

Universal Store

Brisbane, 20 February 2025

H1 FY25 RESULTS

Universal Store Holdings Limited (ASX: UNI", "Group" or the "Company"), a specialty retailer of youth casual fashion apparel, today releases its half year results for period ended 31 December 2024 ("H1 FY25").

H1 FY25 Highlights:

- Group sales of \$183.5 million, +16.1% versus prior corresponding period ("pcp"):
 - Universal Store ("US") sales of \$156.1 million (+17.2% vs pcp), like-for-like ("LFL") sales +14.4%¹
 - Perfect Stranger ("PS") sales of \$12.6 million (+92.3% vs pcp), LFL sales +25.3%¹
 - CTC sales of \$22.2 million (-12.4% vs pcp), LFL sales +3.2%¹
- Gross profit margins +90 basis points vs pcp, to 60.6%
- Underlying earnings before interest and tax ("EBIT")² of \$35.4 million, +14.9% vs pcp
- Underlying net profit after tax ("NPAT")² of \$23.2 million, +16.0% vs pcp
- Statutory NPAT of \$11.3 million (-45.6% vs pcp) includes \$13.6 million CTC impairment charge
- Underlying earnings per share ("EPS") of 30.3 cents per share ("cps")³, +15.2% vs pcp
- 22.0 cps fully franked dividend has been determined, +33.3% vs pcp
- Net cash of \$37.7 million as at 31 December 2024⁴, +37.6% vs pcp
- 109 physical store locations as at 31 December 2024, comprising 84 Universal Store, 16 Perfect Stranger, and 9 THRILLS stores
- Webinar to be held 11.00am AEDT today, Thursday 20 February 2025 ([click here to register](#))

Commenting on the H1 FY25 results, Group CEO, Alice Barbery said:

"The Group has delivered a very pleasing H1 FY25 result with strong sales growth and robust gross margins. This performance reflects the team's commitment to connecting with our customers with on-trend, occasion for wear apparel, communicating with our customers in the channels relevant to them and strong operational execution. The youth fashion apparel customer continues to be discerning and willing to spend on on-trend, quality clothing. The Group remains focused on cost discipline as we build our team and system capability to support future growth. This commitment extends across each of our three core businesses – Universal Store, Perfect Stranger and THRILLS."

¹ LFL (like-for-like) sales in H1 FY25 are calculated daily (1 July 2024 to 29 December 2024), excluding closed stores from the day of closure and new stores until they have cycled the first three weeks of operation

² Underlying EBIT and NPAT excludes FV movement of DVC (FY24 & FY25) and CTC goodwill impairment charge (FY25).

³ Underlying EPS is calculated from underlying NPAT and the weighted average shares outstanding during the period (76.5m H1 FY25 vs 76.3m H1 FY24). 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

⁴ Net Cash/(Debt) excludes lease liabilities

Group financial performance

During H1 FY25, the Group delivered strong results with underlying EBIT of \$35.4 million +14.9% versus pcp. Underlying NPAT was 16.0% higher at \$23.2 million while net cash as at 31 December 2024 totalled \$37.7 million (+38% above pcp).

Driving the performance was sales growth, gross margin improvement and cost control. Total sales of \$183.5 million grew 16.1% on pcp driven by growth in US (+17.2%), PS (+92.3%) and CTC direct to customer (+1.1%). Gross profit margins expanded a further 90 basis points versus pcp, to 60.6% due to increased private brand sales mix and the continued diligence in managing pricing.

The Group continues to invest in team capability to support its future growth aspirations, including new roles relating to strategic projects as well as filling FY24 vacancies. In doing so, H1 FY25 cost of doing business ("CODB") increased 170 basis points, to 30.9% of sales.

Universal Store performance

US sales during the half totalled \$156.1 million (+17.2% versus pcp), while US LFL sales grew 14.4%, reflecting growth in both sales transactions and average transaction value. Continued focus during the half centred around providing US customers with on-trend, occasion for wear fashion apparel implementing the businesses premium pricing strategy based on product differentiation and exclusivity. This strategy is supported with value added bundles and a disciplined approach to aged inventory markdowns.

Neovision continues to resonate strongly with US customers and has been extended into the unisex and women's categories. Neovision represents 17% of total US sales versus 9% in pcp.

Online sales grew +10.3% and represent 13.5% of total sales. During the period four new stores were opened with another store confirmed to open in H2 FY25.

Perfect Stranger performance

Total PS sales grew to \$12.6 million for the half, up 92.3% versus pcp, while LFL sales were +25.3% (cycling +1.6% LFL sales growth in pcp). PS continues to attract new customers not shopping in US stores, with little to no discernible cannibalisation of nearby US stores.

Store network expansion continues to be Management's focus with two new stores opened in H1 FY25. The plan continues to focus on leasing opportunities that support long term profitability, with an additional three new stores confirmed for Q4 FY25. PS online continues to grow with sales up +111.3% versus pcp. Building brand awareness and scaling the operating model for future growth is a continued focus going forward.

CTC (THRILLS) performance

CTC first half sales of \$22.2 million were 12.4% lower versus pcp. This decrease was due to a -16.4% decline in the Wholesale channel partially offset by the direct to customer ("DTC") channel growing +1.1%. The decline in Wholesale reflects subdued market conditions and reflects a material decrease in a small number of retail accounts. The CTC brands (THRILLS and Worship) continue to trade well in US representing ~11% of US sales, consistent with pcp.

CTC H1 FY25 gross margin of 45.3% was 210 basis points lower versus pcp due to product sales mix and aged inventory markdown activity.

One new store was opened in the half bringing the store network to 9 as at 31 December 2024. One new store is confirmed to open in Q4 FY25 while one store has confirmed to be closed in Q3 FY25. New leadership was onboarded in Q2 FY25 to refine the retail concept for future national rollout.

As communicated in the Group FY24 Annual Report, a decline in the Wholesale channel represents a risk to impairment of the CTC goodwill recognised on the acquisition by the Group in October 2022. Therefore, based on the H1 FY25 wholesale performance Management reassessed CTC goodwill for impairment. Based on this assessment, the Group has recognised a \$13.6 million write down of CTC goodwill in H1 FY25.

The Group remains confident in the long-term potential of the CTC business. New leadership was onboarded, a new point of sale system has been implemented and a new store was opened in Q2 FY25. An additional new store has been confirmed for Q4 FY25.

Trading update & outlook Weeks 27 to 34 (H2 FY25 to date)

Group H2 FY25 to date⁵ DTC sales are up +31.8% on pcp and broken down below:

- US sales growth of \$+27.6%, LFL sales +22.5% (cycling +1.0%)⁶
- PS sales growth of \$+90.1%, LFL sales +38.8% (cycling +10.3%)⁶
- CTC sales growth of \$+40.1%, LFL sales +37.8% (cycling +1.2%)^{6,7}

Management notes that the Group will be cycling stronger prior period sales comparatives for the remainder of H2 FY25.

Group new store roll out is on track to achieve previous market guidance of nine to fifteen new stores in FY25, with seven stores already opened in H1 FY25 and five new stores confirmed for H2 FY25. The Group is pursuing additional new store opportunities, being prudent to ensure these support long-term profitability.

Results webinar

The Company will host an investor webinar to discuss the results with Chief Executive Officer Alice Barbery, and Chief Financial Officer Ethan Orsini. The webinar will be held at 11.00am AEDT (10.00 AEST) today, Thursday, 20 February 2025.

Investors and interested parties can register for the webinar via the following link:

https://us02web.zoom.us/webinar/register/WN_IPcfM7mUQve_cKJAmiTxKw

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

⁵ Weeks 27 to 32 sales are measured from 30 December 2024 to 16 February 2025

⁶ LFL sales are calculated daily (30 December 2024 to 16 February 2025) 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 DTC sales and exclude the wholesale channel

⁷ CTC wholesale channel sales are measured monthly with January month +37.3% on pcp

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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 (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.