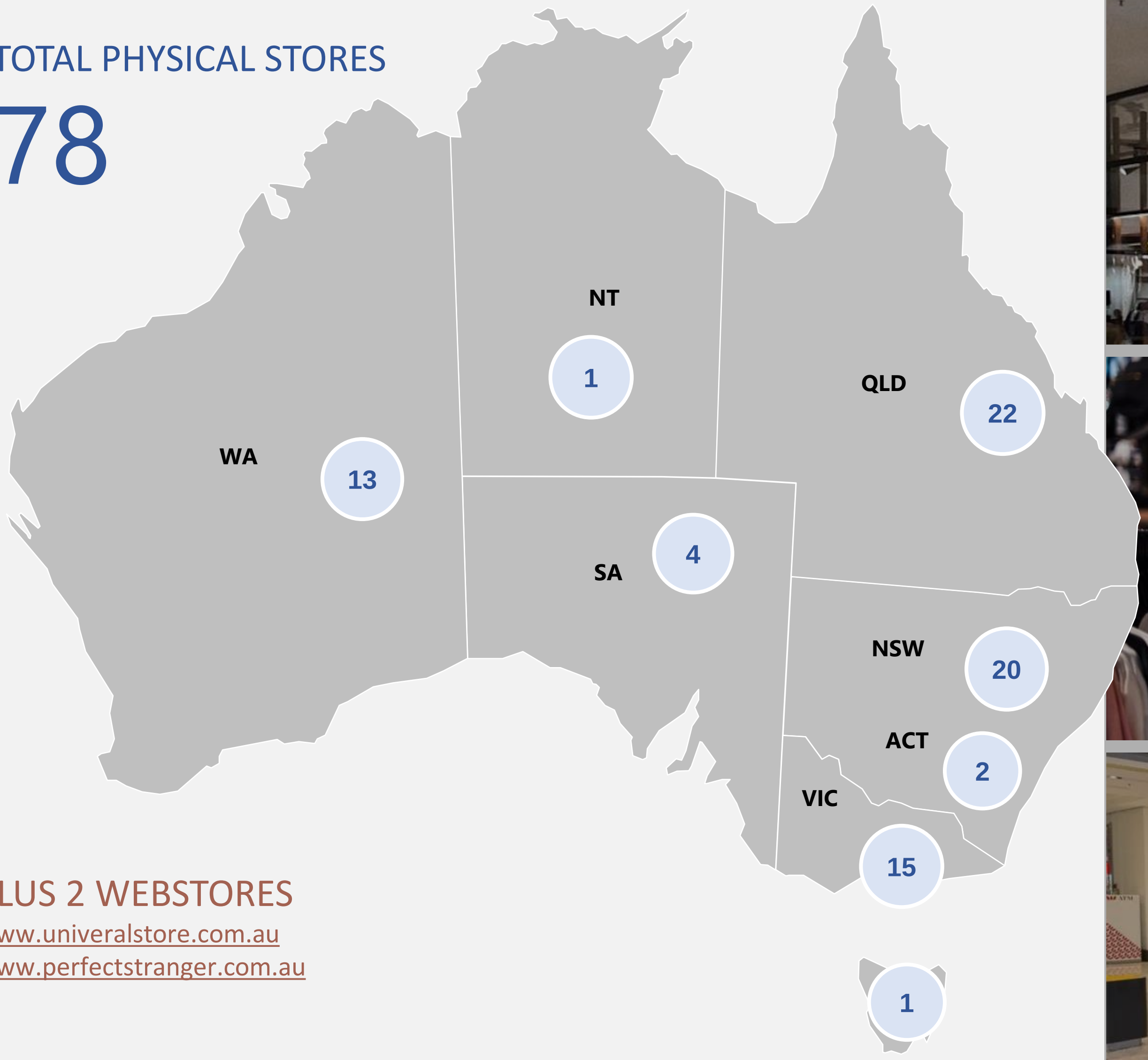
SECTION

3

APPENDIX

TOTAL PHYSICAL STORES

78



PLUS 2 WEBSTORES

www.univeralstore.com.au
www.perfectstranger.com.au

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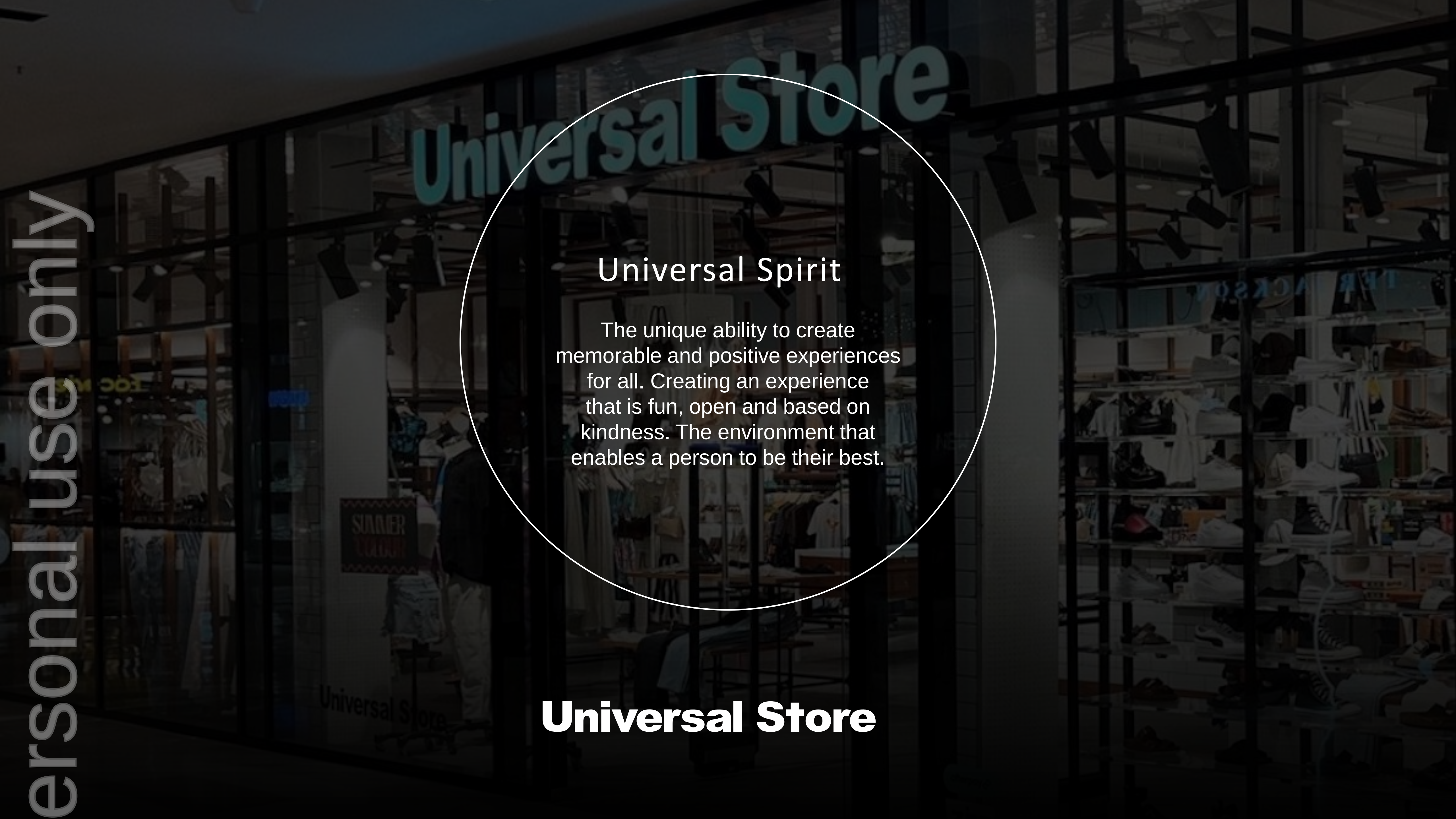

Universal Spirit

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.

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