

dusk

GROUP LIMITED

1H FY25 RESULTS PRESENTATION

26 FEB 2025

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CONTENTS

01

BUSINESS OVERVIEW

02

FY25 FINANCIAL SUMMARY

03

OUTLOOK

04

APPENDIX



01

BUSINESS OVERVIEW



1H FY25

FINANCIAL OVERVIEW

With the new strategy in place, dusk has delivered material growth in sales up 12.3%, and improved margin rate, resulting in strong earnings growth across the first half of FY25.

\$87.4m

Total Sales

+12.3% on pcp¹

LFL² sales +10.6% on pcp

\$6.9m

Online Sales

+68% on pcp

7.9% total sales

1H FY24 : 5.3%

\$56.9m

Gross Profit³

+13.4% on pcp

65.1%

Gross Profit⁴

+62 basis points higher
on pcp

\$13.8m

Pro Forma EBIT⁴

+20.0% on pcp

1H FY24 : \$11.5m

\$38.5m

Net Cash at 1H End

1H FY24 : \$31.1m

\$14.4m

Inventory

1H FY24 : \$17.6m

15.3 eps

Earnings per share⁵

1H FY24 : 12.9c per share

5cps

Interim Dividend⁶

1H FY24 : 2.5cps fully franked

5cps

Special Dividend⁷

Fully franked

1. Prior Corresponding period | 2. Like for like sales | 3. Gross Profit is on a Pro Foma basis | 4. Pro Forma EBIT is unaudited and pre AASB 16 | 5. Basic EPS is on a statutory basis | 6. 1H FY24 interim dividend totalled 2.5 cps fully franked | 7. There was no special dividend in 1H FY24

1H FY25 OPERATIONAL OVERVIEW

We are confident we have gained share in our category. The sales result is the net outcome of a range of factors, and reflects our success with a number of important strategies, offset by cyclical headwinds in other areas.



TALENT RENEWAL

Significant talent renewal across various roles in the business which bring fresh perspectives to trade and brand rejuvenation.



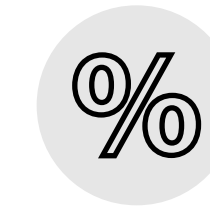
KEY STRATEGIC INITIATIVES

Strong sales performance in 1H FY25 reflects the implementation of various strategic initiatives focused on product rejuvenation, tactical promotional activity and strong online trade.



BETTER OMNI-CHANNEL EXPERIENCE

Enhanced execution in our online channel at +68% growth vs pcp, following the website upgrade in June 2024 and supported by a renewed focus on superior digitally led marketing.



GROSS PROFIT % MAINTAINED

Our gross profit % has been maintained due to the realisation of efficiencies identified in our supply chain and tactical control of the promotional calendar.

KEY STRATEGIC PRIORITIES FY25 & BEYOND

We have progressed our strategic priorities during 1H FY25, and remain on track to grow market share and reassert our leadership in the home fragrance and gifting categories.

INCREASING CUSTOMER FREQUENCY

Deliver more product newness, more often, with monthly injections of new seasonal and trend lines.

Continue to expand new product categories through test & learn (e.g. gender-neutral, car, Bath & Body – more occasions, and more uses).

Increase frequency and variety of product collaborations.

Introduction of new product that appeals to a younger target audience (in addition to core customer).

Use CRM and dusk Rewards to drive customer inspiration and awareness of our new lines.

NEW CUSTOMER ACQUISITION

Introduce more contemporary ranges alongside proven traditional and novelty products.

Target new customer cohorts of 15–22 year-olds and male shoppers.

Increased focus on social media and digital marketing channels.

Provide value to different customer cohorts at various price points.

Category creep will offer more variety and more reasons to visit dusk.

Test & learn both new entry level product lines, and higher price point products.

REDEFINE OUR BRAND IDENTITY

Upgrade brand handwriting to broaden appeal and elevate styling.

Amplify our destination appeal in key seasonal events (Christmas, Easter, Halloween, and Mother's Day).

Extend focus to sub-events (Valentine's Day, Lunar NY, Father's Day).

Smooth the sales curve with improvement in customer frequency and being on time with relevant market trends.

Become top-of-mind destination for all year round gifting (birthdays, anniversaries, housewarming & dinner party gifts) and personal shopping.

New store design fit out is in development.

PRODUCT-LED TURNAROUND CONTINUES

A reset of our product strategy is at the heart of our turnaround. We are implementing material changes in both execution and the strategic aspects of product development, ranging, sourcing, and supply chain.

NEW PRODUCTS & RANGES MORE OFTEN

We are reinvigorating the cadence of product innovation and newness in our range. Newness has driven frequency, and excitement.

We are now actively focused on our core product rejuvenation, which commences in 2H FY25 with a launch in 1H FY26.

We are at the forefront of product trends in the global market, and have improved our supply chain efficiency to allow for a fast-to-market approach.

OUR DATA AND IP INFORMS RANGING IN EXISTING CATEGORIES

We are encouraged by the results we have seen so far testing new product lines within existing categories, whilst maintaining proven winners and seasonal favourites.

Our Bath & Body category continues to show positive sales momentum and is now a growth bearer in our business.

We are actively exploring category creep opportunities with a test & learn approach. This will enhance our range differentiation, assert category leadership, and grow sales.

PRODUCT COLLABORATIONS AS A CORE COMPETENCY

Our customers love the fun, variety and novelty of our product collaborations. Our vertical retail model and scale enables us to be an attractive collaboration partner.

Our collaboration program will become a more consistent feature of our product offering, with multiple collaborations scheduled in calendar 2025.

2H FY25 PRIORITIES

We are focused on rejuvenating our core range, whilst improving productivity across the business.

NEW PRODUCTS & RANGES

Continue successful product rejuvenation program. Upgrade core product offering, and increase frequency of new product drops.

Launch another collaboration and new seasonal ranges across the period.

We will deliver a new and exciting product range for Mother's Day 2025.

Refresh the core candle and diffuser ranges, which will continue into FY26.

CODB DISCIPLINE

Invest in high ROI opportunities in digital and marketing, with social media campaigns that target our broader customer base (including younger customer segment).

Tight cost control across all aspects of the business.

We have restructured the retail team, and continue to find efficiencies within the retail store format.

Continuous improvement in store productivity with key projects focused on roster optimisation and current incentive structure for store teams.

STORE PORTFOLIO PRODUCTIVITY

We have reviewed our property portfolio with a future focus on opening high trading stores, and closing low return stores.

Revising our brand positioning in centres, with a focus on bridging between the fashion and home retailers.

We continue to make leasing decisions with strict financial hurdles to ensure long term metrics are satisfied.

A new store concept launching in 1H FY26, which will elevate our brand and value proposition.

SYSTEMS & SUPPLY CHAIN

We have launched our business intelligence tool. This tool will now extend across all key aspects of the business to enhance data-led decision making.

Supply chain optimisation and diversification with current and new suppliers in Australia and Asia to lower costs, increase quality and speed, and support more innovation.

02

1H FY25 FINANCIAL SUMMARY



Good Energy
Boost your Good Energy and awaken your senses with a vibrant burst of Grapefruit and Blood Orange, spiced with Carnation and spruiked with Acai Berry on a smooth base of creamy Sandalwood.

Good Energy
Energy flows where your focus goes

REED DIFFUSER

ROOM SPRAY
Good Energy
Energy flows where your focus goes
Blood Orange & Acai Berry
100ml

ROOM SPRAY
Good Energy
Energy flows where your focus goes
100ml

Good Energy
Energy flows where your focus goes

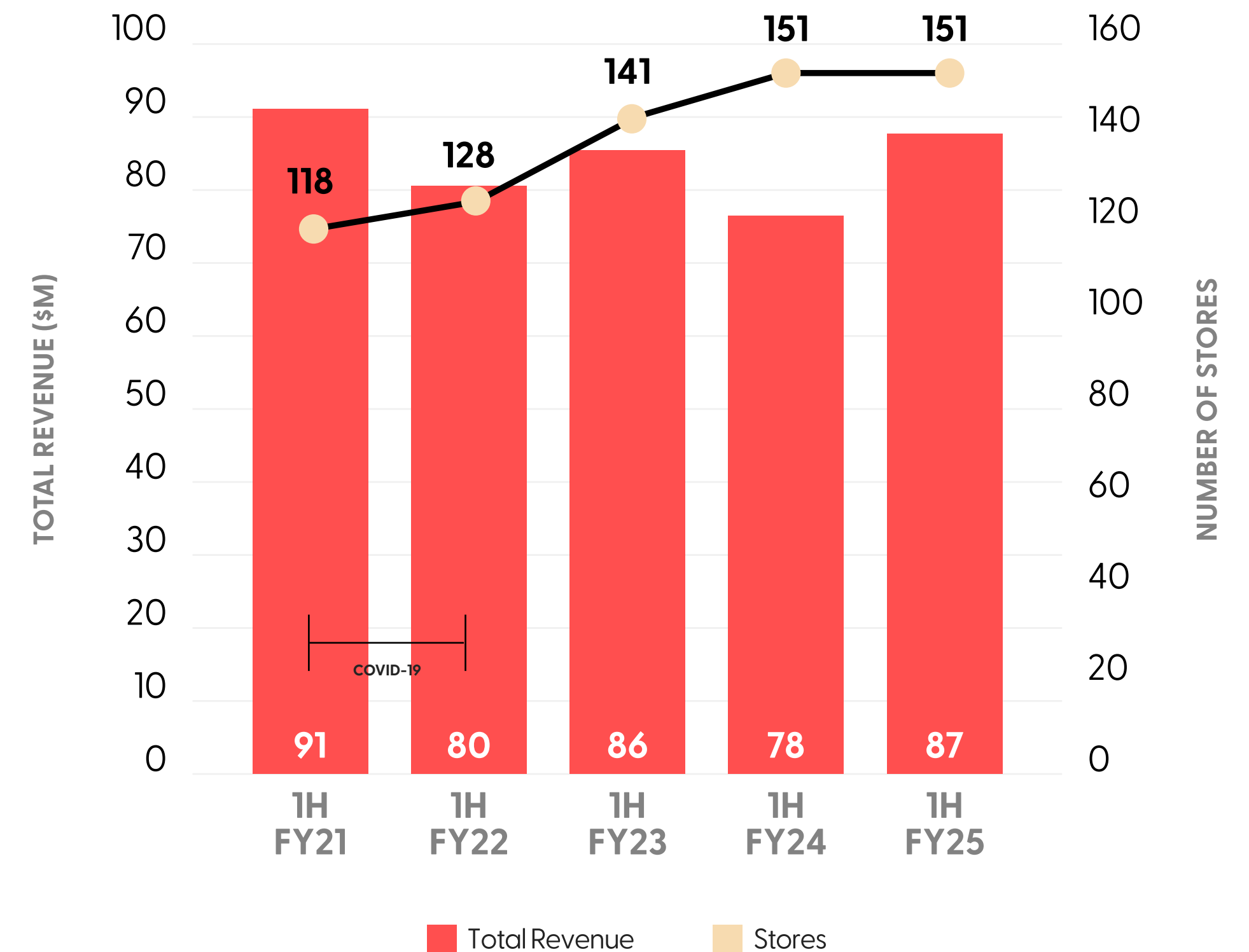
SALES OVERVIEW

Deliver better customer experience in-store & online. Diversify our store portfolio with pop-ups and progressing our new store design.

HIGHLIGHTS

- Total sales of **\$87.4m, up +12.3% on 1H FY24**, with the strong contributions from a product collaboration in Q1 and Christmas Product range performing above expectations in Q2.
- LFL sales were **+10.6%**, with stores **+7.4%** and online **+68.0%**.
- **Second highest sales result in dusk history** for the first half.
- **Pop-up stores** performed above expectations and helped capture market share during our key Christmas period.
- At year end, dusk had 151 stores including 2 online stores (1H FY24: 151 stores).

GROWTH	CONTRIBUTORS	DETRACTORS
Customer type	<ul style="list-style-type: none"> • New / Younger customers • Contemporary styling customers • Seasonal event shoppers 	<ul style="list-style-type: none"> • Customers facing significant cost of living pressures • H1 FY23 dusk Rewards cohort
Channel	<ul style="list-style-type: none"> • Online (incl. C&C) • NSW, QLD and VIC • Pop Up stores 	<ul style="list-style-type: none"> • New Zealand stores • Regional stores
Product categories	<ul style="list-style-type: none"> • Bath & Body products • New fashion ranges • Collaborations 	<ul style="list-style-type: none"> • Core range (due to refresh) • Electronic diffusers (price deflation in category)
Transaction measures	<ul style="list-style-type: none"> • In-store conversion 	<ul style="list-style-type: none"> • ATV (partly items per basket)



*1H FY21 and 1H FY22 results were affected by government-mandated COVID-19 public lockdowns

DRIVING OUR ONLINE CHANNEL

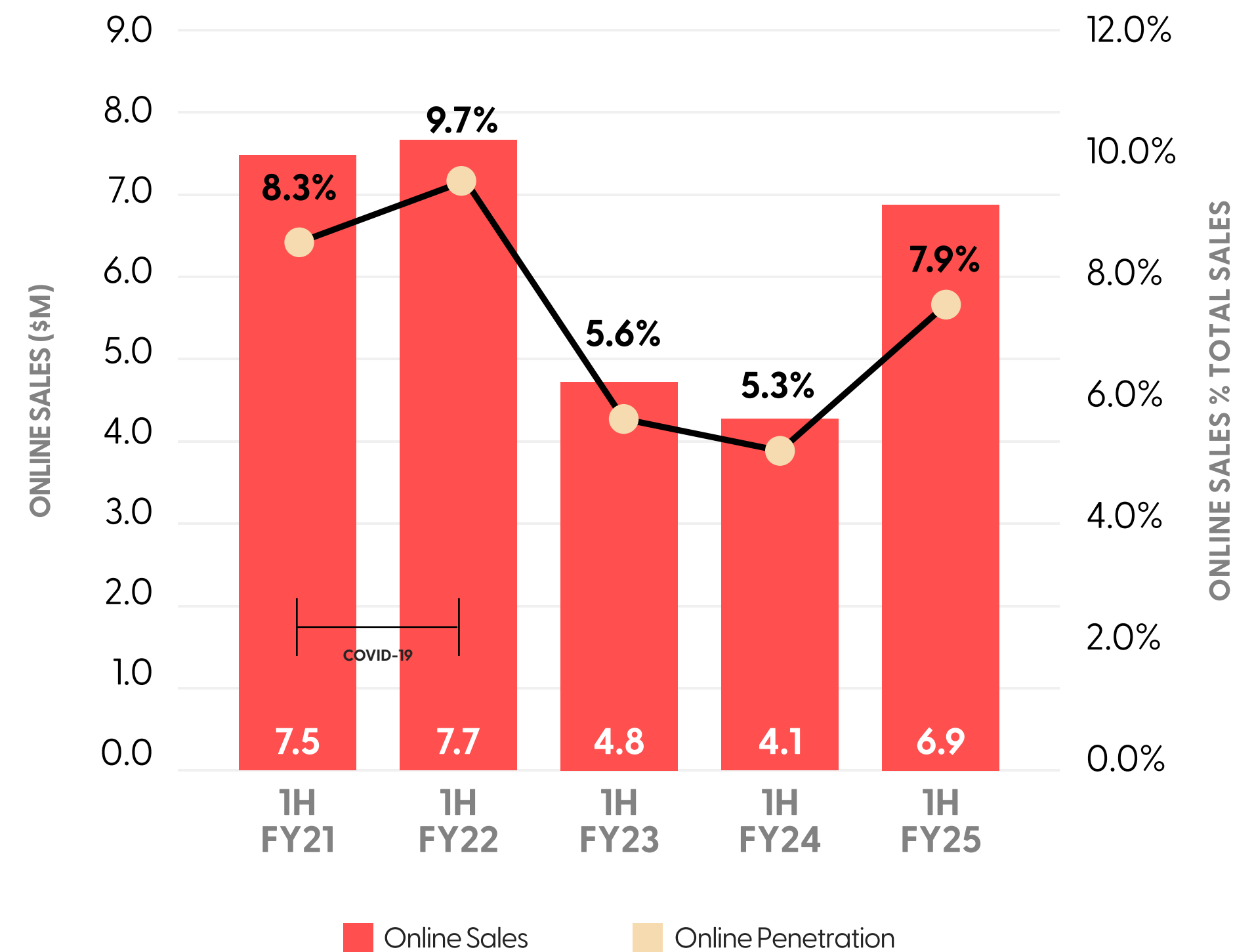
Continuing our “digital first” approach, using our #1 store to elevate the value proposition, enable better product discovery, and provide an easy, exciting and immersive omni channel shopping experience.

HIGHLIGHTS

- Online sales of **\$6.9m, up +68.0% on pcp.**
- Online sales **penetration of 7.9%** of total sales in 1H FY25, **up +260 bps** vs. pcp (1H FY24: 5.3%).
- Click & Collect now accounting for **27%** of online sales (launched Nov ‘23).
- Revamped digital marketing execution resulting in **high traffic** to sites, with improved conversion rates.

WE ARE ACTIVELY FOCUSED ON

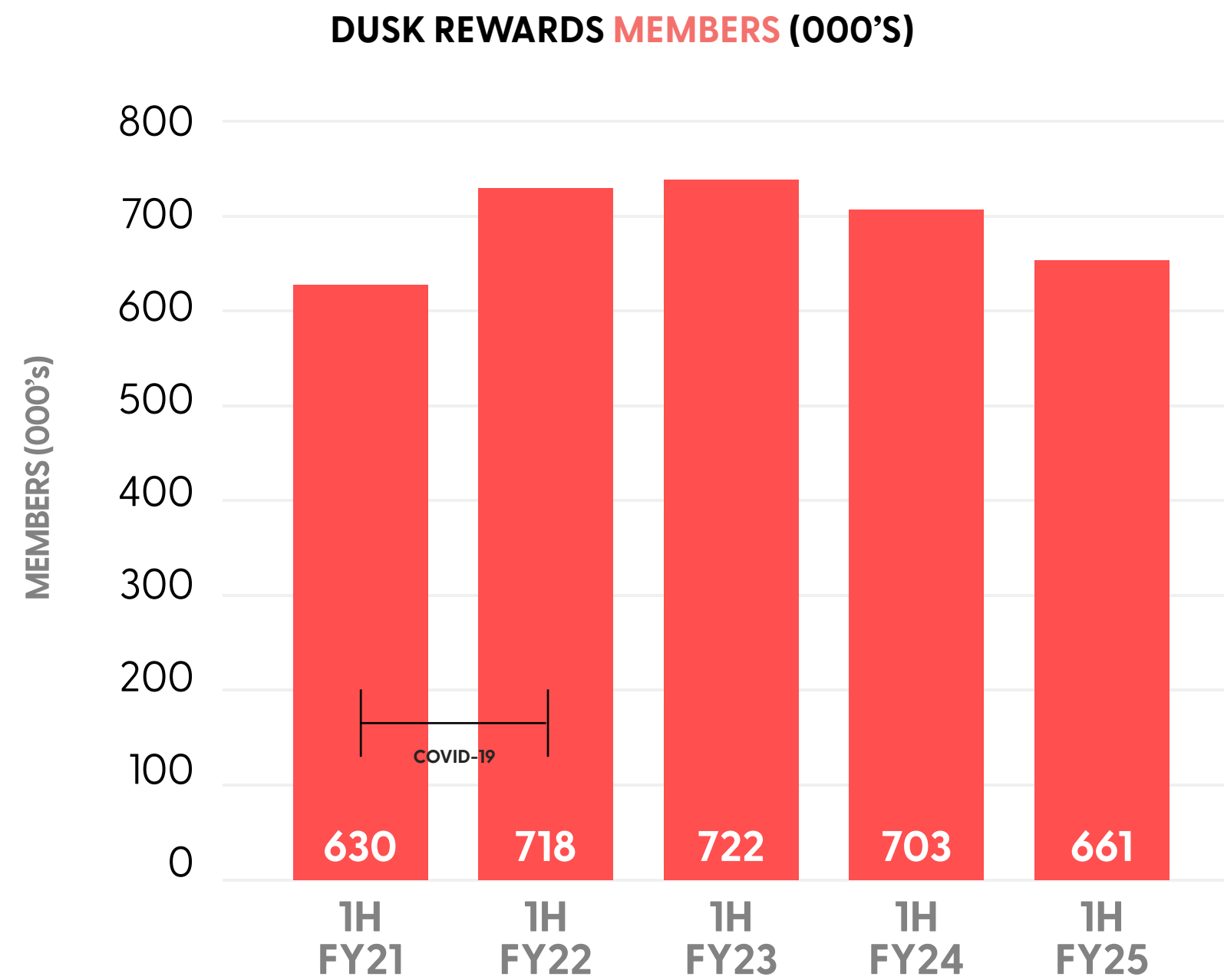
- Delivering an improved customer experience online through AI enhancements, data analytics, and personalisation of communication to drive better conversion rates.
- Improving content and online imagery to drive digital engagement.
- Optimising mobile site experience with > 80% of online transactions from mobile devices.
- Innovating to feature online exclusives products in 2H FY25, continuing to ramp up in FY26.
- Trading tactics and execution on the new site after replatforming improved dramatically.



*1H FY21 and 1H FY22 results were affected by government-mandated COVID-19 public lockdowns

DUSK REWARDS MEMBERSHIP

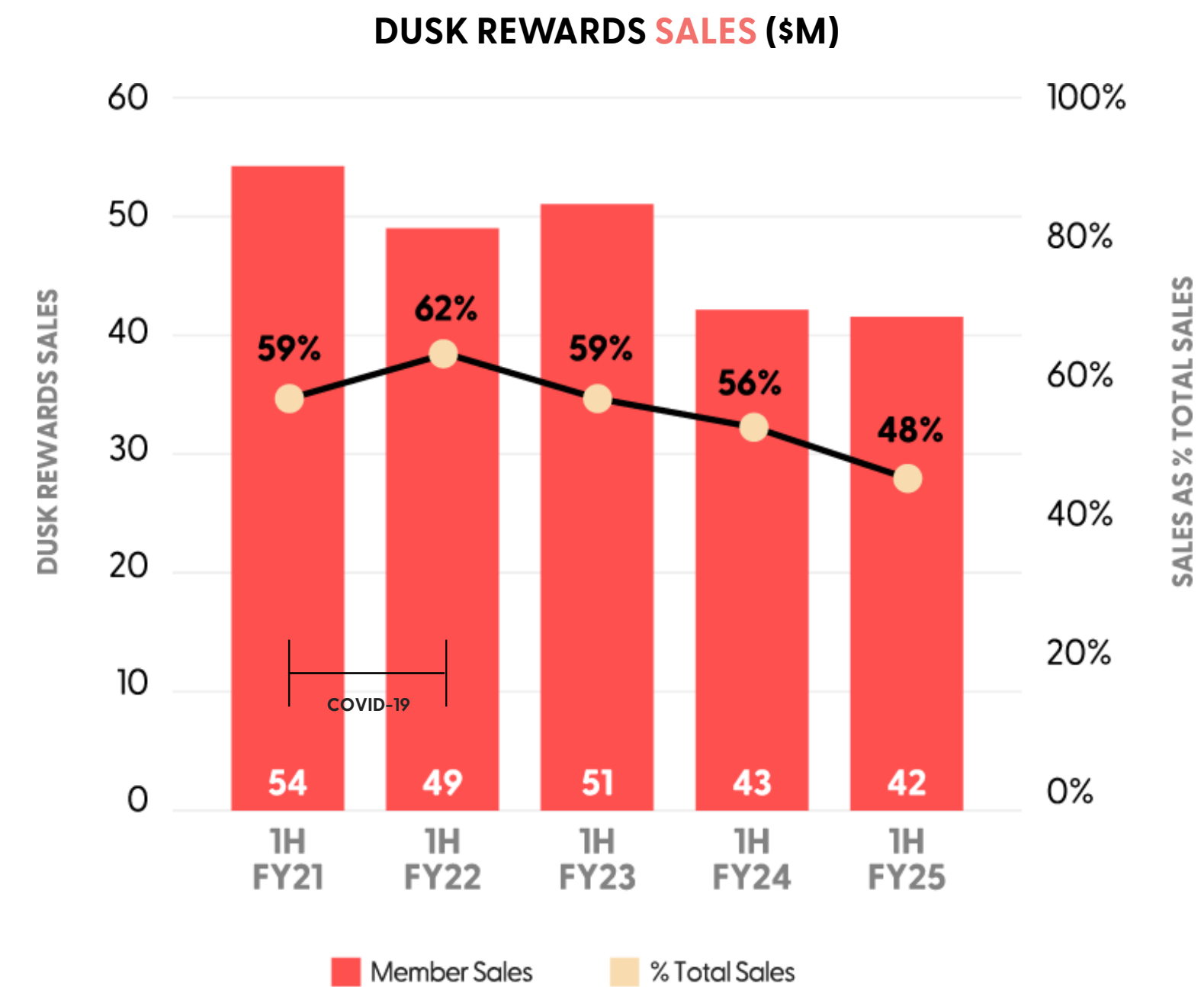
A bump in members of dusk Rewards through COVID-19 has "rolled off" over the last 2 years as these memberships expired and member numbers have normalised, compounded by our success in new customer acquisition (non-members)



*1H FY21 and 1H FY22 results were affected by government-mandated COVID-19 public lockdowns

The decline in dusk Rewards member numbers at period end (-6% vs pcp) reflects 2 primary factors:

- Cycling the very high number of memberships which were initiated in the Jul-Dec '22 period, and therefore 'lapsed' in the current period (i.e. 2 year membership period churn)
- We found that newer customers are less likely to sign up to dusk Rewards in the early part of their customer journey.



*1H FY21 and 1H FY22 results were affected by government-mandated COVID-19 public lockdowns

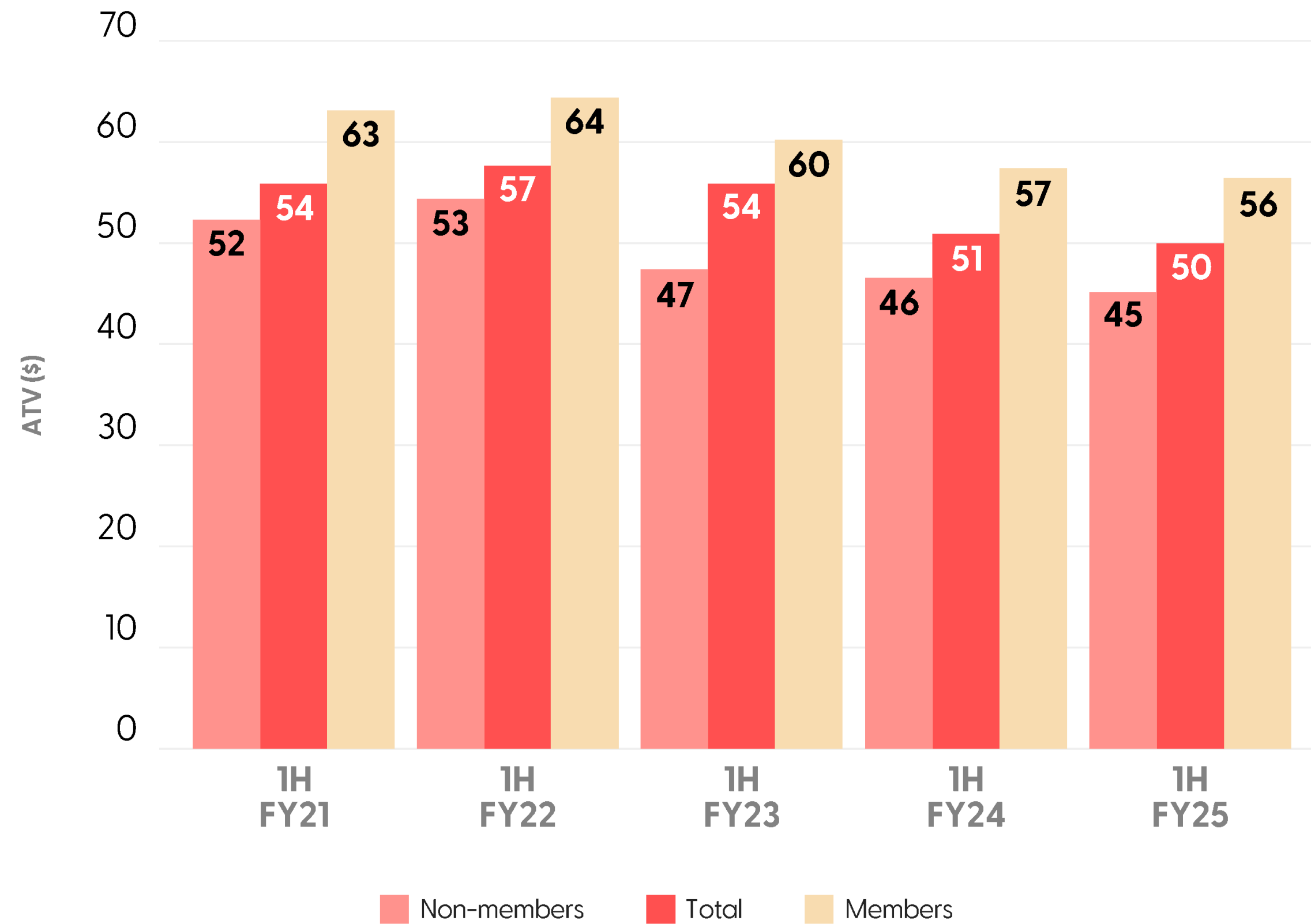
- dusk Rewards members accounted for sales of \$42m in 1H FY25, 48% of total sales (1H FY24: \$43m, 56% of total sales).
- Strong growth in non-member sales suggest significant new customer acquisition.
- Enhanced engagement with dusk Rewards members through targeted exclusives and other events.

AVERAGE TRANSACTION VALUE (ATV)

ATV resilient despite challenging macro environment, driven mainly by a product mix change, with electronic diffusers reduced to make way for the Bath & Body category.

OVERVIEW

- ATV was slightly lower for both groups in 1H FY25 with lower sales of high value items (e.g. ultrasonic diffusers), and an increase in Bath & Body which is at a lower pricepoint, which now represents 5.3% of sales vs 0.9% on pcp.
- dusk Rewards members ATV was \$56 compared to \$45 for non-members, and \$50 overall.
- We will continue to test and learn in new categories throughout 2H FY25 to improve ATV.
- Our price architecture highlights our value-proposition in gifting and personal use in the home fragrance market.



FINANCIAL PERFORMANCE

TOTAL REVENUE OF \$87.4M, UP +12.3% VS PCP.

Driven mainly by successful fashion ranges, collaborations and the Christmas gift range as the largest dollar contributions to sales growth.

GROSS PROFIT % IMPROVED BY +62 BPS.

Driven mainly by efficiency gains in our distribution channel and our supply chain.

CODB INCREASED BY +12.2% VS PCP.

Mainly driven by investment digital, marketing and brand, that will provide short and long-term sustainable growth.

DEPRECIATION DECREASED

Due to the ageing profile of our store formats, as well as net 0 change to store count.

- Pro forma EBIT of \$13.8m, +20.0% vs pcp.
- Pro forma NPAT of \$9.6m, +17.0% vs pcp.

Pro Forma P&L¹

\$m	1H FY24	1H FY25	% Change
Revenue	77.8	87.4	+12.3%
Gross Profit	50.2	56.9	+13.4%
Gross Profit %	64.5%	65.1%	+62 bps
CODB	(36.7)	(41.1)	+12.2%
CODB%	47.1%	47.1%	-5 bps
EBITDA	13.5	15.8	+16.7%
EBITDA %	17.4%	18.1%	+68 bps
EBIT	11.5	13.8	+20.0%
EBIT %	14.8%	15.8%	+101 bps
NPAT	8.2	9.6	+17.0%
NPAT %	10.6%	11.0%	+44 bps

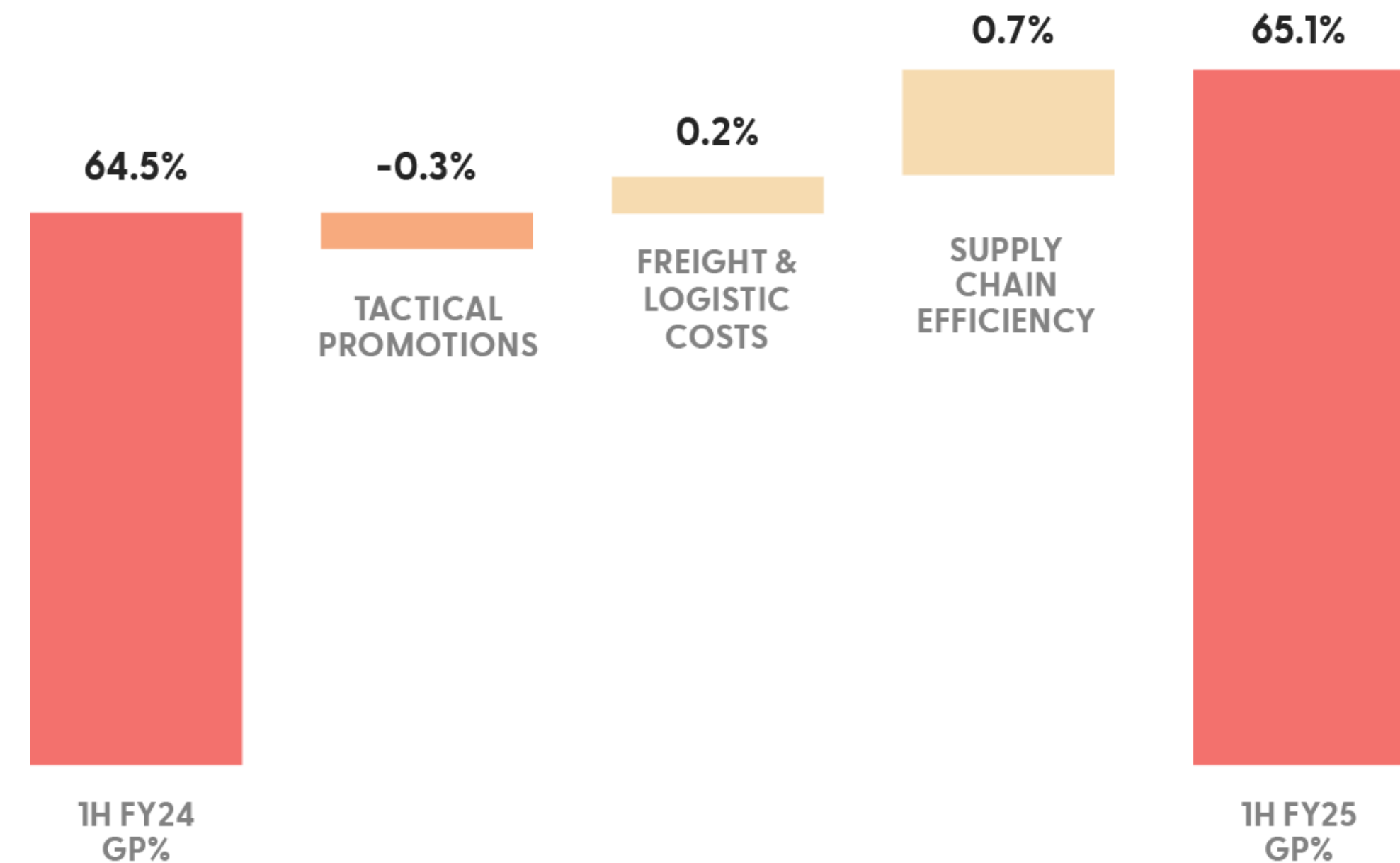
1. Pro Forma EBIT is unaudited and is pre-AASB 16. See Appendix for Pro Forma adjustments and reconciliation to statutory NPAT.

GROSS PROFIT

Increase in Gross Profit % despite continued headwinds from currency volatility and a discount oriented trading environment.

OVERVIEW

- Gross Profit of \$56.9m was +13.4% vs pcp.
- Heightened tactical promotional activity, specifically post-Black Friday, to react to the competitive landscape and market conditions resulted in a slightly negative impact of 30 bps, however grew the overall gross profit \$.
- Higher freight and logistics costs vs pcp were driven by substantially increased container rates and local distribution fees.
- To mitigate and partially offset the negative impact above, efficiencies were gained through the successful execution of timing and volume management of inbound product, as well as a change in methodology of allocations to stores. This has also resulted in an improvement in stockturn.
- Product intake gains through supply chain efficiencies.
- We continue to seek efficiency gains on FOB terms to ensure we maximise our trading margin.

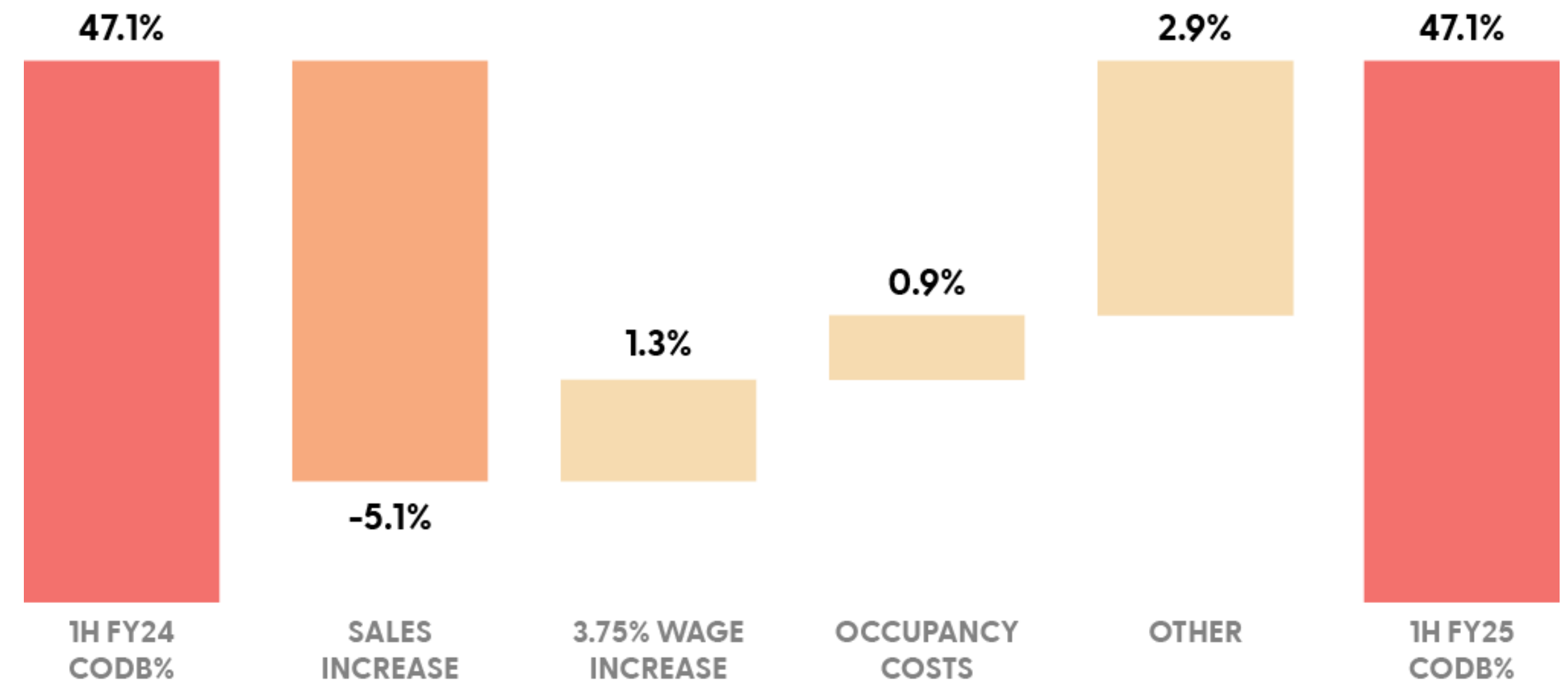


COST OF DOING BUSINESS

The flat CODB % reflects the continued investment in long-term growth opportunities, with strong ROI.

OVERVIEW

- CODB of \$41.1m, up +\$4.4m or +12.2% on pcp.
- Operating leverage was favourable with a positive impact of 5.1% from strong LFL sales growth of +10.6% on pcp.
- Employment expenses were +\$2.6m or +12.5% higher on pcp reflecting General Retail Industry Award (GRIA) wage increase of 3.75% and superannuation increases. 1H FY25 includes the short-term incentives (STI) accrual vs. no accrual in pcp.
- Occupancy costs increased by +\$0.6m or +5.3% due to the impact of underlying rent reviews embedded in leases and Christmas Pop-ups, plus increases on renewals from landlords.
- An additional \$1m (1.1% of sales) was invested in brand and marketing expenses vs. pcp to invest in medium term customer acquisition and progressive brand refresh.
- Other expenses (excl. marketing) were +\$0.4m, or +9.1% higher in line with the demands of sales growth.



FINANCIAL POSITION

Strong financial position and clean inventory with no debt, supports our initial capital management, whilst retaining significant flexibility.

HIGHLY LIQUID

- Closing cash of \$38.5m was +\$7.4m higher vs pcp.
- Inventory closing on \$14.4m was -\$3.2m lower vs pcp. Levels reflects strong sell through and much improved productivity. Inventory remains clean and well balanced.
- Strong balance sheet provides flexibility to respond to growth opportunities or implement further capital management initiatives.

DIVIDENDS

- A fully franked interim dividend of 5 cents per share has been declared with a record date of 12 March 2025 and payable date of 26 March 2025.
- A fully franked special dividend of 5 cents per share has been declared with a record date of 12 March 2025 and payable date of 26 March 2025.

A\$m	1H FY24	1H FY25
CURRENT ASSETS		
Cash	31.1	38.5
Trade and other receivables	0.3	0.6
Inventories	17.6	14.4
Other	1.6	3.0
Total current assets	50.7	56.5
Non-current assets		
Property, plant and equipment	12.1	9.5
Right of use assets	33.1	32.8
Intangibles	2.1	3.6
Deferred tax assets	5.6	4.8
Total non-current assets	53.0	50.7
Current liabilities		
Trade and other payables	13.4	15.4
Provisions	1.8	2.2
Lease Liabilities	14.1	15.4
Other	3.1	3.1
Total current liabilities	32.4	36.2
Non-current liabilities		
Lease Liabilities	26.1	24.4
Other	2.1	2.0
Total non-current liabilities	28.3	26.4
Net assets	43.0	44.5

03

OUTLOOK



TRADING UPDATE & OUTLOOK

In 2H FY25, we are well prepared for the upcoming events including Easter and Mother's Day, with new and exciting product ranges to support these key events.

The sales results for the first eight weeks of 2H FY25 as summarised in the table below. For the first 8 weeks of 2H FY25, our trading margin¹ remains in line with the prior year.

Sales Growth, Unaudited	First 8 Weeks 2H FY25 vs pcp
Total Sales	+3.7%
LFL Sales ²	+4.0%

We are encouraged by the continued growth that we are seeing early in 2H FY25.

Our sales run rate has improved through the first 8 weeks with February 2025 sales up +6.4% vs pcp and +8.8% LFL vs pcp.

We will continue to expand our Bath and Body category growth in 2HFY25 and as part of this we have launched our first collaboration of the calendar year, with the White Lotus x dusk product range. This product range emphasises quality, superior fragrance and leans into wellness and spa as sub-categories.

We are optimistic about the upcoming events with Easter and Mother's Day trade just around the corner. Our product range has been amplified with a new look and feel, on trend fragrances and price competitive range.

In 2H FY25, we expect to open one store and close two stores by the end of FY25.

Our hedging policy continues to mitigate FX risk in 2H FY25.



1. Trading margin is sales less product costs, and excludes non-selling expenses such as FX adjustments, shrinkage etc. | 2. LFL % growth is higher than Total % growth, due to newly opened stores sales lower than closing stores sales (due to aggressive markdown offers as part of closures).

04

APPENDIX



PRO FORMA ADJUSTMENT

Pro Forma P&L		
\$m	1H FY24	1H FY25
Statutory EBITDA	22.0	24.7
Impact of AASB16	(8.5)	(8.9)
Rental concessions received	-	-
NZ setup costs	-	-
Pro forma EBITDA	13.5	15.8
Statutory NPAT	8.1	9.5
Impact of AASB16	0.2	0.2
Rental concessions received	-	-
NZ setup costs	-	-
Impairment	-	(0.1)
Pro forma NPAT	8.2	9.6

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Financial Information

The pro forma financial information provided in this presentation is for illustrative purposes only and does not represent a forecast or expectation as to dusk's future financial condition and/or performance.

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