FY23 RESULTS PRESENTATION

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dusk is a leading omni-channel speciality retailer of home fragrance products

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FY23 Summary

SALES PERFORMANCE

- Total sales of $137.6m, -0.6% vs LY
- Total like-for-like (LFL) sales -13.2%

OMNI-CHANNEL

- Online sales of $7.5m, -35.2% vs LY
- Represents 5.4% of total sales

GROSS MARGIN[1]

- Gross margin of $88.2m, -3.0% vs LY
- Gross margin rate 160 basis points lower to 64.1%

PRO FORMA EBIT[2]

- Pro forma EBIT of $16.5m, -37.6% vs LY
- FY23 saw a return to more typical costs of doing business (CODB) after 3 years of COVID-19 impacts

CASHFLOW AND BALANCE SHEET

- Net cash of $16.0m at period end (no debt) vs $21.3m LY
- Inventory $15.2m vs $15.4m LY
- Fully franked final dividend of 3 cents per share declared

1 *Pro forma gross margin includes gain/loss on FX derivatives which is shown in other income in the statutory results. The Group also reclassified the costs of distribution activities directly relating to the performance obligation to deliver goods to the customer, within Cost of Sales instead of within Other Expenses. Prior year comparatives have also been reclassified. There was no impact to EBIT*

2 *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

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COMMENTARY[1]

- Total sales $0.8m lower, -0.6%
- 14 new stores opened and 1 store closed in FY23, finishing at 145 (including online)
- Gross margin $2.7m lower, -3.0%
- Gross margin rate 160 basis points lower due primarily to a weaker Australian dollar versus the US dollar, some mix shift between product categories, and a small increase in promotional and clearance activity
- CODB up $6.7m, +11.0% driven by new stores, increased wage rates and elevated inflation
- CODB in FY22 was approximately $2.5m lower than normal as teams were stood down during periods of prolonged store closures due to COVID-19. Adjusting for this CODB was up 6.6% vs LY
- Pro forma EBIT of $16.5m, -37.6%
- Pro forma NPAT[2] of $11.7m, -36.6%
- Pro forma earnings per share (EPS) of 18.8 cents

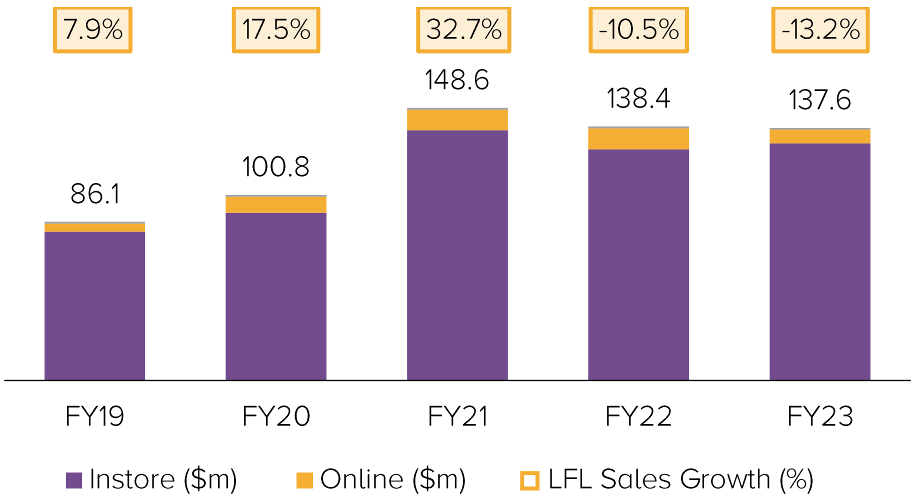
PRO FORMA RESULTS

$M	FY22	FY23	% Change
Revenue	138.4	137.6	-0.6%
Gross profit	90.9	88.2	-3.0%
Gross profit %	*65.7%*	*64.1%*	*-160 bps*
CODB	(61.1)	(67.8)	11.0%
CODB %	*44.1%*	*49.2%*	*+511 bps*
EBITDA	29.8	20.4	-31.5%
EBITDA %	*21.5%*	*14.8%*	*-671 bps*
EBIT	26.5	16.5	-37.6%
EBIT %	*19.1%*	*12.0%*	*-712 bps*
NPAT	18.4	11.7	-36.6%
NPAT %	*13.3%*	*8.5%*	*-483 bps*

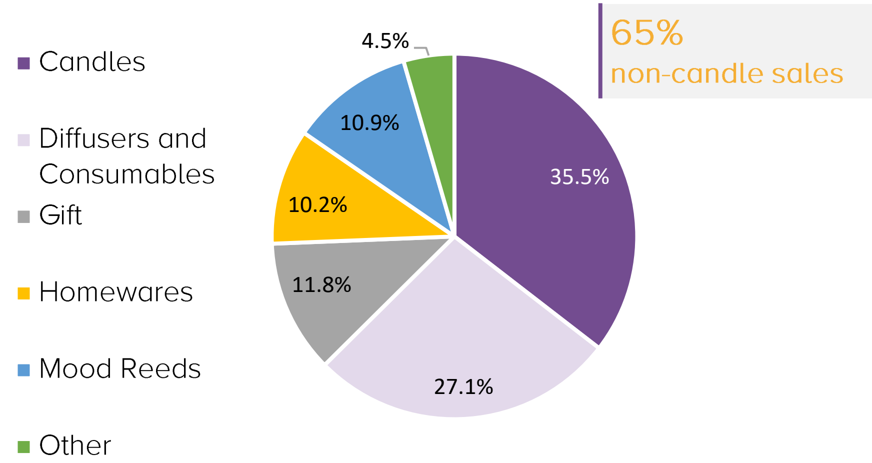
1. *FY22 included 53 weeks trading with the estimated net impact - sales of $2.0m and EBIT of $0.4m*
2. *See Appendix for pro forma adjustments and reconciliation to statutory NPAT*

Sales

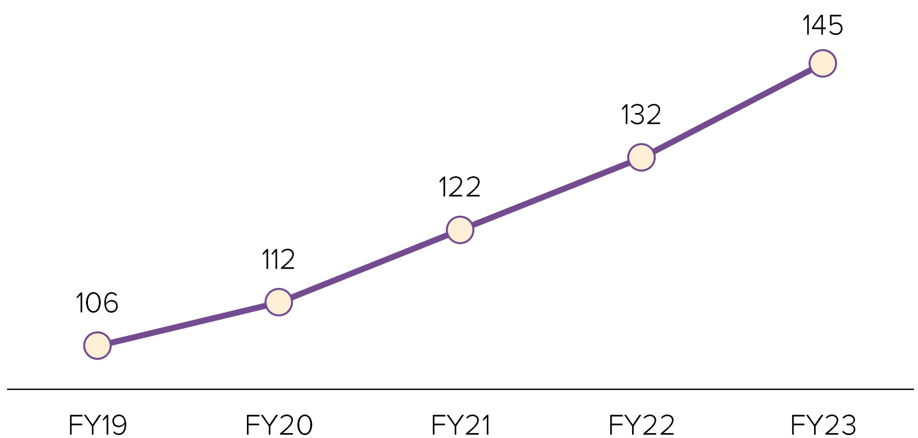
SALES ($M) AND LFL SALES GROWTH



SALES BY CATEGORY



GROWING STORE NETWORK[1]



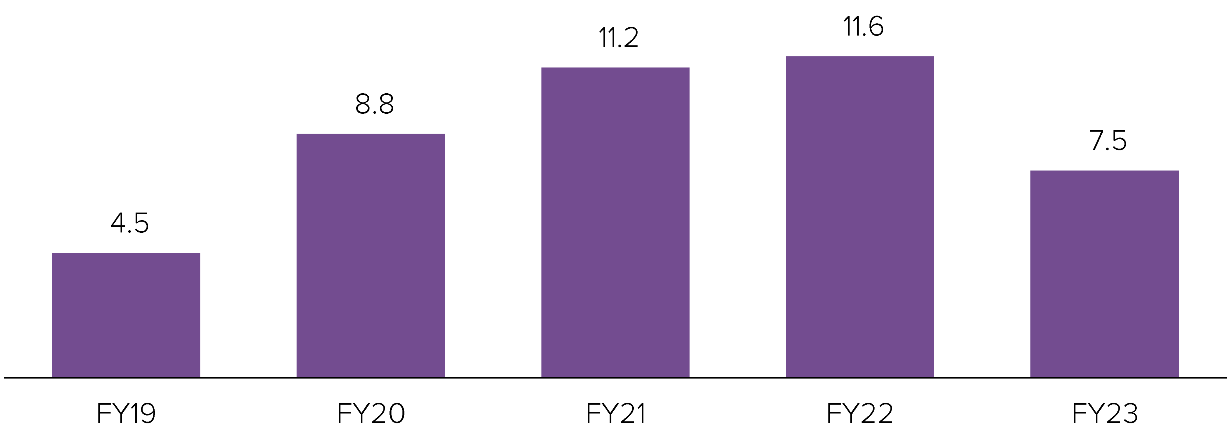
COMMENTARY

- Total sales were -0.6% vs LY, with stores +2.6% and online -35.2%
- Total sales remain materially higher than the pre COVID-19 period of FY20 at +36.5%
- Total LFL sales were -13.2%, with stores -11.1% and online -35.2%
- Foot traffic outside our stores was -10.2% vs LY
- Pleasingly we achieved higher sales conversion when customers were in store, +4% vs LY
- Sales in the NZ trial were in line with expectations

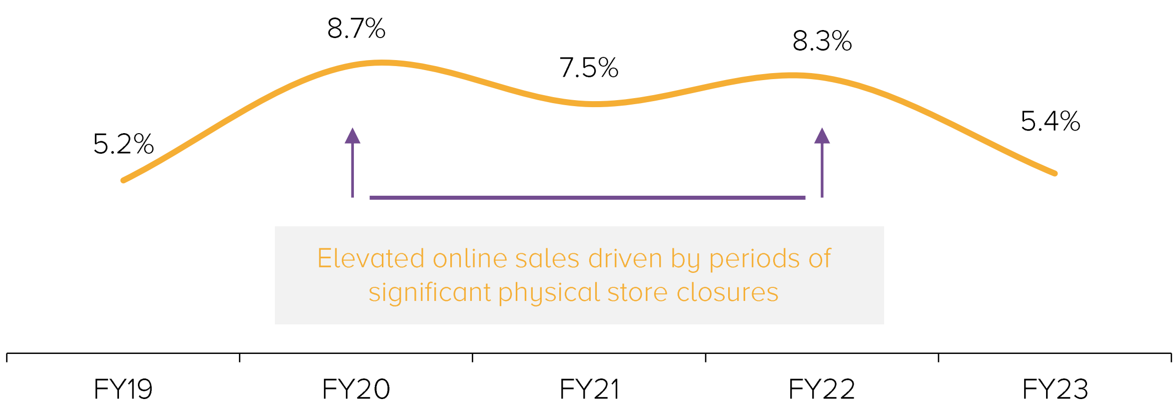
1. *Store count includes online stores in Australia and New Zealand*

Online Channel

ONLINE SALES ($M)



ONLINE PENETRATION (% OF SALES)

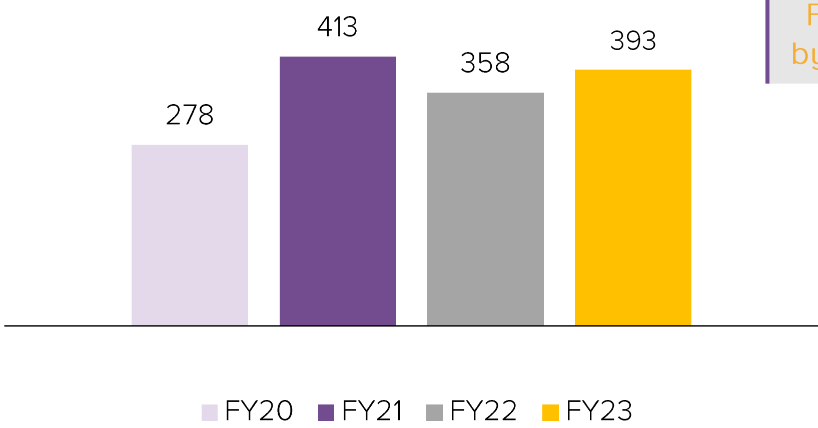


COMMENTARY

- Whilst we see customers preferred shopping methods normalise, the online result is below our expectations
- Online sales of $7.5m, -35.2% vs LY
- Click & Despatch (ship from store) is operational in 10 stores with a further rollout planned. This gives customers faster delivery, and lowers our pick, pack and delivery costs
- Click & Collect will be introduced and is expected to go live prior to the key gifting season in FY24. The website will also be replatformed and redesigned in 2H FY24. These initiatives are expected to unlock growth and offer an improved customer experience

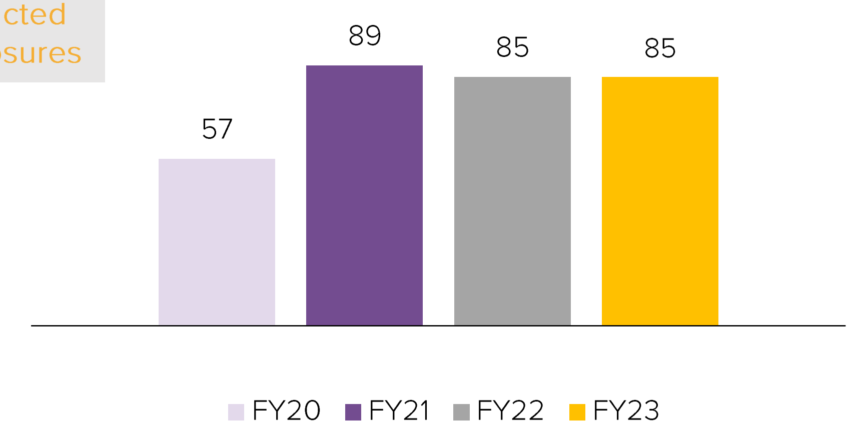
Loyalty Rewards Membership

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

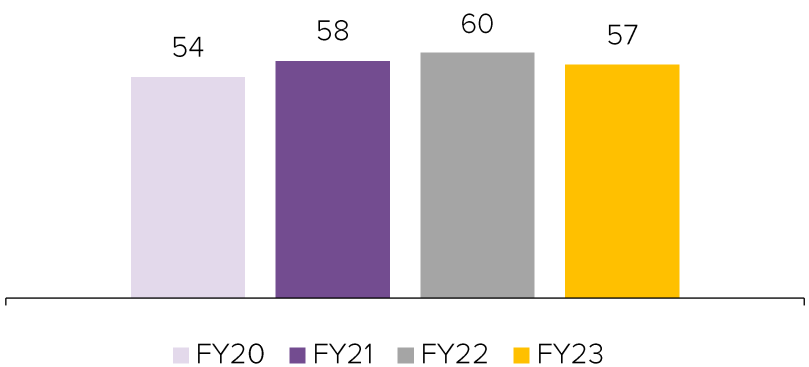


FY22 impacted by store closures

DUSK REWARDS SALES ($M)



DUSK REWARDS AVERAGE TRANSACTION VALUE (ATV) ($)



COMMENTARY

- Sign-ups and renewals up 9.8% vs LY
- Active members at year end 735k
- dusk Rewards members account for 62% of total sales
- ATV $ has decreased to $57, driven primarily by lower sales in high value items and lower sales online where ATV is higher

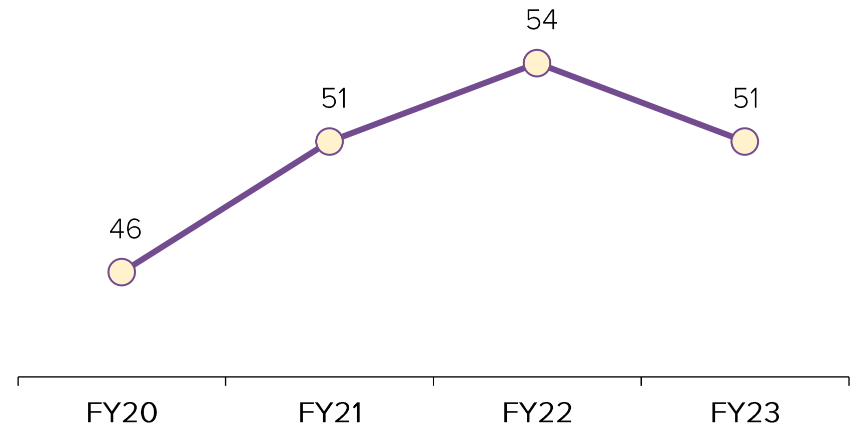
Gross Margin and Gross Margin Drivers

COMMENTARY

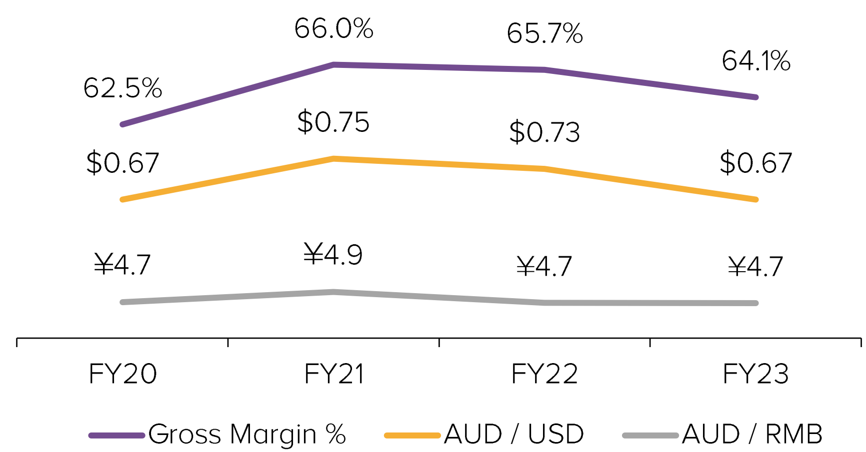
Gross margin drivers include:

- Our ability to manage pricing and frequency, duration and depth of promotional activity
- COGS were closely managed and benefitted from strong supplier relationships and our vertical business model
- ATV decreased by 5.7% driven 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 160 basis points due primarily to a weaker Australian dollar versus the US dollar, some mix shift between product categories, and a small increase in promotional and clearance activity
- Inbound freight costs have normalised whilst domestic freight costs have increased

AVERAGE TRANSACTION VALUE (ATV) ($)



GROSS MARGIN[1]



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

Cost of Doing Business

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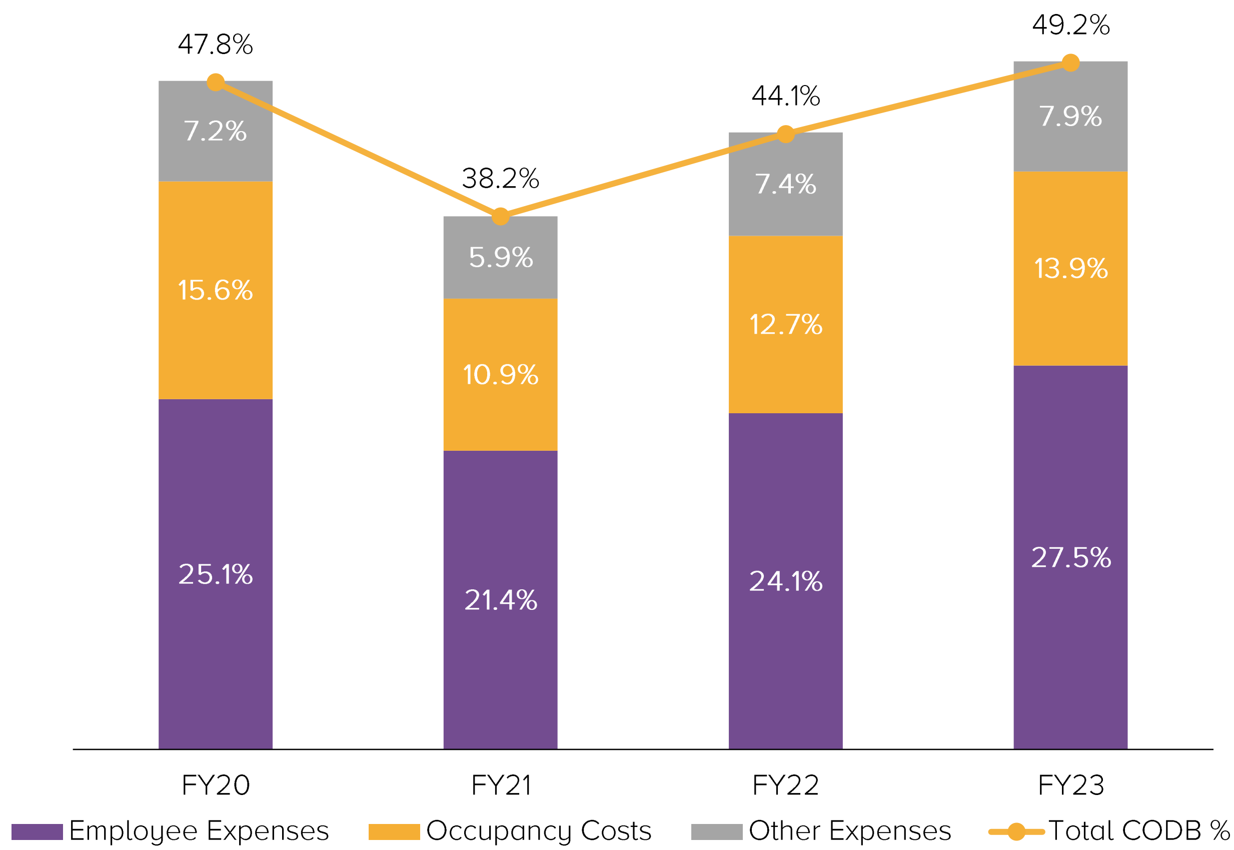
COMMENTARY

- CODB $67.8m vs $61.1m LY, +11.0%
- CODB in FY22 was approximately $2.5m lower than normal as teams were stood down during periods of prolonged store closures due to COVID-19. Adjusting for this CODB was up 6.6% vs LY
- The increase in FY23 employee costs is driven by additional stores and higher award wage increases of 5.2%
- Occupancy costs also increased with the additional stores plus inflation driving annual increases where leases are tied to the CPI. These increases have been partially offset by net rental reductions we have achieved on lease renewals

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



Balance Sheet

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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 well balanced
- Net cash at period end of $16.0m
- 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 final dividend of 3 cents per share has been declared with a record date of Sept 14 and payable date of Sept 28

BALANCE SHEET

$M	FY22	FY23
	Statutory	Statutory
Current assets		
Cash	21.3	16.0
Trade and other receivables	0.4	0.4
Inventories	15.4	15.2
Right of return assets	0.4	0.2
Prepayments	1.7	1.4
Income tax asset	-	4.2
Total current assets	**39.1**	**37.4**
Non-current assets		
Property, plant and equipment	11.1	11.4
Right of use assets	29.2	32.8
Intangibles	2.2	2.1
Deferred tax assets	6.7	5.8
Total non-current assets	**49.2**	**52.1**
Current liabilities		
Trade and other payables	9.2	7.6
Provisions	2.8	1.8
Employee benefit liabilities	1.5	1.6
Lease liabilities	14.3	13.8
Income tax payable	0.7	-
Total current liabilities	**28.4**	**24.8**
Non-current liabilities		
Trade and other payables	0.3	0.4
Provisions	1.3	1.3
Employee benefit liabilities	0.5	0.6
Lease liability	21.2	25.7
Total non-current liabilities	**23.4**	**28.0**
Net assets	**36.5**	**36.7**

Strategic Priorities

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

KEY DRIVER	COMMENTARY
PAY-TO-PLAY LOYALTY MODEL	▪ Increase frequency and monetisation of our 735,000 active dusk Rewards members ▪ Increase the joining fee from $10 to $15 in July 2023 for a two-year membership period ▪ Utilise transaction history to deliver insights into purchase intent and cross sell / upsell opportunities
OMNI-CHANNEL	▪ Introduce Click & Collect prior to the key gifting season in FY24 ▪ Extend Click & Despatch capability across more stores ▪ Increase conversion rates ▪ Replatform and redesign the website to further unlock growth and offer an improved customer experience in 2H FY24
EXPANDING STORE NETWORK	▪ Continue disciplined store rollout where the ROI remains attractive ▪ Target 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 ▪ Refine the NZ offer to improve profitability
DUSK PROPRIETARY PRODUCT	▪ Implement an accelerated rate of product innovation and range evolution ▪ Create innovative products designed to enhance our customers' sensory experience ▪ Tailor our offer to meet the demands of those customers with increased value orientation to those with higher spending capacity and appetite ▪ Increase the growth of consumables to drive customer visitations

Trading Update and Outlook

TRADING UPDATE

The sales results for the first 7 weeks of FY24 are as follows :

Sales growth, unaudited	First 7 weeks FY24 versus:			
	FY23	FY22	FY21	FY20
Headlines:	%	%	%	%
Total Sales	-15.6%	+9.5%	-20.9%	+29.2%

While trading remains difficult, our value proposition remains strong and appealing to many customers. There is however room for improvement, and our key focus is on :

- Disciplined promotional activity and price point management to maximise gross margin dollars
- CODB management – we have already executed a CODB reduction plan of $2.0m across store labour, logistics and head office costs
- Maintaining outstanding customer service to maximise sales conversion and basket size

FY24 OUTLOOK

- Given the uncertainty in the outlook the Board does not consider it appropriate to provide FY24 guidance at this time
- 6 new stores are committed in Australia to be opened in the 1H
- Further roll out in NZ is currently on hold
- We are closely monitoring the challenging economic and market conditions and its effect on the store portfolio. Where necessary the business will make tough decisions on underperforming stores
- Opportunities to expand the distribution network are being evaluated (e.g., marketplaces, wholesale / concessions)
- We draw confidence from the fundamentals of our business:
  - ✓ Category leader with vertical business model and strong margins
  - ✓ 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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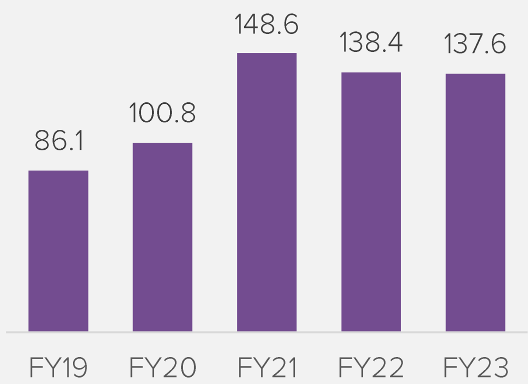
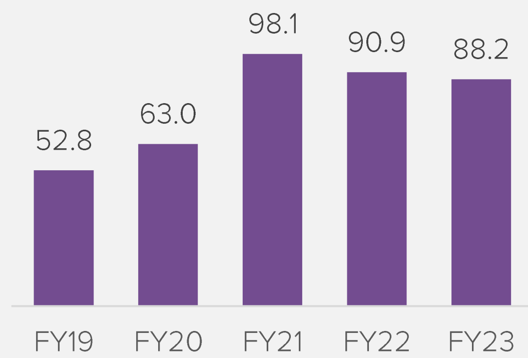
Track Record of Performance

Step change achieved across all key metrics since FY19

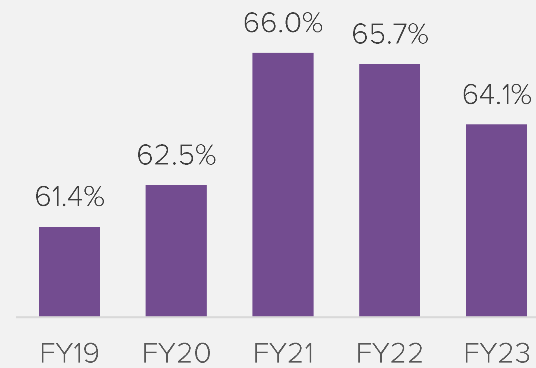
Sales ($M)



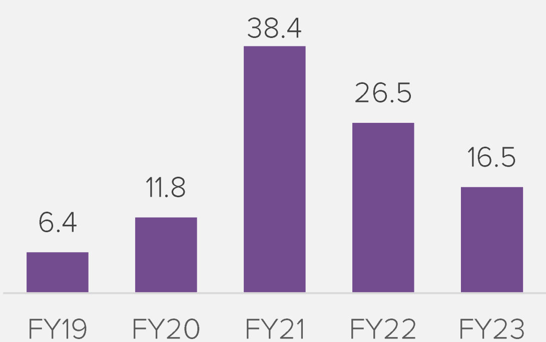
Pro Forma Gross Profit ($M)



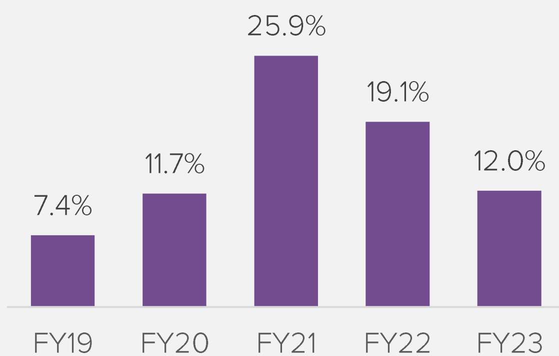
Pro Forma Gross Margin (%)



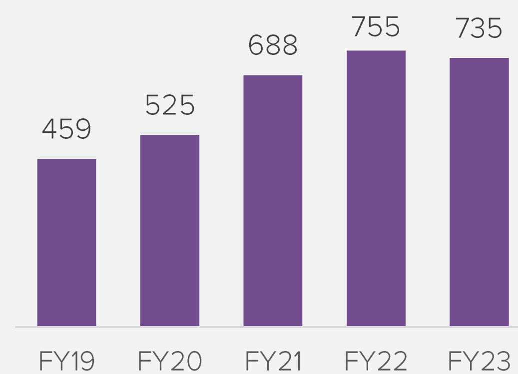
Pro Forma EBIT ($M)



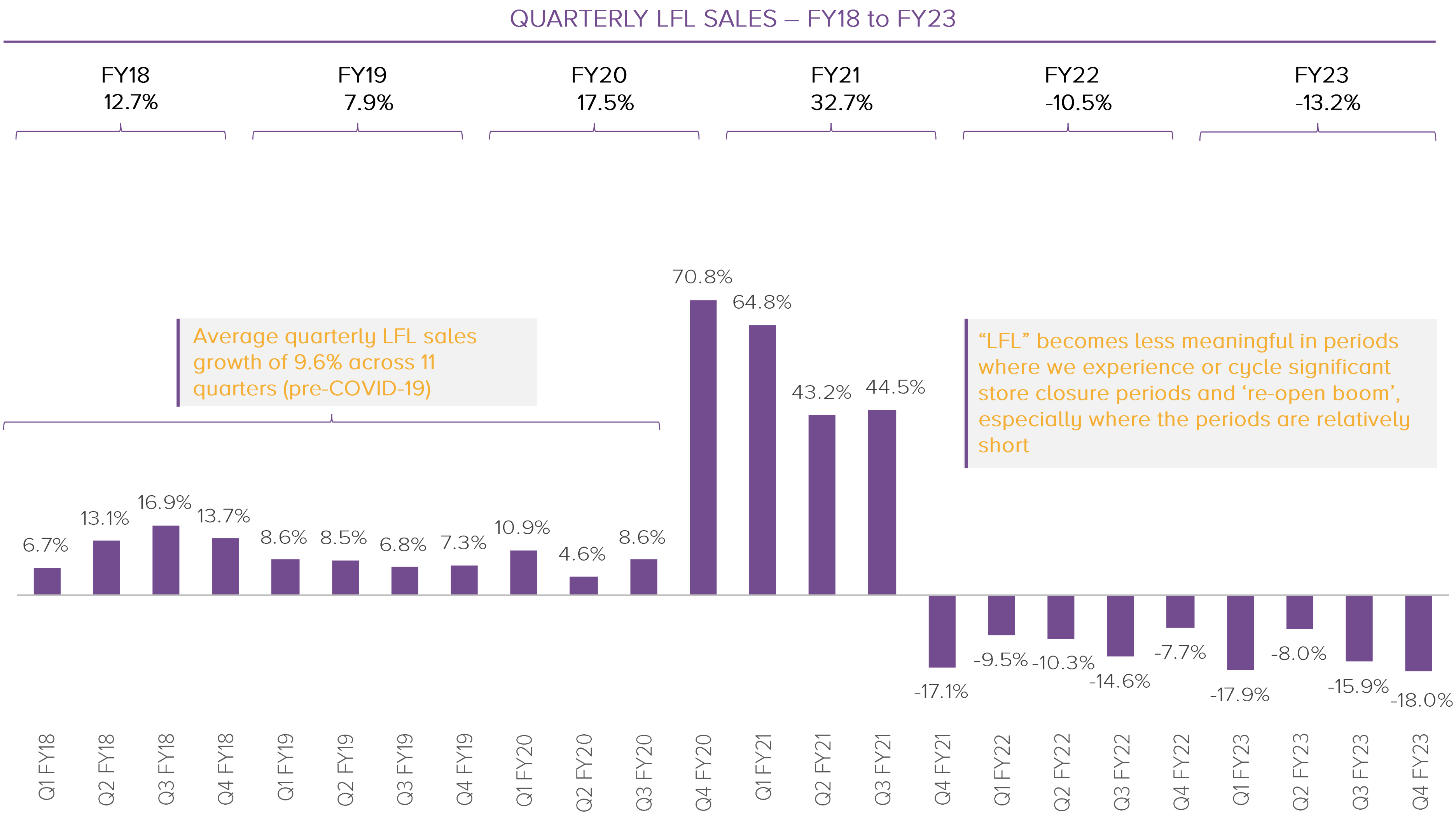
Pro Forma EBIT Margin (%)



dusk Rewards Members (# 000's)



Like for Like Sales Performance

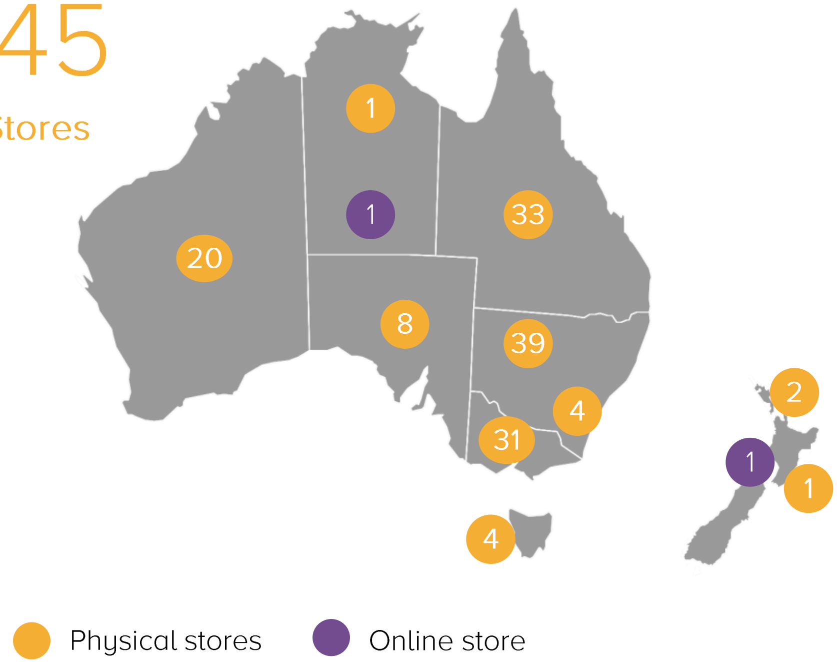


Store Network

STORE NETWORK[1]

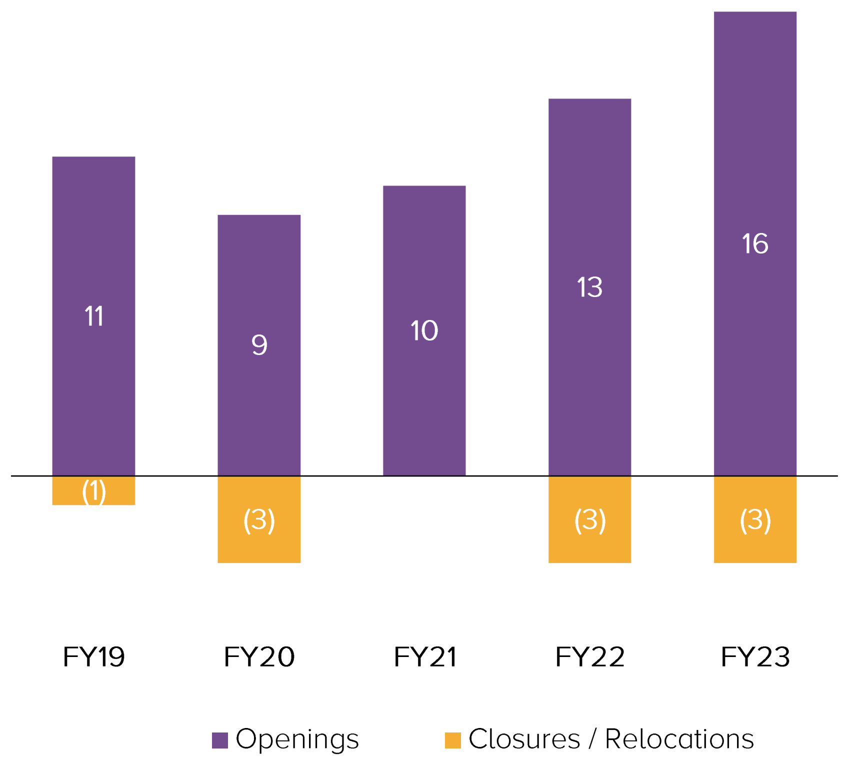
145

Stores



- Opened 10 new stores in Aust – 3 in NSW, 2 in QLD, 2 in WA, 2 in VIC and 1 in ACT
- Opened 3 trial stores in NZ plus online – 2 in Auckland and 1 in Wellington
- Relocated 2 stores (VIC & WA) and closed 1 store in NSW

NET STORE OPENINGS



1. *Store count as at 2 July 2023*

Pro Forma Profit and Loss

PRO FORMA[1] RESULTS

$M	FY22	FY23
Revenue	138.4	137.6
Cost of sales	(47.5)	(49.4)
Gross profit	90.9	88.2
Employee expenses	(33.3)	(37.8)
Occupancy expenses	(17.6)	(19.1)
Other expenses	(10.2)	(10.8)
Cost of doing business (CODB)	(61.1)	(67.8)
EBITDA	29.8	20.4
Depreciation & Amortisation	(3.3)	(3.9)
EBIT	26.5	16.5
Net finance expense	(0.1)	0.2
Profit before tax	26.4	16.8
Income tax expense	(8.0)	(5.1)
Net profit after tax	18.4	11.7

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

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PRO FORMA ADJUSTMENTS TO THE STATUTORY RESULTS

$M	FY22	FY23
Statutory EBITDA	45.6	37.0
Impact of AASB16	(15.5)	(16.6)
Rental concessions received	(0.4)	(0.3)
NSW JobSaver receipts	(1.1)	-
Eroma acquisition costs (terminated transaction)	1.1	-
NZ setup costs	-	0.3
Pro forma EBITDA	29.8	20.4
Statutory NPAT	18.5	11.6
Impact of AASB16	0.3	0.1
Rental concessions received	(0.4)	(0.3)
NSW JobSaver receipts	(1.1)	-
Eroma acquisition costs (terminated transaction)	1.1	-
NZ setup costs	-	0.3
Total Pro forma adjustments	(0.1)	0.1
Net tax effect adjustments of above at 30%	-	-
Pro forma NPAT	18.4	11.7

Cash Flow Reconciliation

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PRO FORMA CASHFLOW TO THE STATUTORY RESULTS

$M	FY22	FY23
Pro forma EBITDA	29.8	20.4
Capex	(5.3)	(3.7)
Change in Inventory	(1.0)	0.2
Change in Trade Creditors	0.9	(1.6)
Change in Other Working Capital Items	2.2	1.1
Net Cashflow before financing and tax	26.6	16.4
Cashflow : EBITDA Conversion %	89%	80%
Taxes paid	(13.0)	(9.0)
Dividends paid	(12.5)	(11.2)
Other (incl IPO related cashflows)	(1.2)	(1.5)
Change in Cash	(0.1)	(5.3)
Opening Statutory Net Cash	21.4	21.3
Closing Statutory Net Cash	21.3	16.0

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