Trading Update and FY21 Guidance

dusk Group Limited ('dusk', ASX:DSK) provides a trading update based on unaudited accounts for Q3 FY21 and sales and earnings guidance for FY21.

dusk is pleased to announce that trading has remained strong across Q3 FY21. The high rates of like-for-like ('LFL') sales growth is translating into substantial growth in earnings, which builds upon the outstanding results delivered in 1H FY21.

An overview of the results for the quarter and YTD are set out below:

Unaudited Results (A$m)	Q3(3 months)		YTD to End Mar (9 months)	
	FY21	FY20	FY21	FY20
Sales	27.7	18.4	118.7	77.0
Underlying EBIT (1)	4.9	(0.9)	33.2	8.7
EBIT Margin %	17.6%	(5.0%)	28.0%	11.3%

(1) Underlying EBIT excludes costs associated with the IPO, the net benefit of the Job Keeper wage subsidy received (to be returned to the ATO) and COVID related rental concessions. Underlying EBIT is pre AASB16 adjustments.

The primary driver of our earnings growth continues to be the excellent LFL sales growth of approximately +44% for Q3, coupled with gross margin expansion (up ~400bps on a YTD basis). Coupling these drivers with disciplined cost management is delivering substantial operating leverage and a significant expansion in EBIT margins.

In relation to the FY21 year, the Board provides the following guidance:

(A$m)	FY21 Guidance	FY20 Actual
Sales	147 to 151	100.9
Underlying EBIT (2)	38 to 40	11.9

(2) Underlying EBIT excludes costs associated with the IPO, the net benefit of the Job Keeper wage subsidy received (to be returned to the ATO) and COVID related rental concessions. Underlying EBIT is pre AASB16 adjustments. We note that Proforma EBIT for FY20 in our Prospectus of $12.9 million also included approximately $1.0m of CV19 related rental concessions received.

CEO Peter King said, "Our results, including the strong performance of new stores and the contribution of our online channel are testament to our teams focus on execution, and the growing appeal of our product offering to an expanding customer base."

"Looking forward to Q4 FY21, we cycle a volatile period in the prior corresponding year where our stores were closed through April 2020 and progressively reopened (initially on reduced trading hours) between 1 May and 7 May. Trading in the days leading up to Mother's Day (10 May 2020) were very strong, and we enjoyed strong sales through the balance of May and June, albeit with significant reduced foot traffic in shopping centres."

"We are pleased with the strength and consistency of our current trading and continued strong gross margins. Further we have a healthy inventory position leading into Mother's Day. Finally, we will have around 10 more new stores than the same time last year. When we couple these factors with a buoyant macro environment which includes strong consumer confidence, continued re-allocation of household budgets away from international travel, low interest rates and our customers heightened focus on their homes, we expect to see a favourable trading environment continuing for some time yet."

"We are pleased with how April has started and reiterate our confidence in delivering an excellent result for FY21."

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

For more information, please contact:

investorrelations@dusk.com.au
Peter King
Chief Executive Officer
+61 02 9308 3600

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'.

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