

19 November 2024

KMD Brands Limited Annual Shareholder Meeting 2024

Chairman's Address

FY24 was a difficult year for KMD Brands, with Group sales down compared to last year's record result. All three brands - Rip Curl, Kathmandu, and Oboz - faced significant headwinds due to weaker consumer sentiment and challenging global economic conditions.

Despite the challenging sales environment, gross margins remained resilient, decreasing just 0.2% overall, with Rip Curl and Oboz performing particularly well.

Operating costs were significantly lower than last year, benefiting from consolidation of activities and roles, as well as tight cost controls. Strong inventory management across the Group also delivered a pleasing reduction in inventory.

I do want to stress the last two points: maintaining gross margins *and* reducing inventory in the face of significant sales reductions is no mean feat and we thank management for the hard work undertaken to achieve this.

Due to our operating performance and challenging market conditions, the Board decided not to declare a final dividend in FY24. Our dividend policy remains aligned with earnings. As earnings rise dividends will be restored.

On behalf of the Board, I want to acknowledge the decline in our share price. As I stated in our FY24 Annual Integrated Report, we believe the current share price materially undervalues our iconic brands. We are all committed to improving the company's financial performance, which will result in the restoration of shareholder value.

The Group Executive remain focused on the basics: growing sales and gross margin, controlling operating expenses, creating great products, communicating our brand values effectively, and simplifying the business for greater efficiency.

Together, we remain committed to our long-term vision to be the leading family of global outdoor brands and our strategic pillars - Building Global Brands, Elevating Digital, Operational Excellence, and Best for People and Planet.

In the coming months, Brent Scrimshaw, currently a Non-Executive Director on the Board, will step into the Group CEO role. Brent brings a wealth of experience, both as a leader and in the outdoor and sporting goods industries. Among other achievements, Brent has previously held positions as Chief Executive Western Europe for Nike, and General Manager for Nike USA Eastern States.

Having a current Board member transition into the CEO role ensures continuity and a deep understanding of the Group's strategic direction. Brent has been part of shaping that strategy, and he is well-positioned to lead the Group through the next phase of growth.



We look forward to Brent formally taking on the role in the second half of FY25.

On behalf of the Board, I would like to acknowledge Group CEO and Managing Director Michael Daly, who announced his resignation to the market in October. Thank you, Michael, for your dedicated service to KMD Brands over the last three and a half years as Chief Executive, and before that, for your 22 years with Rip Curl.

Michael has been instrumental in bringing the three brands of KMD Brands together and steering the company through the difficult Covid years, and we thank him for his leadership. We wish Michael all the best for the future.

In closing I sincerely thank my Board colleagues for their hard work and ongoing commitment to KMD Brands through these challenging times. I extend our gratitude to all KMD Brands employees, including the Group Executive team, for their continued dedication.

Finally, we thank you, our shareholders, for your ongoing support and confidence in KMD Brands during this difficult year. We are committed to improving profitability, driving sustainable growth across all our brands and improving the share price.

ENDS

