



DUSK GROUP LIMITED
APPENDIX 4D

Half Year Report
For the 26 week period ended 1 January 2023

This information should be read in conjunction with the interim condensed report for the half year ended 1 January 2023.

1. Details of the reporting period and the prior corresponding period

Prior corresponding period: 4 July 2022 to 1 January 2023 (26 weeks)
28 June 2021 to 26 December 2021 (26 weeks)

2. Results for announcement to the market

				\$'000
Revenue from ordinary activities	Up	7.6%	to	86,118
Profit from ordinary activities after tax attributable to members	Down	12.3%	to	13,316
Net profit attributable to members	Down	12.3%	to	13,316

3. Dividends

	Amount per security Cents	Franked amount per security Cents
Final FY2022 dividend - Ordinary (paid 27 September 2022)	10.0	10.0
Interim FY2023 dividend - Ordinary (resolved, not yet provided for at 1 January 2023)	8.0	8.0
Record date for determining entitlements to the dividend – 14 March 2023		
Payment date of interim dividend – 28 March 2023		

The company does not have a dividend reinvestment plan.

4. Net tangible assets per security

	1 January 2023	26 December 2021
Net tangible assets per ordinary security	66.53 cents	59.65 cents

5. Entities over which control has been gained or lost during the period

Not applicable.

6. Details of associate and joint ventures

Not applicable.

Dusk Group Limited

ACN 603 018 131

Interim Consolidated Financial Statements

For the 26 weeks ended 1 January 2023

Dusk Group Limited
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Dusk Group Limited
Directors' report
For the half-year ended 1 January 2023

The Directors present their report, together with the interim consolidated financial statements on Dusk Group Limited and its controlled entities (referred to hereafter as “dusk”, “the Group” or “the Company”) for the 26 weeks ended 1 January 2023 (“1H FY23”).

The Group utilises a 52-week retail calendar year for financial reporting purposes. The half year represents 26 weeks which ended on 1 January 2023. The prior half year was a 26 week retail calendar period, which ended on 26 December 2021 (“1H FY22”).

Directors

The names of the Company's Directors in office during the 26 weeks ended and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

John Joyce
Trent Peterson
David MacLean
Tracy Mellor
Katherine Ostin
Peter King

As announced on 25 January 2023, CEO and Managing Director Peter King will step down from the role effective August 2023. A search has commenced for a new CEO.

Dividends

A final dividend on ordinary shares in respect of the 2022 financial year was declared on 1 September 2022. The dividend was paid on 27 September 2022. The total amount of the dividend was \$6.23 million and represented a fully franked dividend of 10.0 cents per share.

Principal activities

The principal activities of the Group for the 26 weeks ended 1 January 2023 comprised of retailing of scented and unscented candles, home decor, home fragrance and gift solutions.

There were no significant changes in the nature of the Group's principal activities during the reporting period.

Review and results for the period

The net profit after tax (NPAT) of the Group for the 26 weeks ended 1 January 2023 was \$13.3 million (26 December 2021: \$15.2 million).

The Directors' Report includes references to pro forma results. The pro forma results have been derived from dusk's statutory accounts and adjusted to a pro forma basis to reflect the ongoing operations of dusk more appropriately, and its balance sheet and capital structure. The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-IFRS measures contained within this report are not subject to audit. Other companies may calculate such measures in a different manner to the Group.

Pro forma earnings before interest and tax (“EBIT”) was \$19.1 million for the 26 weeks ended 1 January 2023 which is reconciled to statutory EBIT as follows (with comparatives):

Dusk Group Limited
Directors' report
For the half-year ended 1 January 2023

	26 weeks ended 1 January 2023 \$'000	26 weeks ended 26 December 2021 \$'000
Statutory profit before income tax	19,127	21,889
Add/(deduct):		
Finance costs	789	754
Finance income	(94)	-
Statutory EBIT	<u>19,822</u>	<u>22,643</u>
Add/(deduct) the following items:		
Impact of AASB 16 ⁽ⁱ⁾	(702)	(475)
NSW JobSaver receipts ⁽ⁱⁱ⁾	-	(1,050)
Rental concessions received ⁽ⁱⁱⁱ⁾	(291)	(266)
Acquisition costs ^(iv)	-	439
NZ set up costs ^(v)	282	-
Pro forma EBIT	<u><u>19,111</u></u>	<u><u>21,291</u></u>

- (i) Adjustment is reflective of management measuring and reviewing company performance prior to any AASB 16 adjustments.
- (ii) NSW JobSaver receipts reflect the removal of the non-recurring benefit to earnings of the JobSaver payment received from the New South Wales Government.
- (iii) As an impact of COVID-19, the Group has negotiated with some of its landlords to achieve rent concessions. The rent concessions reflect credits received from landlords on contracted lease costs under the practical expedients of AASB 16 Leases.
- (iv) The Group incurred certain non-recurring transaction costs and similar items for the acquisition of Eroma Group that did not proceed.
- (v) The Group incurred certain non-recurring set up costs for entry into the New Zealand market.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the reporting period.

Share-based payments

As at the date of this report, there were 1,875,000 unissued ordinary shares under the option plan and 517,707 unissued ordinary shares under the performance rights plan. Option holders and performance rights holders are entitled to the issue of one ordinary share in the share capital of Dusk Group Limited.

Significant events after reporting period

On 23 February 2023, the directors declared an interim dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is \$4.98 million which represents a fully franked dividend of 8 cents per share. The dividend has not been provided for in the 1 January 2023 financial statements.

No other matter or circumstance has arisen since 1 January 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the 26 weeks ended 1 January 2023 has been received and can be found on page 5 of the interim consolidated financial report.

Dusk Group Limited
Directors' report
For the half-year ended 1 January 2023

This report is signed in accordance with a resolution of the Board of Directors.



Peter King
Director

24 February 2023



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Dusk Group Limited

As lead auditor for the review of the half-year financial report of Dusk Group Limited for the 26-week period ended 1 January 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dusk Group Limited and the entities it controlled during the financial period.

Ernst & Young

Lisa Nijssen-Smith
Partner
24 February 2023

Dusk Group Limited
Interim consolidated statement of financial position
As at 1 January 2023

	Note	1 January 2023 \$'000	3 July 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		32,891	21,278
Trade receivables and other financial assets		898	369
Inventories	6	17,612	15,415
Right-of-return assets		406	375
Prepayments		2,316	1,674
Total current assets		<u>54,123</u>	<u>39,111</u>
Non-current assets			
Property, plant and equipment		11,852	11,079
Right-of-use assets	7	31,546	29,175
Intangible assets		2,312	2,187
Deferred tax assets		6,459	6,723
Total non-current assets		<u>52,169</u>	<u>49,164</u>
Total assets		<u>106,292</u>	<u>88,275</u>
Liabilities			
Current liabilities			
Trade and other payables	8	15,352	9,217
Provisions	9	2,829	2,750
Employee benefit liabilities		1,740	1,498
Lease liabilities	10	14,568	14,263
Current tax liabilities		2,127	719
Total current liabilities		<u>36,616</u>	<u>28,447</u>
Non-current liabilities			
Trade and other payables	8	354	303
Provisions	9	1,276	1,344
Employee benefit liabilities		466	475
Lease liabilities	10	23,842	21,243
Total non-current liabilities		<u>25,938</u>	<u>23,365</u>
Total liabilities		<u>62,554</u>	<u>51,812</u>
Net assets		<u>43,738</u>	<u>36,463</u>
Equity			
Issued capital		3,487	3,487
Other capital reserves	11	(2,937)	(3,122)
Retained earnings		43,188	36,098
Total equity		<u>43,738</u>	<u>36,463</u>

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes

Dusk Group Limited
Interim consolidated statement of changes in equity
For the half-year ended 1 January 2023

	Issued capital \$'000	Retained earnings \$'000	Other capital reserves \$'000	Total equity \$'000
Balance at 27 June 2021	3,487	30,070	(3,342)	30,215
Profit after income tax expense	-	15,180	-	15,180
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	15,180	-	15,180
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	(6,227)	-	(6,227)
Share-based payments	-	-	77	77
Balance at 26 December 2021	<u>3,487</u>	<u>39,023</u>	<u>(3,265)</u>	<u>39,245</u>
	Issued capital \$'000	Retained earnings \$'000	Other capital reserves \$'000	Total equity \$'000
Balance at 3 July 2022	3,487	36,098	(3,122)	36,463
Profit after income tax expense	-	13,316	-	13,316
Other comprehensive income, net of tax	-	-	13	13
Total comprehensive income	-	13,316	13	13,329
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	(6,226)	-	(6,226)
Share-based payments (note 11)	-	-	172	172
Balance at 1 January 2023	<u>3,487</u>	<u>43,188</u>	<u>(2,937)</u>	<u>43,738</u>

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Dusk Group Limited
Interim consolidated statement of cash flows
For the half-year ended 1 January 2023

	26 weeks ended 1 January 2023 \$'000	26 weeks ended 26 December 2021 \$'000
Operating activities		
Receipts from customers (inclusive of GST)	94,659	88,648
Payments to suppliers and employees (inclusive of GST)	(61,950)	(53,433)
Net interest paid	(695)	(754)
Income taxes paid	(4,139)	(7,771)
Receipt of government grants - JobSaver	-	1,050
	<hr/>	<hr/>
Net cash from operating activities	27,875	27,740
Investing activities		
Purchase of property, plant and equipment	(2,517)	(2,118)
Purchase of intangible assets	(263)	(384)
Proceeds from sale of financial derivative	355	27
	<hr/>	<hr/>
Net cash used in investing activities	(2,425)	(2,475)
Financing activities		
Dividends paid by parent entity	(6,226)	(6,227)
Payment of lease liabilities	(7,611)	(7,134)
	<hr/>	<hr/>
Net cash used in financing activities	(13,837)	(13,361)
Net increase in cash and cash equivalents	11,613	11,904
Cash and cash equivalents at the beginning	21,278	21,408
	<hr/>	<hr/>
Cash and cash equivalents at the end	<u>32,891</u>	<u>33,312</u>

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes

Dusk Group Limited
Notes to the interim consolidated financial statements
For the half-year ended 1 January 2023

Note 4. Revenue from contracts with customers

	26 weeks ended 1 January 2023 \$'000	26 weeks ended 26 December 2021 \$'000
Sale of goods	84,209	78,289
Loyalty program membership	1,909	1,727
Total revenue from contracts with customers	86,118	80,016

(a) Performance obligations

Information about the Group's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally received at point of sale or the placement of an online order.

Loyalty Program Membership - dusk Rewards

The performance obligation is satisfied upon the customer receiving the benefits of membership.

(b) Seasonality of operations

Sales and earnings for the Group are typically greater in the first half of the financial year due to the elevated trading that is experienced in the lead up to Christmas.

Note 5. Other income

	26 weeks ended 1 January 2023 \$'000	26 weeks ended 26 December 2021 \$'000
Gain on FX derivatives	355	238
Rental concessions received	291	266
Recoveries	18	12
NSW JobSaver receipts	-	1,050
Other income	664	1,566

Dusk Group Limited
Notes to the interim consolidated financial statements
For the half-year ended 1 January 2023

Note 9. Provisions

	1 January 2023 \$'000	3 July 2022 \$'000
<i>Current liabilities</i>		
Make good provision	366	301
Refund liabilities	2,150	2,068
Voucher liabilities	245	190
Other provisions	68	191
	<u>2,829</u>	<u>2,750</u>
<i>Non-current liabilities</i>		
Make good provision	1,179	1,225
Other provisions	97	119
	<u>1,276</u>	<u>1,344</u>
Total	<u><u>4,105</u></u>	<u><u>4,094</u></u>

Note 10. Lease liabilities

	1 January 2023 \$'000	3 July 2022 \$'000
<i>Current liabilities</i>		
Lease liabilities	<u>14,568</u>	<u>14,263</u>
<i>Non-current liabilities</i>		
Lease liabilities	<u>23,842</u>	<u>21,243</u>
Total	<u><u>38,410</u></u>	<u><u>35,506</u></u>

	Lease liabilities \$'000
Set out below are the carrying amounts of lease liabilities and the movements:	
As at 3 July 2022	35,506
Additions	10,515
Accretion of interest	738
Payments in accordance with lease agreements	<u>(8,349)</u>
As at 1 January 2023	<u><u>38,410</u></u>

Dusk Group Limited
Directors' declaration
For the half-year ended 1 January 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 1 January 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Peter King
Director

24 February 2023

Independent auditor's review report to the members of Dusk Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Dusk Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 1 January 2023, the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the 26 weeks ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 1 January 2023 and of its consolidated financial performance for the 26 weeks ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 1 January 2023 and its performance for the 26 weeks ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Lisa Nijssen-Smith' in a cursive style.

Lisa Nijssen-Smith
Partner
Sydney
24 February 2023