

# dusk

ASX Release

29 August 2024

## FY24 Results

**dusk Group Limited ('dusk', ASX: DSK)** today provides its full year result for the 52 weeks ending 30 June 2024.

- Sales of \$126.7m, -7.9% (FY23: \$137.6m)
- Sales run rate improved quarter on quarter through FY24 (2H FY24: -5.0% on pcp<sup>1</sup>)
- Total LFL<sup>2</sup> sales were -12.1% (Stores -12.6%; Online -3.4%)
- Gross profit of \$81.5m, -7.5% (FY23: \$88.2m)
- Gross profit % of 64.3% (FY23: 64.1%)
- Pro forma EBIT<sup>3</sup> of \$6.2m (FY23: \$16.5m)
- Net cash of \$20.8m at period end and no debt (FY23: \$16.0m)
- 149 stores (including online) at period end, a net increase of 4 stores
- Inventory of \$15.5m at period end (FY23: \$15.2m)
- Final dividend of 4 cents per share (fully franked) bringing full year dividends to 6.5 cps

CEO and Managing Director Vlad Yakubson said: "FY24 has been a transformational year for dusk Group with an improved sales performance in the second half reflecting the implementation of several strategic initiatives focused on product rejuvenation, disciplined promotional activity and better online execution. There has also been significant talent renewal during the year with a new leadership team bringing experience and trade knowledge to multiple areas of the business.

dusk has had a good start to FY25 with the *Allen's x dusk* collaboration performing strongly as our product rejuvenation strategy takes shape. Our strategic priorities in FY25 are focused on the reassertion of our leadership in the home fragrance category which will be achieved by increasing customer frequency, driving new customer acquisition and redefining our brand identity."

### FY24 Result Overview

Sales of \$126.7m were -7.9% lower on pcp. Sales growth showed improvement through the financial year with sales down 5.0% in the 2H FY24 versus 9.7% in 1H FY24.

<sup>1</sup> Prior corresponding period (pcp)

<sup>2</sup> LFL (like-for-like) sales calculation excludes stores closed for refurbishment.

<sup>3</sup> Pro forma EBIT is unaudited and pre-AASB16. It excludes a non-cash impairment of \$0.4m relating to the carrying value of Property, Plant & Equipment (PPE) associated with underperforming stores in New Zealand.

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LFL sales were -12.1% lower with stores -12.6% lower and online -3.4% lower.

Online sales of \$7.2m represented 5.7% of total sales. Click & Collect went live across the store network ahead of schedule in December 2023 and now accounts for 17% of online transactions. The redesign and re-platform of our website went live in June 2024 providing our customers with an improved online experience which also reflects a renewed focus on AI enhancements, data analytics and the personalisation of communication to drive conversion.

dusk's gross margin of 64.3% was slightly ahead of pcp despite continued headwinds from currency depreciation and higher freight costs. This was due to the realisation of supply chain efficiencies and tactical control of our promotional calendar.

Despite reporting an overall increase in CODB, dusk demonstrated tight cost control, offsetting some of the mandatory increases in award wages and rent associated with ongoing inflationary pressures.

Active membership in dusk Rewards, our loyalty program was 674,000 members compared to 735,000 in FY23. The decision to increase the membership fee from \$10 to \$15 in July 2023 had a negative impact on membership levels. Following a review early in 2H FY24, the sign-on fee reverted to \$10 in March 2024. In the first 8 weeks of FY25, dusk Rewards members grew by +33.7% on pcp highlighting the positive response among new and existing customers to our renewed product offering.

ATV for members was \$56 slightly lower than FY23 (\$57) and materially higher than non-members. In FY24, members accounted for 57% of total sales (FY23: 62%). We will continue to deliver outstanding value to our members and focus on the use of data analytics and personalisation to drive higher shopping frequency.

Inventory finished the year at \$15.5m which was slightly ahead of pcp despite the net addition of four stores over the twelve-month period.

The Board has declared a fully franked final dividend of 4 cents per share, bringing total dividends for FY24 to 6.5 cps. The record date is 12 September 2024 with a payment date of 26 September 2024.

The Board expect to undertake capital management in 2H FY25, assuming continued improvements in trading momentum.

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## Trading Update & FY25 Outlook

The sales results for the first eight weeks of FY25 as summarised in the table below. For the first 8 weeks of FY25, our trading margin<sup>4</sup> remains in line with the prior year.

**Table 1: Trading Update**

|                                | <b>First 8 weeks FY25 vs:</b> |
|--------------------------------|-------------------------------|
| <b>Sales growth, unaudited</b> | <b>FY24 pcp</b>               |
| Total Sales                    | +16.0%                        |
| LFL Sales                      | +12.1%                        |

First 8 weeks of FY25, online sales growth is +39.1%. Bricks and Mortar stores is +14.4%.

dusk has had a strong start to the financial year with the collaboration with Allen's Australia performing ahead of expectations. A key focus in FY25 will be the delivery of product newness on a regular basis with monthly injections of seasonal and trend lines. dusk will continue to expand into new product categories through test and learn and increase the frequency and variety of product collaborations as the year progresses. Our FY25 product offering also reflects our focus on growing market share within existing and new adjacent categories.

In addition, we will focus on the rejuvenation of our brand and objective of becoming a top-of-mind destination for year-round gifting and personal shopping. A key priority is to smooth the sales curve by leveraging sub-events such as Valentine's Day, Lunar New Year and Father's Day to increase customer frequency.

dusk will also continue to invest in its omni-channel experience with a greater emphasis on digital marketing and social media campaigns that target a broader customer base including younger consumers.

As part of our FY25 strategic priorities, we will focus on store metrics and further improve store productivity with key projects focused on roster optimisation and the introduction of a new incentive structure for our store teams.

In 1H FY25, we expect to open two stores in the lead up to the key Christmas trading period.

The dusk Board has decided not to provide FY25 guidance at this time.

<sup>4</sup> Trading Margin is sales less product costs, and excludes non-selling expenses such as FX adjustments, shrinkage, etc.

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## Investor Conference Call

CEO and Managing Director Vlad Yakubson and CFO Gordon Squire will host a conference call for the investment community including a Q&A session at **11.30am AEST today, Thursday 29 August 2024.**

To register for the conference call and access dial-in details, please follow the link below.

<https://s1.c-conf.com/diamondpass/10039859-emcr9o.html>

**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 oneself'.