

1H FY23 Summary

SALES PERFORMANCE

- Total sales of \$86.1m, +7.6% vs pcp (+47.0% vs 1H FY20)
- Total LFL¹ sales -10.4%

OMNI-CHANNEL

- Online sales of \$4.8m, -37.8% vs pcp (+40.7% vs 1H FY20)
- Represents 5.6% of total sales
- Channel mix continued to normalise

GROSS MARGIN²

- Gross margin of \$57.7m, +6.1% vs pcp
- Gross margin rate 98 basis points lower to 67.0%

PRO FORMA EBIT³

- Pro forma EBIT of \$19.1m, -10.2% vs pcp
- 1H FY23 saw a return to more typical costs of doing business (CODB) after 3 years of COVID-19 impacts

CASHFLOW GENERATION AND STRONG BALANCE SHEET

- Net cash of \$32.9m at period end (no debt) vs \$33.3m in pcp
- Inventory \$17.6m vs \$19.6m in pcp
- Fully franked interim dividend of 8 cents per share declared

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

² Pro forma gross margin includes gain/loss on FX derivatives which is shown in other income in the statutory results

³ Pro forma EBIT is unaudited and excludes NSW JobSaver receipts, rental concessions, Eroma acquisition costs (terminated transaction), NZ setup costs and is pre-AASB 16

Profit and Loss

COMMENTARY

- Total sales \$6.1m higher, +7.6%
- 9 new stores opened in 1H, finishing at 141 (including online)
- Gross margin \$3.3m higher, +6.1%
- Gross margin rate 98 basis points lower driven by increased promotional intensity and AUD deterioration vs USD
- CODB up \$5.2m, +16.3% driven by new stores, increased wage rates and elevated inflation
- CODB in 1H FY22 was approximately \$2.5m lower than normal given periods of prolonged store closures in NSW, VIC & QLD where teams were stood down. Adjusting for this CODB was up 8% vs pcp
- Pro forma EBIT of \$19.1m, -10.2%
- Pro forma NPAT¹ of \$13.3m, -9.5%
- Pro forma earnings per share (EPS) of 21.4 cents, -9.5%

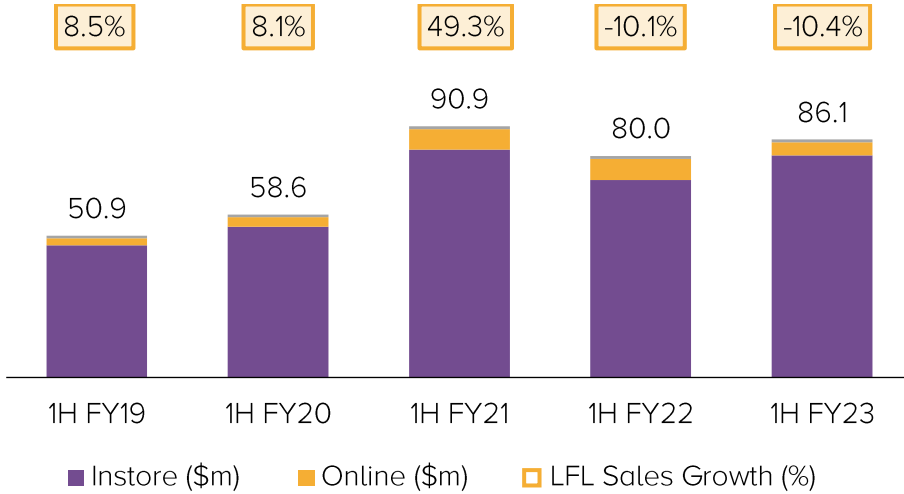
PRO FORMA RESULTS

| \$M | 1H FY22 | 1H FY23 | % Change |
|----------------|---------|---------|----------|
| Revenue | 80.0 | 86.1 | 7.6% |
| Gross profit | 54.4 | 57.7 | 6.1% |
| Gross profit % | 68.0% | 67.0% | -98 bps |
| CODB | (31.5) | (36.7) | 16.3% |
| CODB % | 39.4% | 42.6% | +318 bps |
| EBITDA | 22.8 | 21.0 | -8.0% |
| EBITDA % | 28.6% | 24.4% | -415 bps |
| EBIT | 21.3 | 19.1 | -10.2% |
| EBIT % | 26.6% | 22.2% | -442 bps |
| NPAT | 14.7 | 13.3 | -9.5% |
| NPAT % | 18.4% | 15.5% | -292 bps |

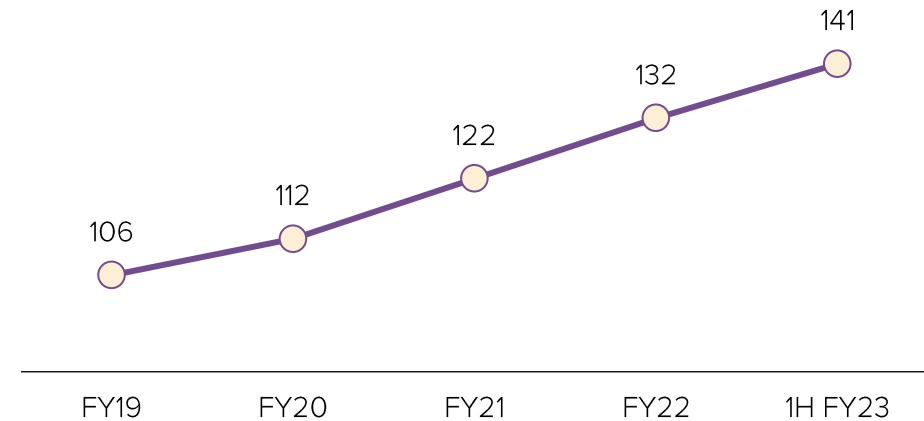
1. See Appendix for pro forma adjustments and reconciliation to statutory NPAT

Sales

SALES (\$M) AND LFL SALES GROWTH

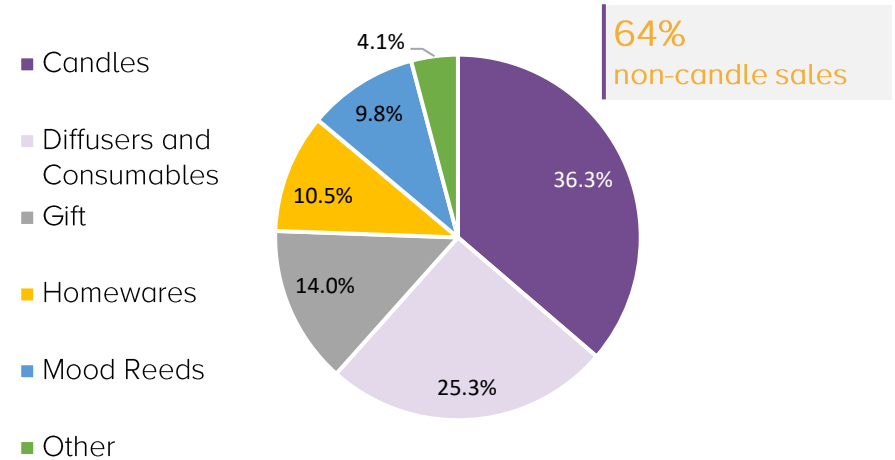


GROWING STORE NETWORK¹



1. Store count includes online stores in Australia and New Zealand

SALES BY CATEGORY

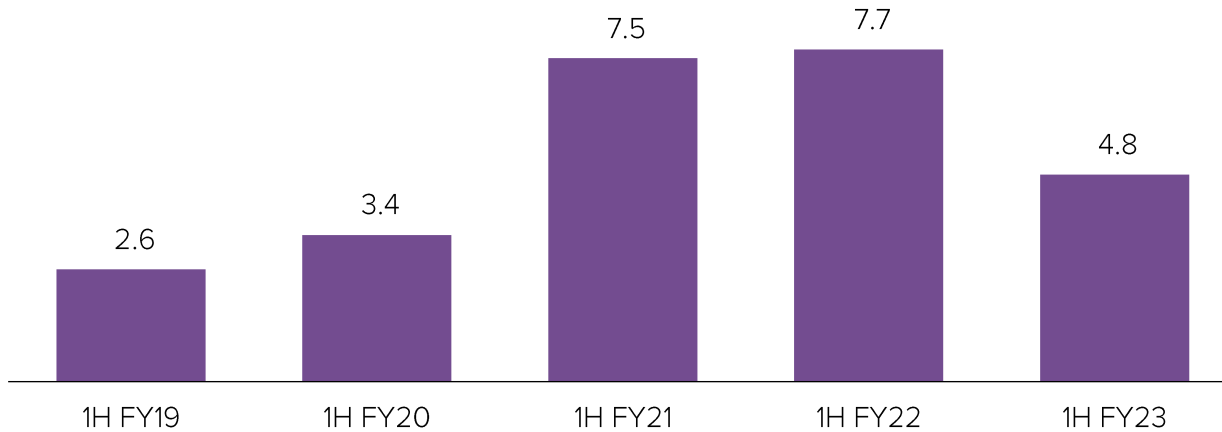


COMMENTARY

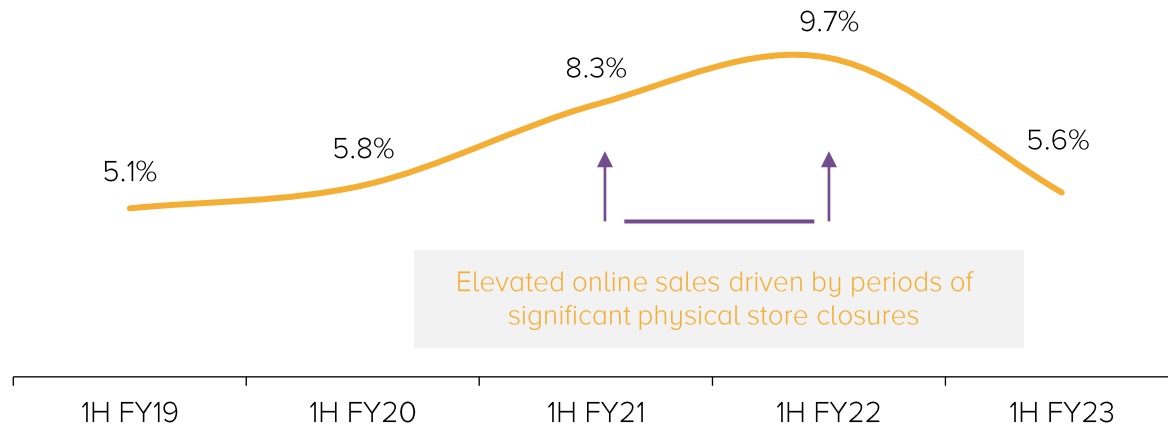
- Total sales were +7.6% vs pcp, with stores +12.5% and online -37.8%
- Total LFL sales were -10.4%, with stores -6.9% and online -37.8%
- Foot traffic outside our stores in the 7 key trading weeks leading to Christmas was -29% vs pcp
- Pleasingly when customers were in store, sales conversion by our team was strong at 70% vs 57% in pcp
- Sales in the NZ trial were in line with expectations

Online Channel

ONLINE SALES (\$M)



ONLINE PENETRATION (% OF SALES)

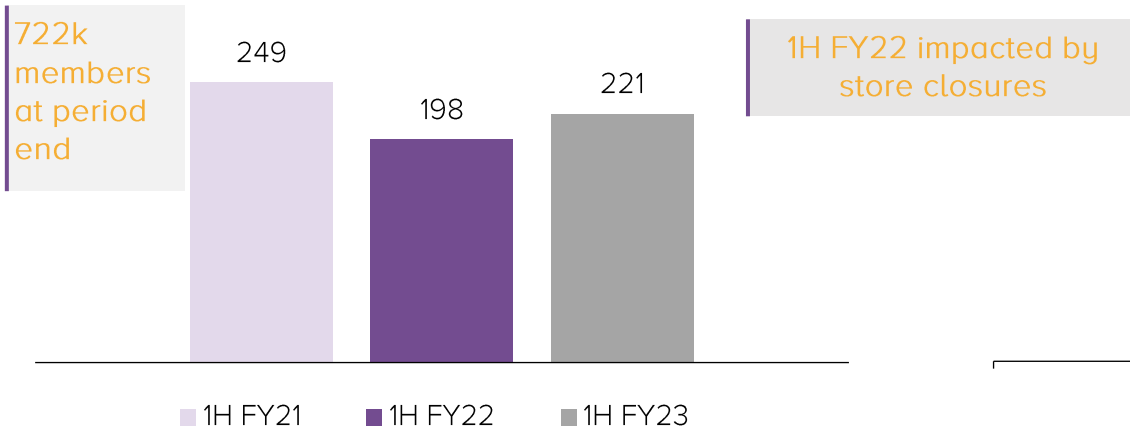


COMMENTARY

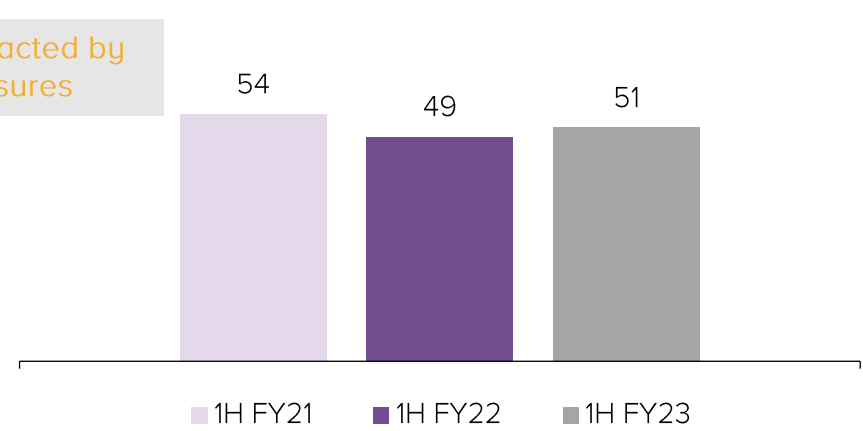
- Online sales of \$4.8m, -37.8% vs pcp
- Online penetration at 5.6% of total sales
- Click & Despatch (i.e. ship from store) now operational in 8 stores covering NSW, ACT, VIC, WA, QLD, SA and TAS. Further rollout planned in 2H FY23
- We continue to see customers preferred shopping methods and channel mix normalising
- We have identified a significant number of areas for improvement in our website and platform
- We did not chase online sales with paid digital marketing due to uneconomic ROI

Loyalty Rewards Membership Growth

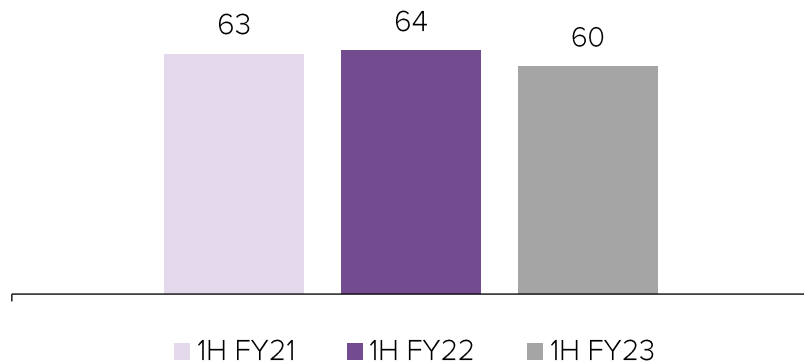
DUSK REWARDS SIGN-UPS AND RENEWALS (# 000'S)



DUSK REWARDS SALES (\$M)



DUSK REWARDS AVERAGE TRANSACTION VALUE (ATV) (\$)



COMMENTARY

- Active database over 722k members vs 718k in pcp
- dusk Rewards members account for 59% of total sales
- ATV \$ has decreased to \$60, driven primarily by lower sales in high value items and lower sales online where ATV is higher

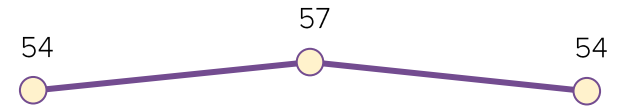
Gross Margin and Gross Margin Drivers

COMMENTARY

Gross margin drivers include:

- Our ability to manage pricing and frequency, duration and depth of promotional activity
- COGS continue to be closely managed and benefitted from strong supplier relationships and our vertical business model
- ATV decreased by 5.7% driven primarily by lower sales in high value items and lower sales online where ATV is higher, signaling a more cost-conscious customer
- Overall margin rate decreased by 98 bps driven by increased promotional intensity and AUD deterioration vs USD
- Elevated shipping costs continue to unwind

AVERAGE TRANSACTION VALUE (ATV) (\$)



1H FY21 1H FY22 1H FY23

GROSS MARGIN¹

67.7% 68.0% 67.0%

\$0.72 \$0.73 \$0.67

¥4.9 ¥4.7 ¥4.7

1H FY1 1H FY22 1H FY23

— Gross Margin % — AUD / USD — AUD / RMB

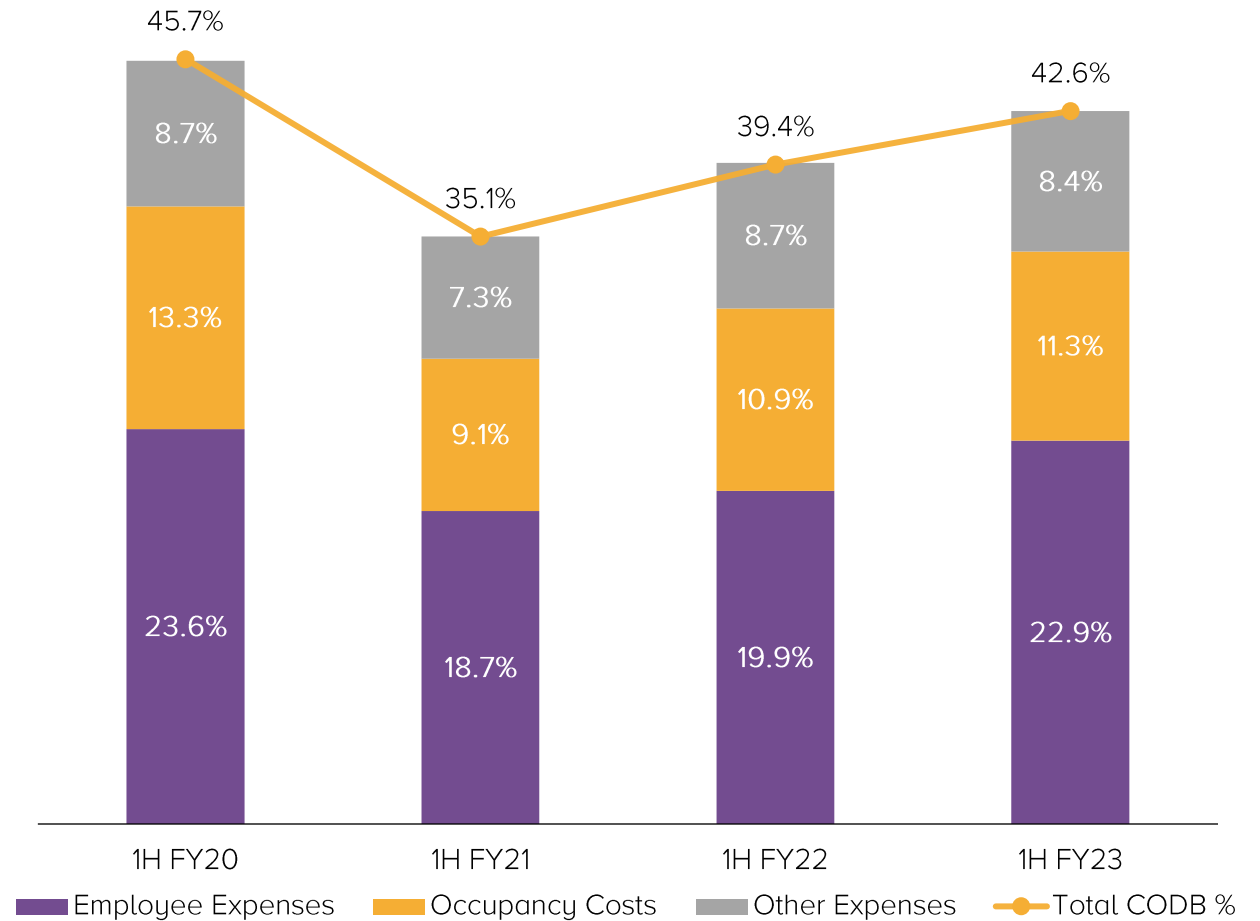
1. Reserve Bank of Australia historical Exchange Rates – Financial Period Averages

Cost of Doing Business

COMMENTARY

- CODB \$36.7m vs \$31.5m in pcp, +16.3%
- Employee costs in 1H FY22 were approximately \$2.5m lower than normal given periods of prolonged store closures in NSW, VIC & QLD where teams were stood down
- The increase in 1H FY23 employee costs vs pcp largely driven by 13 additional stores and higher award wage increases of 5.2%
- Occupancy costs also increased with the additional stores and inflation driving annual increases where leases are tied to CPI
- We remain disciplined and there are key cost optimisation initiatives in progress (warehousing and freight)

PRO FORMA COST OF DOING BUSINESS (CODB) (% OF SALES)



Balance Sheet

COMMENTARY

- Solid cash conversion of earnings
- Ongoing opportunity to convert 24 legacy stores to the Glow 2.0 format with attractive and proven ROI
- Inventory position is clean and stock levels adequate to meet demand
- Net cash at period end of \$32.9m
- Balance sheet provides flexibility to fast track additional investments in new stores, and consider broader growth opportunities should they emerge
- Bank facilities also available to support liquidity
- A fully franked interim dividend of 8 cents per share has been declared with a record date of March 14 and payable date of March 28

BALANCE SHEET AS AT

| \$M | Dec - 21 | Dec - 22 |
|--------------------------------------|-------------|-------------|
| | Statutory | Statutory |
| Current assets | | |
| Cash | 33.3 | 32.9 |
| Trade and other receivables | 0.7 | 0.9 |
| Inventories | 19.6 | 17.6 |
| Right of return assets | 0.4 | 0.4 |
| Prepayments | 2.0 | 2.3 |
| Total current assets | 56.0 | 54.1 |
| Non-current assets | | |
| Property, plant and equipment | 9.8 | 11.9 |
| Right of use assets | 31.4 | 31.5 |
| Intangibles | 2.1 | 2.3 |
| Deferred tax assets | 6.9 | 6.5 |
| Total non-current assets | 50.2 | 52.2 |
| Current liabilities | | |
| Trade and other payables | 18.4 | 15.4 |
| Provisions | 2.6 | 2.8 |
| Employee benefit liabilities | 1.7 | 1.7 |
| Lease liabilities | 14.3 | 14.6 |
| Income tax payable | 4.8 | 2.1 |
| Total current liabilities | 41.8 | 36.6 |
| Non-current liabilities | | |
| Trade and other payables | 0.4 | 0.4 |
| Provisions | 1.2 | 1.3 |
| Employee benefit liabilities | 0.5 | 0.5 |
| Lease liability | 23.1 | 23.8 |
| Total non-current liabilities | 25.2 | 26.0 |
| Net assets | 39.2 | 43.7 |

Strategy

Generating sustainable long-term growth by leveraging core competencies to grow market share

KEY DRIVER

COMMENTARY



PAY-TO-PLAY
LOYALTY MODEL

- 722,000 active dusk Rewards members and growing (718,000 vs pcg)
- \$10 fee maintained for a two year membership period
- Members contribution represent 59% of sales
- Increased frequency and monetisation
- Transaction history delivering insights into purchase intent and cross sell / upsell opportunities



OMNI-CHANNEL

- Digital sales decreased 37.8% in 1H FY23 and represents 5.6% of sales
- Continuous improvements being made to website which is a key enabler to accelerating our omni-channel capabilities
- Increasing execution of customised communications



EXPANDING STORE
NETWORK

- Management track record for disciplined store rollout
- 9 new stores opened in 1H FY23, including 4 in NZ (NZ remains in trial mode)
- All stores profitable on an annual basis with increased store contribution from rental negotiations
- Targeting outer suburban and larger regional cities / towns
- ROCE < 12 months through significant landlord contributions to new stores
- Focus upon converting remaining 24 legacy stores to new Glow 2.0 format
- Refining our NZ offering, with further expansion on hold until 1H FY24



DUSK PROPRIETARY
PRODUCT

- Creating innovative products designed to enhance our customers' sensory experience
- Differentiated product offer unique to dusk
- Bringing 'affordable' products to market (current ATV of \$54)
- Increasing the growth of consumables to drive customer visitations

Trading Update and Outlook

TRADING UPDATE

The sales results for the first 7 weeks of 2H FY23 are summarised in the table below

| Sales growth, unaudited | First 7 weeks 2H FY23 versus: | | |
|-------------------------|-------------------------------|-------|-------|
| | FY22 | FY21 | FY20 |
| Headlines: | % | % | % |
| Total Sales | -3.0 | -10.7 | +29.3 |
| Store Sales | -1.0 | -11.0 | +27.9 |
| Online Sales | -23.9 | -6.5 | +52.5 |

- Total sales compared to pre-pandemic levels in FY20 continue to be very strong at +29.3%
- Outside store traffic continues to be soft at -6.0% vs pcp
- The gross margin rate is slightly above pcp
- Pricing and margin discipline remains core to our offering
- Inventory position well balanced and risk of supply disruption appears to be reducing
- Elevated shipping costs are unwinding

FY23 OUTLOOK

- Given the uncertainty that persists in the macro environment, the Board is unable to give FY23 earnings guidance at this time
- 6 new stores in Australia committed to be opened in the 2H
- NZ trial continues with important learnings being implemented
- Our strategy and focus on strong execution and remaining nimble is unchanged
- We draw confidence from the fundamentals of our business:
 - ✓ Category leader with vertical business model and strong margins
 - ✓ Multi channel business model
 - ✓ Low price item an “affordable luxury”
 - ✓ Differentiated product range with broad mid-market appeal and strong loyalty program
 - ✓ Ongoing product innovation opportunities
 - ✓ Engaging service and loyal customer
 - ✓ Strong cashflow and no debt

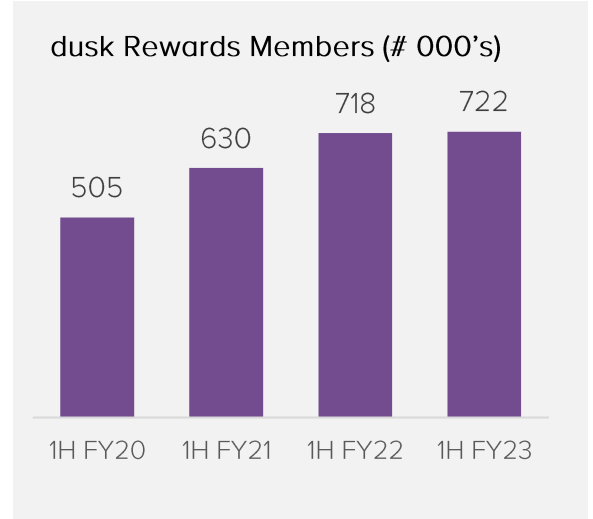
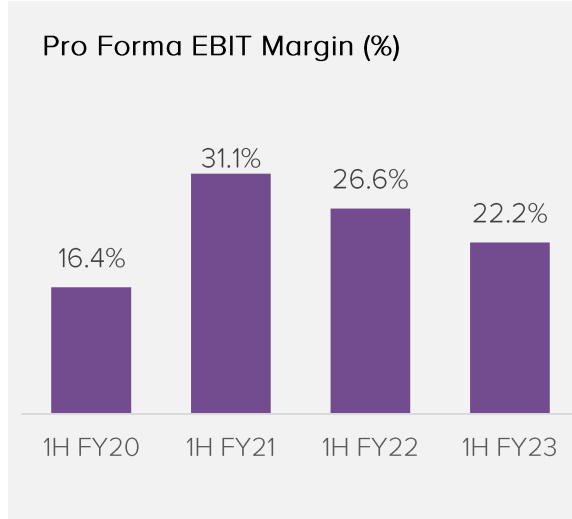
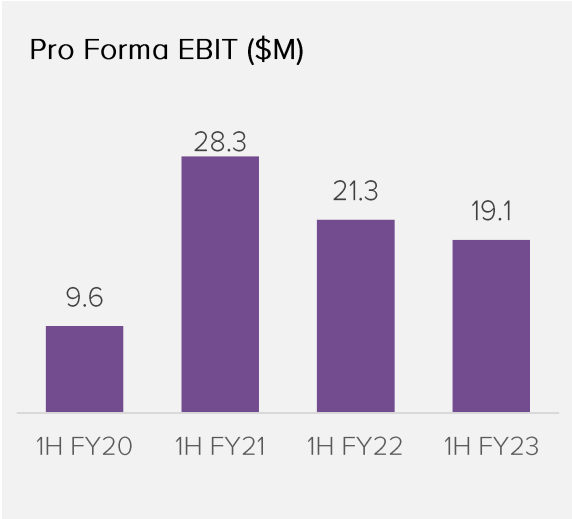
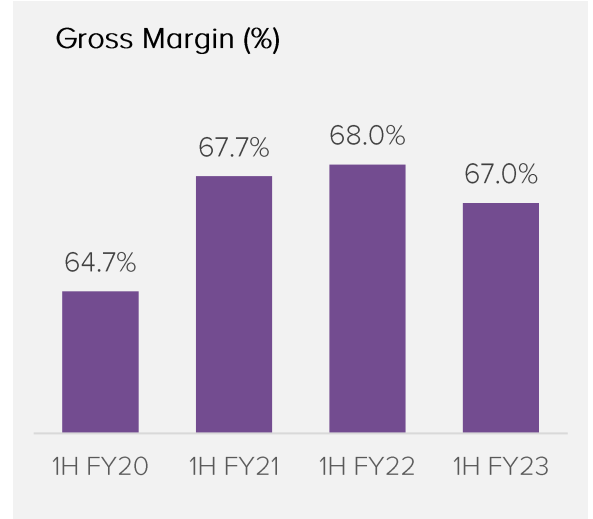
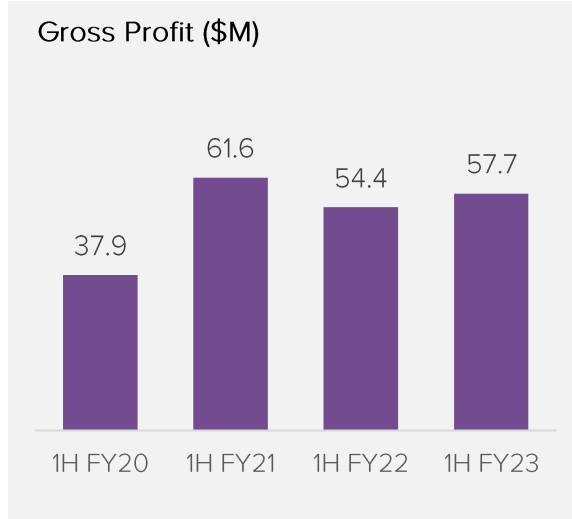
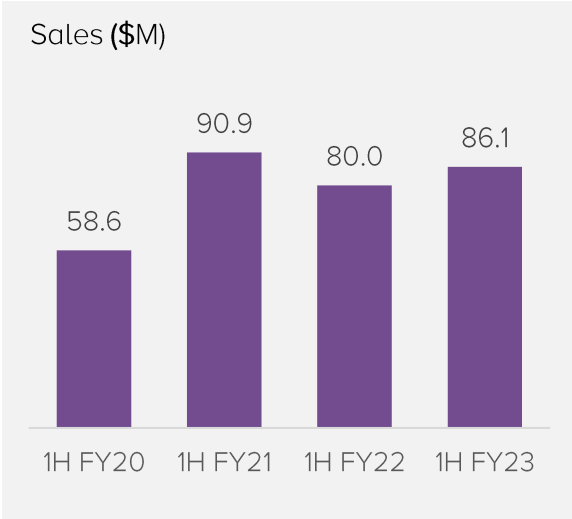
Appendix



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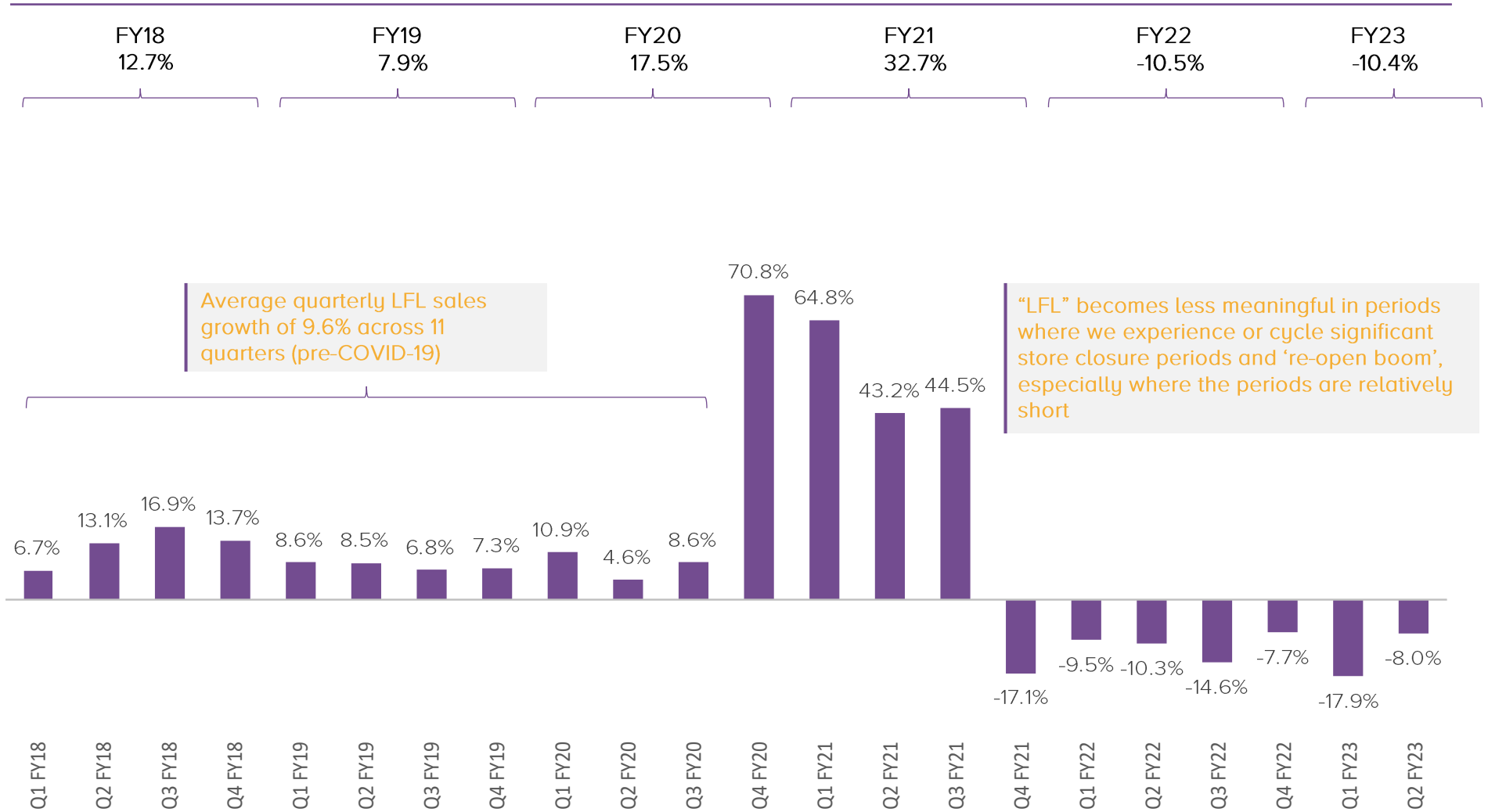
Track Record of Performance

Step change achieved across all key metrics since 1H FY20



Like for Like Sales Performance

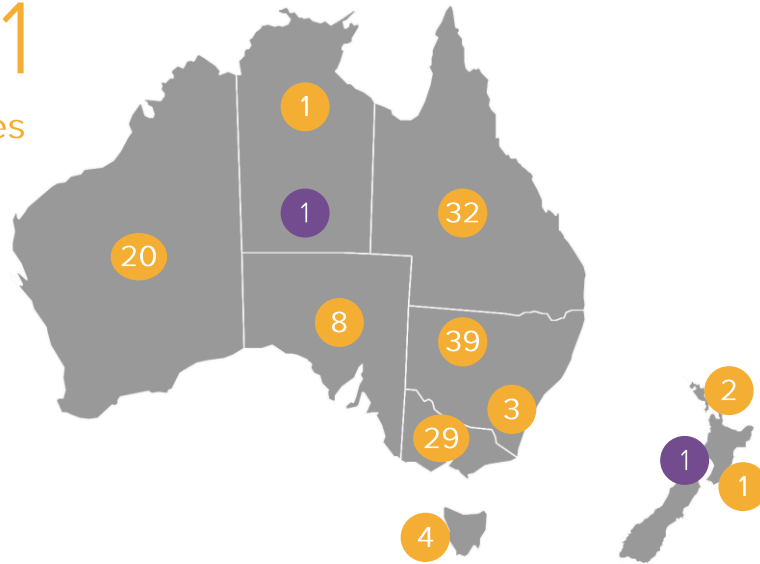
QUARTERLY LFL SALES – FY18 to 1H FY23



National Store Network

STORE NETWORK¹

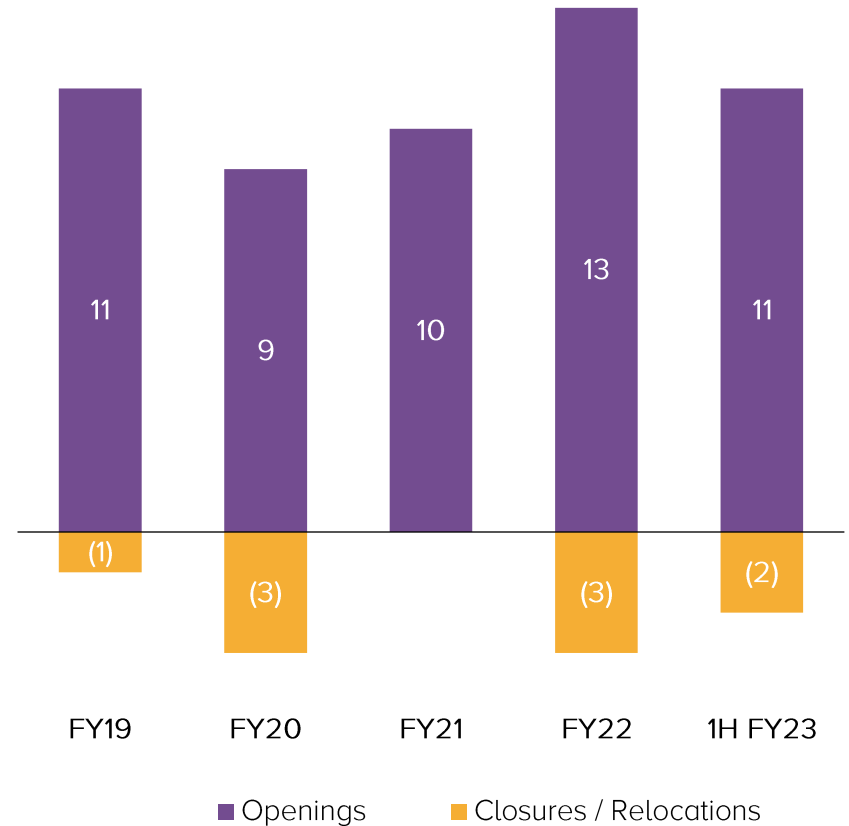
141
Stores



● Physical stores ● Online store

- Opened 5 new stores in Aust – 2 in NSW, 2 in WA, and 1 in QLD
- Opened 3 trial stores in NZ plus online – 2 in Auckland and 1 in Wellington
- Relocated 2 stores in 1H FY23 – 1 in VIC and 1 in WA

NET STORE OPENINGS



1. Store count as at 1 January 2023

Pro Forma Profit and Loss

PRO FORMA¹ RESULTS

| \$M | 1H FY22 | 1H FY23 |
|-------------------------------|-------------|-------------|
| Revenue | 80.0 | 86.1 |
| Cost of sales | (25.6) | (28.4) |
| Gross profit | 54.4 | 57.7 |
| Employee expenses | (15.9) | (19.7) |
| Occupancy expenses | (8.7) | (9.7) |
| Other expenses | (6.9) | (7.3) |
| Cost of doing business (CODB) | (31.5) | (36.7) |
| EBITDA | 22.8 | 21.0 |
| Depreciation & Amortisation | (1.6) | (1.9) |
| EBIT | 21.3 | 19.1 |
| Net finance expense | (0.0) | 0.0 |
| Profit before tax | 21.2 | 19.2 |
| Income tax expense | (6.5) | (5.8) |
| Net profit after tax | 14.7 | 13.3 |

1. Pro forma EBIT is unaudited and excludes NSW JobSaver receipts, rental concessions, Eroma acquisition costs (terminated transaction), NZ setup costs and is pre-AASB 16

Pro Forma Adjustments

PRO FORMA ADJUSTMENTS TO THE STATUTORY RESULTS

| \$M | 1H FY22 | 1H FY23 |
|--|--------------|-------------|
| Statutory EBITDA | 31.0 | 29.2 |
| Impact of AASB16 | (7.2) | (8.2) |
| Rental concessions received | (0.3) | (0.3) |
| NSW JobSaver receipts | (1.1) | - |
| Eroma acquisition costs (terminated transaction) | 0.4 | - |
| NZ setup costs | - | 0.3 |
| Pro forma EBITDA | 22.8 | 21.0 |
| Statutory NPAT | 15.2 | 13.3 |
| Impact of AASB16 | 0.3 | 0.0 |
| Rental concessions received | (0.3) | (0.3) |
| NSW JobSaver receipts | (1.1) | - |
| Eroma acquisition costs (terminated transaction) | 0.4 | - |
| NZ setup costs | - | 0.3 |
| Total Pro forma adjustments | (0.7) | 0.0 |
| Net tax effect adjustments of above at 30% | 0.2 | 0.0 |
| Pro forma NPAT | 14.7 | 13.3 |

Cash Flow Reconciliation

PRO FORMA CASHFLOW TO THE STATUTORY RESULTS

| \$M | 1H FY22 | 1 H FY23 |
|--|-------------|-------------|
| Pro forma EBITDA | 22.8 | 21.0 |
| Capex | (2.5) | (2.8) |
| Change in Inventory | (5.2) | (2.2) |
| Change in Trade Creditors | 10.1 | 6.1 |
| Change in Other Working Capital Items | 0.7 | (0.4) |
| Net Cashflow before financing and tax | 25.9 | 21.9 |
| Cashflow : EBITDA Conversion % | 114% | 104% |
| Taxes paid | (7.8) | (4.1) |
| Dividends paid | (6.2) | (6.2) |
| Change in Cash | 11.9 | 11.6 |
| Opening Statutory Net Cash | 21.4 | 21.3 |
| Closing Statutory Net Cash | 33.3 | 32.9 |

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