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Dusk Group Limited (ASX:DSK)

2024

Annual General Meeting

18 November 2024



Board of Directors



John Joyce
Chairman



Vlad Yakubson
CEO and Managing
Director

Non-executive directors



David MacLean



Tracy Mellor



Katherine Ostin



Trent Peterson

Agenda

01

Chairman's Address
John Joyce

02

CEO and Managing
Director's Address
Vlad Yakubson

03

Formal Business

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Chairman's Address

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FY24 Financial Overview

Transformational year with new management team and new strategy in place.
dusk delivered quarter on quarter improvements in sales trends as FY24 progressed

\$126.7m

Total Sales

-7.9% on pcp¹

LFL sales -12.1% on pcp²

2H sales trend materially improved on 1H

\$81.5m

Gross Profit³

-7.5% vs pcp

64.3%

Gross Profit %

+20 basis points higher on pcp

\$6.2m

Pro Forma EBIT⁴

FY23: \$16.5m

\$20.8m

Net cash at year end

FY23: \$16.0m

\$15.5m

Inventory

FY23: \$15.2m

6.9 eps

Earnings per share⁵

FY23: 18.6 cents per share

4 cps

Final dividend⁶

FY24: Total dividends of 6.5 cps fully franked

1. Prior Corresponding period; 2. Like-for-like sales; 3. Gross Profit is on a Pro Forma basis 4. Pro Forma EBIT is unaudited and pre-AASB. It excludes a non-cash impairment of \$0.4m relating to the carrying value of Property, Plant & Equipment associated with underperforming stores in NZ; 5. Basic EPS is on a statutory basis; 6. FY23 full year dividend totaled 11 cps fully franked;



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CEO and Managing Director's Address



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The Year in Review

Improvement in sales run rate through 2H FY24 reflects better execution and the early phase of new strategic initiatives gaining traction.

Renewal of leadership team

Significant talent renewal across key leadership roles in the business. New leadership team in place, which brings fresh perspectives to strategy, trade and brand rejuvenation.

Implementation of key strategic initiatives

Improved sales performance in 2H FY24 reflects the implementation of several strategic initiatives focused on product rejuvenation, disciplined promotional activity and improving online trade.

Better omni-channel experience

Enhanced execution in our online channel as 2H progressed, following the website upgrade in June 2024 and supported by a renewed focus on superior digitally led marketing.

Gross profit % maintained

Our gross profit % has been maintained due to the realisation of efficiencies identified in our supply chain and tactical control of the promotional calendar.

Strong financial position

dusk finished FY24 with closing cash of \$20.8m and no debt. Inventory of \$15.5m at year end was slightly ahead of FY23 and remains clean and well balanced. dusk has declared a final dividend of 4 cps full franked.

Key strategic priorities – FY25 and beyond

Grow market share and reassert our leadership in the home fragrance category and gifting.

1 Increasing customer frequency

- Deliver more product newness, more often, with monthly injections of new seasonal and trend lines
- Continue to expand new product categories through test & learn (e.g. unisex, car, bath and body – more occasions, and more uses)
- Increase frequency and variety of product collaborations
- Introduction of new product that appeals to a younger target audience (in addition to core customer)
- Use CRM and our dusk Rewards program to drive customer inspiration and awareness of our new lines

2 New customer acquisition

- Introduce more contemporary ranges alongside proven traditional and novelty products
- Target new customer cohorts of 15–22 year-olds and male shoppers
- Increased focus on social media and digital marketing channels
- Provide value to different customer cohorts at various price points
- Category creep will offer more variety and more reasons to visit dusk
- Test & learn both new entry level product lines, and higher price point products

3 Redefine our brand identity

- Upgrade brand *handwriting* to broaden appeal and elevate styling
- Amplify our destination appeal in key seasonal events (Christmas, Easter, Halloween, and Mother's Day)
- Extend focus to *sub-events* (Valentine's Day, Lunar NY, Father's Day)
- Smooth the sales curve with improvement in customer frequency and being on time with relevant market trends
- Become top-of-mind destination for all year-round gifting (birthdays, anniversaries, housewarming & dinner party gifts) and personal shopping
- New store design fit out is in development

Leading a product-led turnaround

A reset of our product strategy is at the heart of our turnaround. We are implementing material changes in both execution and the strategic aspects of product development, ranging, sourcing, and supply chain

New products and ranges, more often

We are reinvigorating the cadence of product innovation and newness in our range, which commenced in 2H FY24, and will accelerate further in FY25. Newness drives frequency, and excitement.

Our data and IP informs ranging in existing categories

We are encouraged by the results we have seen so far testing new product lines within existing categories, whilst maintaining proven winners and seasonal favourites.

Significant opportunity for category creep

Actively exploring category creep opportunities with a test & learn approach. This will enhance our range differentiation, assert category leadership, and grow sales productivity in our stores and online.

Identify and translate trends to volume lines

Strengthened our team and processes, and aligned our supply chain to better enable identification and translation of key product design trends to unique ranges for our customers (and manage associated risks).

Product collaborations as a core competency

Our customers love the fun, variety and novelty of our product collaborations. Our vertical retail model and scale enables us to be an attractive collaboration partner. Our collaboration program will become a more consistent feature of our product offering.

FY25 Priorities

New products and ranges

- Accelerate product rejuvenation program. Upgrade core product offering and increase frequency of new product drops
- More product collaborations and new seasonal ranges are in the pipeline

Digital Channel & Marketing

- Invest in digital marketing with social media campaigns that target our broader customer base (including younger customer segment)
- Digital channel expansion with growth in our online sales through the improvement of site experience

Store Portfolio Productivity

- Improve store productivity with key projects focused on roster optimisation and new incentive structure for store teams
- Disciplined approach to store portfolio as illustrated by closure of 6 stores in FY24

Systems and Supply Chain

- Systems enhancements to allow improved and more dynamic business visibility for improved data led decision making
- Supply chain optimisation and diversification with current and new suppliers in Australia and Asia to lower costs, increase quality and speed, and support more innovation



Trading Update & Outlook

Sales results for the first 20 weeks of FY25 vs pcp are as follows:

| Sales growth, unaudited | First 20 weeks FY25 vs pcp |
|-------------------------|----------------------------|
| Total sales | +12.7% |
| LFL sales | +11.5% |
| Online sales | +41.2% |
| Bricks and mortar sales | +10.7% |

- Online penetration of 8.3% (6.8% in pcp) as our online channel continues to grow at an accelerated rate. The strong performance reflects the addition of a new digital team with a tactical and real-time focus on trading the business that is driving conversion and growth opportunities.
- Delivery of new monthly product capsules has resulted in a shift in sales mix between core and fashion product with fashion representing a higher proportion of sales compared to pcp.
- Our trading margin¹ remains broadly in line with prior year, and we remain focused on margin management strategies.
- dusk's Rewards membership renewals and new member sign-ups are +42% for the first 20 weeks of FY25 on pcp as we continue to actively engage with our members and showcase special events. Members accounted for 57% of sales.
- Two new stores have opened in 1H FY25.
- 12 pop-up stores have been opened for a 7-week period from mid-November with the aim of growing market share, brand awareness and targeting a broader customer base during peak Christmas period.
- In recent weeks since the launch of our Christmas offering, we have seen encouraging sales trends which suggest a positive customer response to the new range as we move into the important seasonal peak trading period.
- We are focused on providing great quality product at affordable prices which appeals to new and existing customers – the results available from strong execution are just beginning.





Items of
business

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Financial Report, Directors' Report and Auditor's Report

To receive and consider the financial report, directors' report and auditor's report for the Company and its controlled entities for the year ended 30 June 2024.



Re-election of Directors

2.1

That John Joyce, being eligible, be re-elected as a Director of the Company.

| Proxies Received | Number of Votes | % Votes (excluding abstentions) |
|------------------|-----------------|---------------------------------|
| For | 9,067,588 | 97.10 |
| Open | 133,330 | 1.43 |
| Against | 137,237 | 1.47 |
| Abstained | 3,817 | NA |



Re-election of Directors (cont.)

2.2

That Trent Peterson, being eligible, be re-elected as a Director of the Company

| Proxies Received | Number of Votes | % Votes (excluding abstentions) |
|------------------|-----------------|---------------------------------|
| For | 10,612,703 | 92.91 |
| Open | 132,972 | 1.16 |
| Against | 677,480 | 5.93 |
| Abstained | 3,817 | NA |



Adoption of Remuneration Report

That the Remuneration Report for the year ended 30 June 2024 be adopted.

| Proxies Received | Number of Votes | % Votes (excluding abstentions) |
|------------------|-----------------|---------------------------------|
| For | 7,594,308 | 94.53 |
| Open | 132,972 | 1.66 |
| Against | 306,301 | 3.81 |
| Abstained | 62,764 | NA |

Note: A voting exclusion statement applies to this resolution. Refer to Section 2 of the notes relating to voting.



Issue of Performance Rights to CEO and Managing Director

That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the grant of performance rights to the Chief Executive Officer and Managing Director, Vlad Yakubson, on the terms set out in the Explanatory Memorandum.

| Proxies Received | Number of Votes | % Votes (excluding abstentions) |
|------------------|-----------------|---------------------------------|
| For | 11,146,151 | 95.51 |
| Open | 132,972 | 1.14 |
| Against | 391,189 | 3.35 |
| Abstained | 6,660 | NA |

Note: A voting exclusion statement applies to this resolution. Refer to Section 2 of the notes relating to voting.



Meeting
closed

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FINANCIAL DATA

All figures in the presentation are in Australian dollars (\$) or A\$) unless stated otherwise. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

FINANCIAL INFORMATION

The pro forma financial information provided in this presentation is for illustrative purposes only and does not represent a forecast or expectation as to dusk's future financial condition and/or performance.