

dusk

Trading Update

24 January 2022

dusk Group Limited ('dusk', ASX:DSK) provides a trading update in relation to its expected results for the first half ('1H') of FY22. This update is based on unaudited management accounts and other information for the 26 weeks ending 26 December 2021.

1H FY22 Overview

- Sales down 12.0% to \$80.0m, compared to \$90.9m in 1H FY21 and \$58.6m in 1H FY20
 - Total Like for like sales (LFL)¹ down 10.1% (cycling +49.3% in 1H FY21)
 - Stores LFL down 11.5% (cycling +44.0% in 1H FY21)
 - Online sales up 4.3%, delivering \$7.4m and contributing 9.3% of total sales (cycling +120.0% in 1H FY21)
- Pro forma gross margin rate of 68.0%, up from 67.7% in 1H FY21
- Pro forma EBIT² is expected to finalise in the range of \$21.0m - \$21.5m, compared to \$28.3m in 1H FY21 and \$9.6m in 1H FY20
- Net cash at period end of ~\$33.0m
- Our store network finished the half at 128 stores (incl online), an increase of 6 new stores

Sales growth, unaudited	1H FY22 versus:	
	1H FY21	1H FY20
	%	%
Total Sales	-12.0	+36.5
Total LFL Sales	-10.1	+25.2
Stores Sales	-13.4	+31.1
Stores LFL Sales	-11.5	+18.8
Online Sales	+4.3	+130.0

As previously advised, sales have been adversely impacted in the period by the government mandated stores closures in NSW, Victoria and ACT. This has reduced the number of store trading days by approximately 24% (5,483 trading days lost). In addition, when stores were open, foot traffic in centres was significantly lower as many shoppers appear to have exercised caution as the potential risk of infection of the Omicron variant of COVID-19 escalated through December.

Inventory at the end of the half was \$19.6m, compared to \$18.7m in 1H FY21. We are comfortable with both the quantity and quality of our inventory as we commence 2H FY22, but we continue to work closely with suppliers and logistics partners to minimise risks of material supply chain disruptions.

¹ LFL sales calculation excludes stores closed for refurbishment or COVID-19 related closures

² Pro forma EBIT is unaudited and excludes IPO related costs, the net benefit of JobKeeper, NSW JobSaver receipts, rental concessions, Eroma acquisition costs and is pre-AASB 16

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The acquisition of Eroma is expected to complete on or around 28 February 2022. The Eroma business has continued to trade well. We expect this business to be a strong contributor to group earnings and EPS in its first full year of ownership.

CEO Peter King said, *“Given the circumstances faced during the half, there is much to be pleased about in the overall result delivered, especially having regard to the fact we cycled exceptional LFL sales growth from the prior corresponding period. We remain focused on our customer and strategic priorities, and have made tangible progress on our growth strategies, including continued store roll out in Australia, preparing to commence operations in New Zealand, and the acquisition of Eroma”.*

The release of this announcement was authorised by the Board of Directors of dusk Group Limited.

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About dusk

dusk is an Australian specialty retailer of home fragrance products, offering a range of dusk branded premium quality products at competitive prices from its physical stores and online store. dusk’s product range is designed in-house and is exclusive to dusk. dusk has grown to become the leading Australian omni-channel specialty retailer focused on home fragrance products. The product offering comprises candles, ultrasonic diffusers, reed diffusers and essential oils, as well as fragrance related homewares. Our goal is to be our customers’ preferred destination for home fragrance products and for their gifting needs – including personal indulgences and ‘gifts for one’s self’.