

26 March 2025

(All amounts in NZ\$ unless otherwise stated)

KMD Brands 1H FY25 Results

KMD Brands Limited (NZX/ASX: KMD, “KMD” or the “Group”) today announces its results for the six months ended 31 January 2025 (“1H FY25”).

1H FY25 financial summary (vs 1H FY24):

- Group sales up +0.5% to \$470.9 million.
- Gross margin down -0.3% of sales to 58.5%.
- Underlying operating expenses¹ up +4.2% to \$271.6 million.
- Underlying EBITDA¹ \$3.9 million, down -74.3% year-on-year (“YOY”).
- Statutory NPAT loss -\$20.7 million. Underlying NPAT¹ loss -\$16.1 million.
- Net Working Capital \$192.6 million, -\$33.6 million lower YOY.
- Net Debt \$76.2 million, -\$20.0 million lower YOY.
- No interim dividend declared as a result of 1H FY25 operating performance.

Group financial performance

	Statutory	Underlying ¹		
NZ\$ million ²	1H FY25	1H FY25	1H FY24	Var %
Sales	470.9	470.9	468.6	0.5%
Gross Profit	275.5	275.5	275.7	(0.1%)
Gross Margin	58.5%	58.5%	58.8%	
Operating Expenses	(222.8)	(271.6)	(260.6)	4.2%
EBITDA	52.7	3.9	15.1	(74.3%)
EBIT	(12.7)	(13.3)	(1.7)	
NPAT	(20.7)	(16.1)	(6.9)	

The sales result is underpinned by an improved trend in the direct-to-consumer (“DTC”) channel (including online) for all three brands. Group online sales performance has been a highlight, with all three brands achieving double digit sales growth YOY. Online remains a key growth priority for the Group.

Wholesale sales are taking longer to recover, as wholesale accounts remain cautious on pre-season commitments in a challenging market. Forward orders and in-season buying from key accounts support an improving wholesale trend through 2025.

¹ Excluding the impact of IFRS 16, restructuring, software as a service accounting, and the notional amortisation of Rip Curl and Oboz customer relationships.

² 1H FY25 NZD/AUD conversion rate 0.909 (1H FY24: 0.926), 1H FY25 NZD/USD conversion rate 0.595 (1H FY24 0.604).



Gross margin decreased -0.3% of sales below last year to 58.5%, remaining resilient despite increased promotional intensity for Kathmandu and clearance of inventory for Oboz.

All brands continue to actively manage operating expenses while facing global cost pressure.

In a challenging trading environment, net working capital efficiency is a key focus for the Group. Net working capital at 31 January 2025 was \$33.6 million lower than 31 January 2024, with reduced inventory balances YOY.

Rip Curl: Sales impacted by wholesale customer caution

Rip Curl	Underlying ¹			
	NZ\$ million	1H FY25	1H FY24	Var%
Sales		278.5	278.3	0.1%
EBITDA		23.6	27.4	(14.0%)
EBIT		16.1	20.8	(22.9%)

Rip Curl total sales increased +0.1% to \$278.5 million, improving from -6.7% YOY during Q1 to +6.5% YOY during Q2.

DTC sales increased +4.1%, reflecting strong sales growth over the key Australasian summer and Christmas trading period. Also, stronger results were achieved in Europe and South America, supported by store openings. Online sales increased by +13.9% to \$21.1 million, comprising 11.5% of DTC sales.

Wholesale sales decreased by -7.9% in a challenging global market. Forward orders support improving wholesale momentum for Q1 FY26.

Gross margin increased +0.2% of sales with channel and product mix offsetting the impact of increased promotional intensity in a tough trading environment. Operating expenses continue to be tightly managed while facing global cost pressure.

Kathmandu: Improving quarterly sales trend

Kathmandu	Underlying ¹			
	NZ\$ million	1H FY25	1H FY24	Var %
Sales		156.8	152.3	3.0%
EBITDA		(12.8)	(8.3)	(54.0%)
EBIT		(22.0)	(18.0)	(22.3%)

Kathmandu total sales increased +3.0%, improving from -2.7% YOY during Q1 to +6.9% YOY during Q2.

Australia sales³ increased +3.8%, supported by enhanced in-store execution and new products. New Zealand sales were -2.0% below last year, with strong sales growth YOY during the Christmas trading period. Excluding the clearance of end-of-line products in

³ At constant exchange rates.



August last year, New Zealand sales increased +4.8% YOY for the remaining 5 months of 1H FY25.

Online sales increased by +26.6% to \$20.8 million, comprising 13.4% of DTC sales.

Gross margin decreased -0.4% of sales, with increased promotional intensity in a competitive trading environment.

Kathmandu operating expenses include approximately \$3 million incremental YOY to refresh brand advertising (increased first half weighting), increase product newness and innovation, and improve the consumer experience. Brand foundations are now in place, and sales momentum is building.

Oboz: Sales impacted by wholesale customer caution

Oboz	Underlying ¹		
	1H FY25	1H FY24	Var %
NZ\$ million			
Sales	35.6	38.0	(6.3%)
EBITDA	(2.2)	(0.1)	-
EBIT	(2.6)	(0.5)	-

Total sales decreased -6.3% YOY, impacted by wholesale customer caution.

Online sales increased +32.8%, growing strongly over the Black Friday and Christmas promotions, and reinforcing the growth opportunity for the brand.

Wholesale sales decreased -10.6% as wholesale accounts remain cautious on pre-season commitments in a challenging market, partly offset by improved in-season buying from key accounts. Forward orders and in-season buying from key accounts support an improving wholesale trend through 2025.

Gross margin decreased -5.7% of sales as clearance of excess inventory has contributed to lower gross margins YOY. Gross margin on core styles and new launches remains in line with historical margins.

Operating expenses were tightly controlled YOY. Current levels of operating expense investment will be leveraged with future sales growth as the market recovers.

Balance sheet

At 31 January 2025 the Group had a net debt position of \$76.2 million, down \$20.0 million from \$96.2 million one year earlier, and with funding headroom of approximately \$215 million. January inventory investment results in typically higher net debt levels at the January measurement point.

Net working capital was \$33.6 million lower than 31 January 2024, with reduced inventory balances YOY. Inventory positions continue to moderate back towards historical levels.



As previously communicated, the dividend policy remains aligned to earnings, with a target payout ratio of 50% to 70% of underlying NPAT. As a result of the 1H FY25 operating performance, the Directors have not declared an interim dividend.

Trading update

DTC sales (including online) for the 7 full weeks to 16 March 2025, a seasonally non-significant trading period for both brands:

- Kathmandu +5.2% YOY⁴. Gross margin is under pressure YOY due to increased promotional intensity in a competitive trading environment.
- Rip Curl global DTC sales for owned stores and websites approximately +0.7% YOY⁴. Gross margin remains resilient YOY.

Outlook

Commenting on the outlook for the Group, outgoing Group CEO Michael Daly said:

“Direct-to-consumer sales have improved for all three of our brands, while the wholesale market is taking longer to recover. Global monetary policy settings have been easing, but the return of consumer confidence will take time.”

“We are seeing short-term gross margin pressure for all brands in a highly competitive global market. However, our focus remains on growing gross margin in the medium-term as markets improve.”

“We are monitoring the impact of geopolitical uncertainty on consumer confidence and supply chains.”

Incoming Group CEO and Managing Director Brent Scrimshaw said:

“I am excited to step into the KMD Brands Group CEO role and look forward to my transition with Michael over the next two weeks. I was pleased to announce earlier this week the appointment of Ashley Reade as the new CEO of Rip Curl and additionally, have also commenced a worldwide search for a Melbourne-based Group Chief Financial Officer. Ben Washington will continue in his current role as Interim Group CFO until a permanent appointment is made.”

“We continue to focus on delivering positive sales growth, improving profitability, maximising cash flows, and reducing inventory.”

“We believe that with our portfolio of iconic global outdoor brands and leadership in sustainability, we remain a unique investment proposition and well-placed for the future.”

⁴ Tropical Cyclone Alfred has impacted Queensland and Northern New South Wales stores for both brands, with approximately 100 lost trading days. Rip Curl store locations have been most materially impacted.



Investor briefing being held today at 8:30am AEDT / 10:30am NZDT

Michael Daly (Group CEO), and Ben Washington (Interim Group CFO) will be holding a briefing session for investors and analysts at 8:30am AEDT / 10:30am NZDT today (Wednesday 26 March).

Please attend the meeting by following this link: www.virtualmeeting.co.nz/kmd1hfy25

You may also dial one of the numbers below and provide the conference ID **4456081** to the operator to listen to the meeting.

Australia Toll-Free	1800 953 093
New Zealand Toll-Free	+64800005652
USA & Canada Toll-Free	(888) 672-2415
United Kingdom Toll-Free	+44 800 524 4763
France Toll-Free	+33 801 238861
Norway National	+47 57 98 94 28
Spain Toll-Free	+34 800 906908

The webcast will be available on the KMD Brands investor website following the call.

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:
enquiries@kmdbrands.com

