

COVID-19 Update

KATHMANDU HOLDINGS LIMITED

ASX / NZX / MEDIA ANNOUNCEMENT

18 March 2020

Kathmandu Holdings Limited (ASX / NZX code: KMD) continues to actively monitor the fast evolving impact of COVID-19 (coronavirus) on its teams, trading and supply chain, with the health and safety of the Company's employees and customers being the highest priority.

The Group has a pandemic plan in place to reduce exposure to its employees, to manage potential cases of COVID-19 within its businesses, and to address operational changes required to maintain business continuity. Measures will be implemented across the Group's various geographies as the evolving situation requires.

The travel and movement restrictions now in place across many countries globally have impacted the Group's European operations where the majority of Rip Curl stores and wholesale customers are now in enforced closures.

There has been a recent significant reduction in footfall in Australian and New Zealand stores, impacting sales performance. Due to the uncertainty around the spread of COVID-19 globally and impacts on demand, at this time, the Group cannot forecast the extent to which COVID-19 will impact the business in the second half of this fiscal year. However, there is likely to be a material adverse impact to earnings.

Sufficient inventory levels are in place for the forthcoming season for all brands, assisted by the longer lead time of technical product categories, and a diversified supplier base. Due to recent work from the Group's supply chain team in conjunction with key suppliers, the Group is currently not expecting material delays in product availability for following seasons.

In response to trading conditions the Group is taking decisive actions, specifically in reducing operating expenses, deferring non-essential capital projects, optimising labour costs, managing inventory levels and implementing a travel and hiring freeze.

Kathmandu Holdings' Managing Director & CEO Xavier Simonet commented "Given the rapidly evolving COVID-19 situation, we have been reviewing available advice and data on a daily basis and taking steps to protect the wellbeing of our team and customers, and to reduce the adverse impact on trading. Our channel agnostic approach, and especially our online fulfilment capabilities, should assist our ability to continue servicing customer needs despite growing government restrictions on the operation of retail outlets in many countries."

Kathmandu Holdings will release its results for the half year ended 31 January 2020 on Monday 30 March 2020.

ENDS

This announcement has been authorised for release by the Board.

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