



First Half FY21 Results

Record Sales and Earnings

Dusk Group Limited ('dusk', ASX:DSK), releases its results for the 26 weeks to 27 December 2020 (1H FY21). Despite 20 stores in Melbourne being closed from 6/8/20 to 27/10/20 due to COVID-19 restrictions, dusk generated record sales and earnings in a period of heightened volatility.

1H FY21 (compared to 1H FY20) Snapshot

- Total LFL Sales +49%
- Store Sales +44%
- Online Sales +120%
- Gross Margin +63% to \$61.6m
- Pro forma EBIT +194% to \$28.3m (excluding net JobKeeper benefit)
- \$2.8m of net JobKeeper benefit to be repaid in 2H FY21
- Net Cash at period end of \$34.9m
- dusk rewards membership grew 53% to 634,000
- Interim fully franked dividend of 15 cents per share declared

Commenting on the 1H FY21 results, Managing Director and CEO Peter King, said:

“dusk’s strong 1H FY21 results were generated by swift decision making and focused execution over the period. A near trebling of EBIT vs the pcp despite the lockdown of our 20 Melbourne Metro stores points to the resilient teamwork of the dusk organisation and continued execution of its business plan in store and online despite a challenging operating environment.

While COVID-19 has seen a shift in consumption to home related products, it should be noted that Q2 FY21 was the 15th consecutive quarter of LFL Sales and GM\$ growth for dusk. December itself was the fourth consecutive Christmas of record sales and earnings.

For the business to bounce back from forced store closures and stand downs in FY20 to register these records results is a testament to the dusk team in all 117 Stores, Online and Customer Support Office.

Record signups for dusk rewards in the 1H FY21 are a clear signal of future purchase intent into 2H FY21 and beyond. To ensure these customers stay with dusk we will continue the laser like focus on our customers, and continue to develop and deliver differentiated dusk branded products offering great value for money and affordable everyday luxury for our customers online and in store.

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The Board of dusk have decided to repay the net JobKeeper wage subsidy received during 2H FY21. This equates to \$2.8m. dusk acknowledges the innovation and speed of this program and the part it played in guiding the country through this most difficult period. The JobKeeper program provided dusk the opportunity to stay connected with its team around the country and plan for and implement the resumption of normal business activity at the earliest opportunity. The program has also enabled us to continue to support our teams through the store closures in Melbourne in Q2 FY21, and more recently in VIC, WA and SA. We ceased eligibility to receive JobKeeper at the end of Phase 1 in September 2020. The continued support of our team and growth of our business has been made possible due to our historic participation in the Job Keeper program, and our strong cashflow and balance sheet."

dusk performance

Sales growth of 55% and LFL sales growth of 49% were driven by dusk's differentiated product, offering superior value for money to our growing customer cohort.

dusk's online sales grew an impressive 120% for the period. Online did benefit from the April national lockdown and subsequent Melbourne shutdown, however sales to all States were sharply higher than pcp, and the momentum in this channel prior to the onset of the pandemic was very strong.

Store LFL sales growth of 44% provides a solid return on the investments made in training and development of our store teams and vindicates the decision by Management to invest in core inventory for Q2 FY21 sales.

Average Transaction Value (ATV) at \$54.00 was 17% higher than FY20. This increase was driven by the continued shift to higher priced Home Fragrance product and refinement of our range to offer larger pack size products (i.e. higher price point) across the core candle category. Our stronger ATV and margin result also reflects the reduction in depth and length of promotional discounting undertaken at dusk.

dusk Rewards, our pay to join membership program signed up a record 109,000 members in 1H FY21 representing an increase of +53% vs pcp. dusk Rewards' members are tracking towards generating 60% of total company sales. dusk Rewards members continue to spend more and more often than non-members.

Six new stores were opened 1H FY21: Munno Parra (SA), Tarneit (VIC), Indooroopilly (QLD), Marrickville (NSW), Ellenbrook and Warwick Grove (WA).

dusk closed 1H FY21 with inventory broadly in line with plan and 28% higher than pcp. This increase is concentrated in high turn core SKU's in Candle and Home Fragrance. Proactive management of our supply chain saw the business secure production and container space in Q2 FY21 to ensure sufficient stock to trade strongly into 2H FY21.

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The Board have declared an interim fully franked dividend of 15 cents per share. The record date for this dividend is March 15th with a payment date of March 26th.

The first six weeks of 2H FY21 have continued strongly as per the below table and gross margins are in line with 1H FY21 trading reflecting the clean inventory position of the business post-Christmas.

Sales, unaudited (First six weeks 2H FY21)	Growth vs pcp
Total Stores	+55.2%
Stores LFL ¹	+49.6%
Online	+59.0%
Total Sales	+55.5%

¹ LFL sales growth has been adjusted for all store closures, including when due to COVID-19, and is calculated on a store-by-store daily basis (where only stores open on the same day in each corresponding period have been included).

With the continued restrictions on international travel and the persistent uncertainties associated with domestic travel, combined with the increased adoption of work and entertain at home practices, dusk expects the increases observed in expenditure on personal and home focussed categories to continue for some time yet. However, due to the ongoing uncertainty relating to COVID-19 the Board does not currently consider it appropriate to provide guidance for the full year FY21 at this time.

This announcement has been approved by the Board of Dusk Group Limited.

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