

21 June 2024

(All amounts in NZ\$ unless otherwise stated)

KMD Brands Trading Update

KMD Brands Limited (ASX/NZX: KMD, “KMD” or the “Group”) provides the following update on trading performance for the year ending 31 July 2024 (“FY24”):

| TOTAL SALES CHANGE YOY | 1H FY24 Aug 23 to Jan 24 | 2H FY24 to date Feb 24 to May 24 |
|---------------------------|-----------------------------|-------------------------------------|
| Rip Curl | -9.2% | -5.9% |
| Kathmandu | -21.5% | -8.4% |
| Oboz | -20.0% | -21.8% |
| Group | -14.5% | -8.4% |

- Rip Curl and Kathmandu sales have shown improvement on first half sales trends during the first four months of the second half as outlined above. For the 10 months to May 2024, Group gross margin remains resilient, with operating costs tightly controlled.
- Kathmandu has subsequently experienced a slower than expected start to the key winter promotional period. The first three weeks of the Winter Sale are -11.5% below last year, and below the improving 2H trend. Through the first three weeks of Winter Sale, Australian sales are in line with the 2H trend, however New Zealand trade remains challenging. Australian sales have improved each week as we progress further into the winter season.
- Rip Curl has started its peak summer trade in the Northern Hemisphere. Direct-to-consumer sales for the USA and Europe for the start of summer are showing positive single digit growth above last year, noting that the peak weeks are still to come.
- Rip Curl and Oboz wholesale customers continue to reduce their inventory holdings in response to the challenging consumer environment.
- Oboz online sales continue to deliver strong year-on-year growth +28.9% for the 10 months to May 2024, benefiting from strategic promotional activity and new product innovation.
- Whilst second half sales have improved on the first half trends, the Group has not seen the continued improvement expected at the start of Kathmandu’s key winter trading period. The Group now expects underlying EBITDA¹ to be approximately \$50 million for the full year, based on the most recent sales trends across all brands. The Group has six weeks of peak Kathmandu winter trade and Rip Curl Northern Hemisphere summer trade still to come.

¹ Earnings before interest, tax, depreciation, and amortisation, excluding the impact of IFRS 16, software as a service accounting, restructuring, and one-off non-cash items.

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- The Group has taken pre-emptive action with the support of its banking Group to lower the FCCR covenant ratio for the next three measurement points. Funding headroom at 31 July 2024 is expected to be approximately \$200 million.

Group CEO & Managing Director Michael Daly said:

“With six weeks of peak trade still to come, we remain focused on optimising our Kathmandu winter and Rip Curl Northern Hemisphere summer results in a challenging consumer environment. We are seeing a prolonged impact of cost-of-living pressures on consumer sentiment globally but particularly in New Zealand, and we continue to respond tactically to competitive market dynamics.”

“Alongside immediate trading priorities, our focus remains on tightly controlling operating costs, moderating working capital, and maximising cash flows.”

This announcement has been authorised for release to NZX / ASX by the Board of Directors of KMD Brands Limited.

- ENDS -

For further information, whether an investor or media enquiry, please contact:

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