

Kathmandu Holdings FY20 Results Presentation

23 September 2020



Tyler Wright
2 x WSL World Surfing Champion 2016, 2017



Well positioned in response to COVID-19

Prudent operational and capital management

- COVID-19 response was swift and strong
- \$207m capital raised to provide balance sheet strength, and enable investment for the future, net debt of \$9.4m
- Accelerated synergies across the Group with c. \$15m annualised cost savings
- Strong cash generating brands support future returns

Long-term brand strength

- Consumer trends towards outdoor and recreation activities
- Retail sales performed strongly once lockdowns eased
- Online fulfilment and customer service capacity in place to meet online shift in consumer preference



COVID-19 short-term impact

Short-term business impact

- FY20 revenue impact estimated at c. \$135m (Retail c. \$80m and Wholesale c. \$55m)
- Full global retail store network closures during initial lockdowns
- During July, Melbourne stores continued to trade, but with impacted footfall due to a second wave
- Rip Curl wholesale sales most affected
- Reduced demand for Kathmandu and Rip Curl travel-related products due to border restrictions
- Certain locations remain impacted, in particular Melbourne, Hawaii, Bali, and airport stores

Immediate response

- Senior management and support office wage reductions through lockdown period
- Rental negotiations are ongoing, with c. 70% of stores settled with landlords, relationships remain strong
- Inventory well controlled by deferring orders
- Non-essential capital projects delayed during lockdowns
- Dividend suspended. No interim dividend paid, and no final FY20 dividend declared
- Government wage subsidies were passed directly through to team members

Brand strengths more relevant than ever before



- Iconic, inspirational, and authentic brand
- Renowned for high quality technical surfing products
- Global distribution
- Diversified revenue streams across both wholesale and retail channels
- Strong cash contribution, \$34m for 9 months of ownership



- Leading outdoor brand in Australasia
- Original, sustainable, engineered, and adaptive products
- Loyal customers with 2.2 million active Summit Club members
- Omni channel capability
- Proven track record of long-term sales and profit growth
- History of significant cash generation
- Positioned for international expansion (post COVID-19)



- Established and distinctive American Montana-based brand
- Focused, efficient product range with significant expansion potential
- Positive operating cash flow
- Efficient operating structure
- Direct to consumer online channel launching FY21



Brands with global reach

Total Group	RC	KMD	Oboz	Total
Owned stores	160	165	-	325
Licensed stores	196	-	-	196
JV stores	22	-	-	22
Online sites	6	4	-	10
Wholesale doors	5,786	28	1,749	7,563

North America	RC	KMD	Oboz	Total
Owned stores	30	-	-	30
Licensed stores	10	-	-	10
Online sites	1	1	-	2
Wholesale doors	1,206	-	1,500	2,706

RC	Rip Curl
KMD	Kathmandu
Oboz	Oboz

South America	RC
Owned stores	3
Licensed stores	90
Online sites	1
Wholesale doors	815

Europe	RC	KMD	Oboz	Total
Owned stores	20	-	-	20
Licensed stores	2	-	-	2
Online sites	1	1	-	2
Wholesale doors	2,146	28	97	2,271

Asia	RC	Oboz	Total
Owned stores	2	-	2
Licensed stores	54	-	54
JV stores	20	-	20
Online sites	1	-	1
Wholesale doors	565	152	717

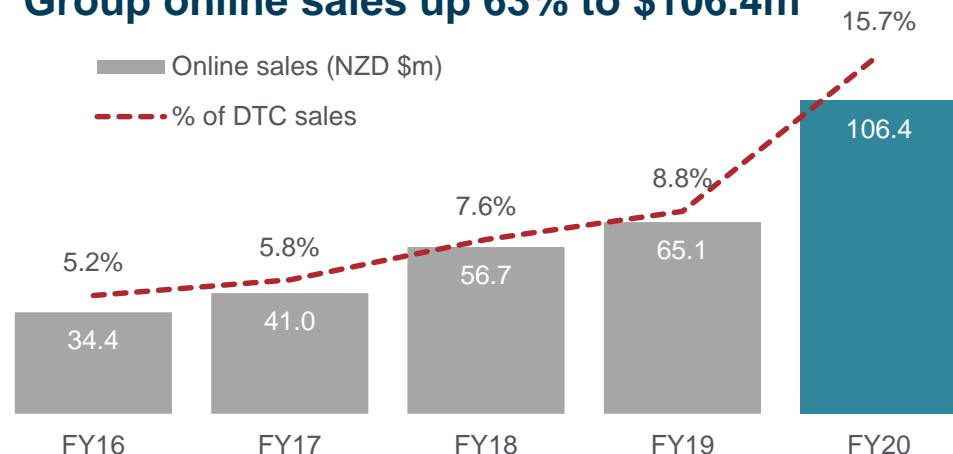
Africa / Middle East	RC
Licensed stores	21



AU & NZ	RC	KMD	Total
Owned stores	105	165	270
Licensed stores	19	-	19
JV stores	2	-	2
Online sites	2	2	4
Wholesale doors	1,054	-	1,054

- Owned regions
- Licensed regions

Rapid acceleration in online sales

Group online sales up 63% to \$106.4m



	Online sales (NZD \$m)	Growth year on year	% of DTC sales
 RIP CURL	25.5	52%	10.6%
 Kathmandu	80.9	67%	18.5%

Omni channel strategy leverages brand strength

- Consumer preference moved towards online during lockdown. Capacity and capability to rapidly scale up to meet demand
- Kathmandu online sales growth during COVID-19 from April to July +96% above last year, delivering a step change in online penetration from 10.1% of DTC sales in FY19 to 18.5% of DTC sales in FY20
- Rip Curl online sales growth during COVID-19 from April to July +115% above last year, delivering a step change in online penetration from 6.5% of DTC sales in FY19 to 10.6% of DTC sales in FY20

1. Direct to consumer ("DTC") sales include all sales from Rip Curl and Kathmandu retail stores and direct online sites and marketplaces
2. All years include both Kathmandu and Rip Curl online and total DTC sales for comparability over time. FY20 also includes a full financial year of Rip Curl sales for comparability, including \$3.7m online sales for the three months pre-acquisition
3. Rounding differences may arise in totals, both \$ and %

Group Financials

Profit results reflect COVID-19 impact

GROUP NZD \$m ^{*2}	Statutory ^{*1} FY20	FY20	Underlying ^{*3,4} FY19	Var %
SALES	801.5	801.5	538.9	48.7%
GROSS PROFIT <i>Gross margin</i>	467.0 58.3%	467.0 58.3%	332.5 61.7%	40.5%
OPERATING EXPENSES <i>% of Sales</i>	(318.1) 39.7%	(383.7) 47.9%	(234.0) 43.4%	63.9%
EBITDA <i>EBITDA margin %</i>	148.9 18.6%	83.4 10.4%	98.4 18.3%	(15.3%)
EBIT <i>EBIT margin %</i>	45.9 5.7%	56.2 7.0%	83.2 15.4%	(32.5%)
NPAT	8.9	31.5	56.8	(44.5%)

- FY20 result includes 9 months of Rip Curl
- Government wage assistance (globally) contributed a net benefit to operating expenses of c. \$16m
- Operating expenses include restructuring savings of \$4.7m in FY20, delivering annual savings of c. \$15m, as support office synergies start to be realised
- Statutory depreciation includes \$75.8m depreciation of IFRS 16 right of use assets

1. FY20 Statutory results include the impact of IFRS 16 leases. For comparability, the impact of IFRS 16 is excluded from Underlying results. Refer to Appendix 1 for a reconciliation of Statutory to Underlying results
2. FY20 NZD/AUD conversion rate 0.939 (FY19: 0.949), FY20 NZD/GBP conversion rate 0.504 (FY19: 0.522), FY20 NZD/USD conversion rate 0.636 (FY19 0.670)
3. In FY20, \$11.6m has been incurred in relation to the acquisition and integration of Rip Curl, including establishment of a new Group structure. Further one-off costs of \$4.6m have been incurred in relation to restructuring support office roles. Refer to Appendix 1 for a reconciliation of Statutory to Underlying results
4. FY19 Underlying profit excludes abnormal income \$1.1m from a tax refund relating to the GST treatment of reward vouchers (\$0.8m after tax). Refer to Appendix 1 for a reconciliation of Statutory to Underlying results
5. Rounding differences may arise in totals, both \$ and %

Strong cash generating brands

Cash Flow (NZD \$m)	FY20	FY19
NPAT	8.9	57.6
Change in working capital	55.6	(13.0)
Non-cash items	28.6	17.1
Adjusted operating cash flow^{*1}	93.1	61.7

Key Line Items:		
Net interest paid (including facility fees) ^{*2}	(12.7)	(2.6)
Income taxes paid	(15.5)	(26.5)
Capital expenditure	(19.8)	(15.7)
Dividends paid	(27.2)	(33.9)

- Positive impact from working capital management - inventory well controlled by deferring orders
- Non-essential capital projects delayed during lockdowns
- Dividend suspended. No interim dividend paid, and no final FY20 dividend declared
- Increase in net interest paid and increase in borrowings due to the Rip Curl acquisition

1. Adjusted for impacts of adopting IFRS 16
2. Includes debt underwrite costs of \$6.3m in relation to the Rip Curl acquisition
3. Rounding differences may arise in totals, both \$ and %



Balance sheet well positioned

Balance Sheet (NZD \$m) as at 31 July	FY20	FY19
Inventories	228.8	122.8
Property, plant and equipment	90.7	60.3
Right of Use Asset (IFRS 16)	258.0	-
Intangible assets	682.6	386.1
Other assets	81.5	19.2
Total assets (excl. cash)	1,341.6	588.4
Net interest bearing liabilities and cash	(9.4)	(19.3)
Lease Liability (IFRS 16)	(297.9)	-
Other non-current liabilities	(95.9)	(45.9)
Current liabilities	(159.2)	(81.1)
Total liabilities (net of cash)	(562.4)	(146.3)
Net assets	779.2	442.1

- Inventory well placed in uncertain demand environment, with low Kathmandu clearance stock levels
- Current liabilities elevated by rent accruals c. \$15m pending final agreements with landlords on rent abatements

Key Ratios ^{*1}	FY20	FY19
Leverage Ratio ^{*2}	0.10x	0.20x
Net Debt to Equity ^{*3}	1.2%	4.2%
ROIC ^{*4}	8.2%	18.3%
Fixed Charge Cover ^{*5}	1.70x	2.35x
Stock Turns ^{*6}	1.68x	1.82x

1. FY20 key ratios calculated using 12 month rolling P&L measures, including a full 12 months of Rip Curl P&L results, and excluding transaction costs. FY19 key ratios as reported for Kathmandu last year

2. Net Debt / EBITDA

3. Net Debt / (Net Debt + Equity)

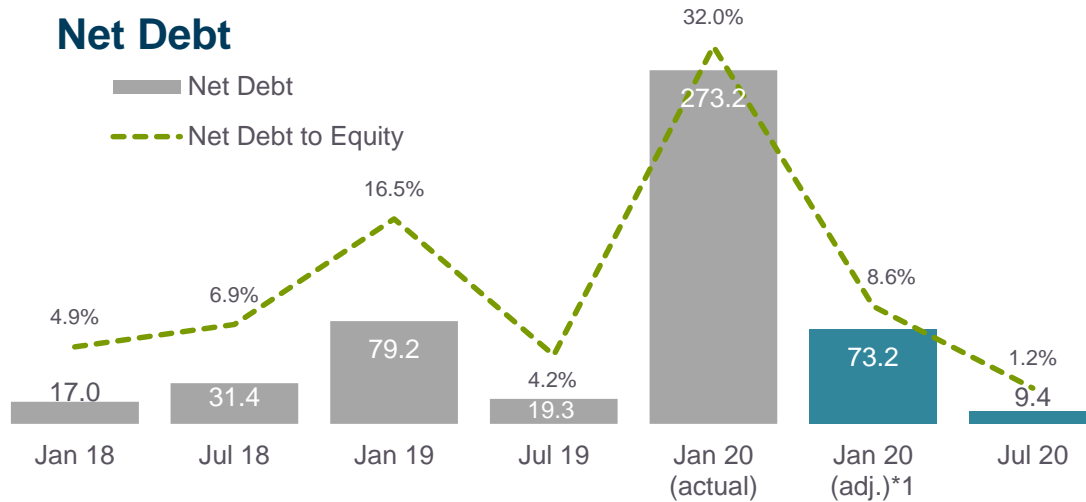
4. EBIT/(Net Debt + Equity)

5. (EBITDA + Rent)/(Rent + Net Finance Costs excl. FX)

6. COGS / Average Inventories YOY

7. Rounding differences may arise in totals, both \$ and %

Net debt reduced by capital raise and strong cash flows



- Net Debt of \$9.4m at year-end
- Cash generation in 2H FY20 \$63.8m despite lockdowns
- Significant headroom to current facility of c. \$380m
- Net Debt and leverage ratio reduced in April 2020 supported by:
 - \$207m capital raise
 - Cost savings and structural cost reductions implemented during lockdown period
 - Temporary dividend suspension
- All debt facility covenants complied with despite COVID-19. Waivers remain in place for FY21
- Ongoing review of appropriate facility structure and waiver requirements within syndicate
- Reinstatement of dividends anticipated in FY21, dependant on trading and covenant positioning

1. Pro forma post 1 April 2020 equity raise



RIP CURL

Mick Fanning
3 x WSL World Surfing Champion

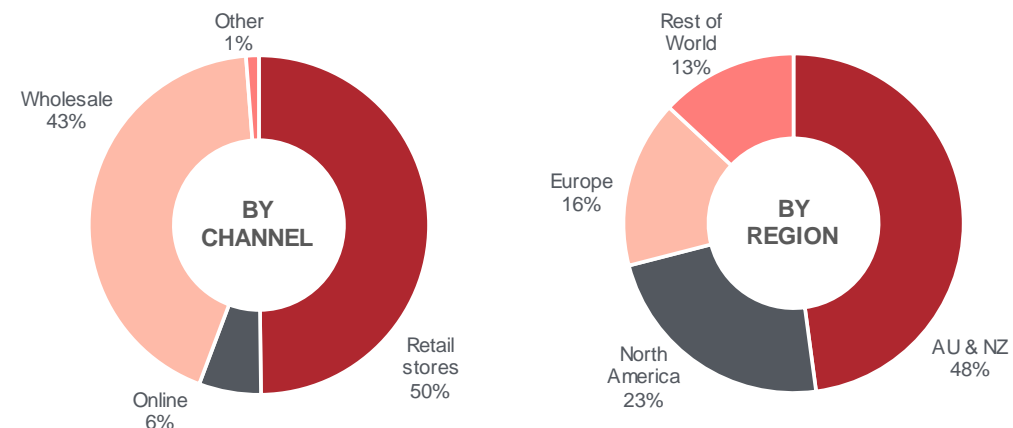
Diversified channels and geographies

RIP CURL (NZD \$m)		Pre IFRS 16
Nine months since acquisition		Nov 19 to Jul 20
SALES	315.7	
GROSS PROFIT	178.5	
Gross margin	56.5%	
OPERATING EXPENSES	(166.8)	
% of Sales	52.8%	
EBITDA (underlying)	11.7	
EBITDA margin %	3.7%	
EBIT (underlying)	4.2	
EBIT margin %	1.3%	

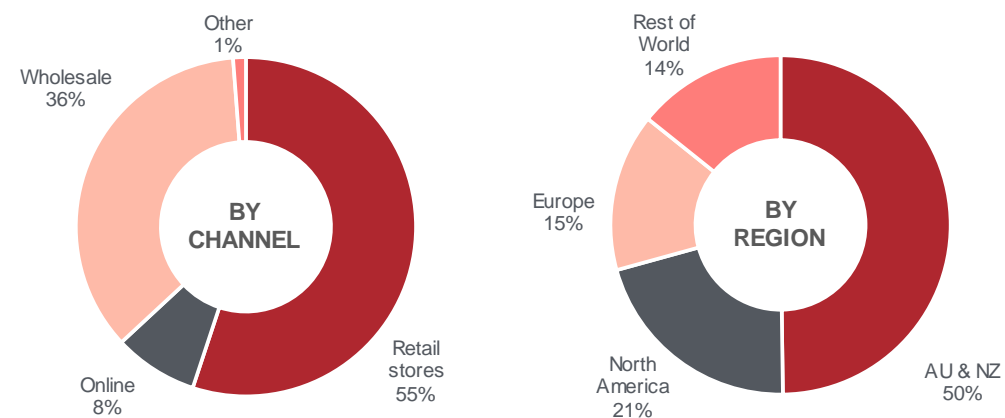
- COVID-19 revenue impact estimated at c. \$70m due to the continued impact on wholesale accounts and retail trade globally
- Sales 17.1% below the comparable nine month period last year
- Lockdowns also disrupted the wholesale sell-in period for the upcoming Northern hemisphere Autumn/Winter season. Order books for subsequent seasons are improving
- Operating expenses include restructuring savings of \$2.8m in FY20, delivering annualised savings of c. \$8.8m
- Rip Curl cash generation of \$34m in the nine months of ownership despite the impacts of COVID-19
- Additional COVID-19 debtor and inventory provisions c. \$7m are included in operating expenses

1. Rounding differences may arise in totals, both \$ and %

Rip Curl Sales Mix (last 12 months)



Rip Curl Gross Profit \$ Mix (last 12 months)



Strong European summer and Australian winter for retail channels

Direct to consumer same store sales growth was stronger post-lockdown +14.4%^{*1} than pre-lockdown +2.6%

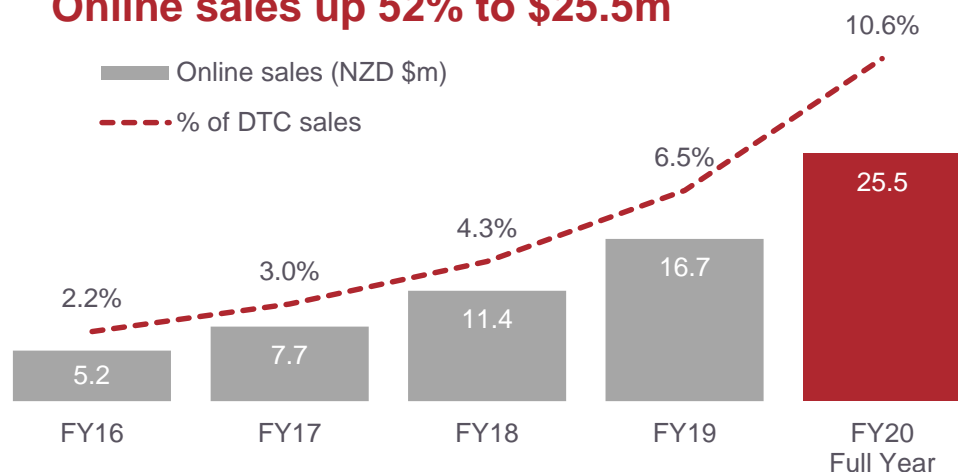
	Pre-lockdown 4 November 2019 to 8 March 2020	During lockdown 9 March to 17 May 2020	Post-lockdown 18 May to 26 July 2020	FY20 38 full weeks of ownership
Same store sales (SSS%)	+2.6%	-59.5%	+14.4% adjusted for closures ^{*1} +4.8% not adjusted	+5.3% adjusted for closures ^{*1} -10.4% not adjusted

- Strong sales performances in the post-lockdown period assisted by government wage assistance stimulus, and increased opportunity for surfing while consumers worked from home
- Solid demand during and since lockdown for technical surf products in particular
- Australia same store sales post-lockdown +17.7% adjusted^{*1}
- European summer saw record wetsuit sales as interest in surfing increased: same store sales post-lockdown +20.6% adjusted^{*1}
- Hawaii travel restrictions (14 day quarantine) significantly impacted North America same store sales post-lockdown:
 - Mainland USA retail stores post-lockdown +12.3% adjusted^{*1}
 - Hawaii retail stores post-lockdown -73.3% adjusted^{*1}
- Tourist and airport locations remain significantly impacted

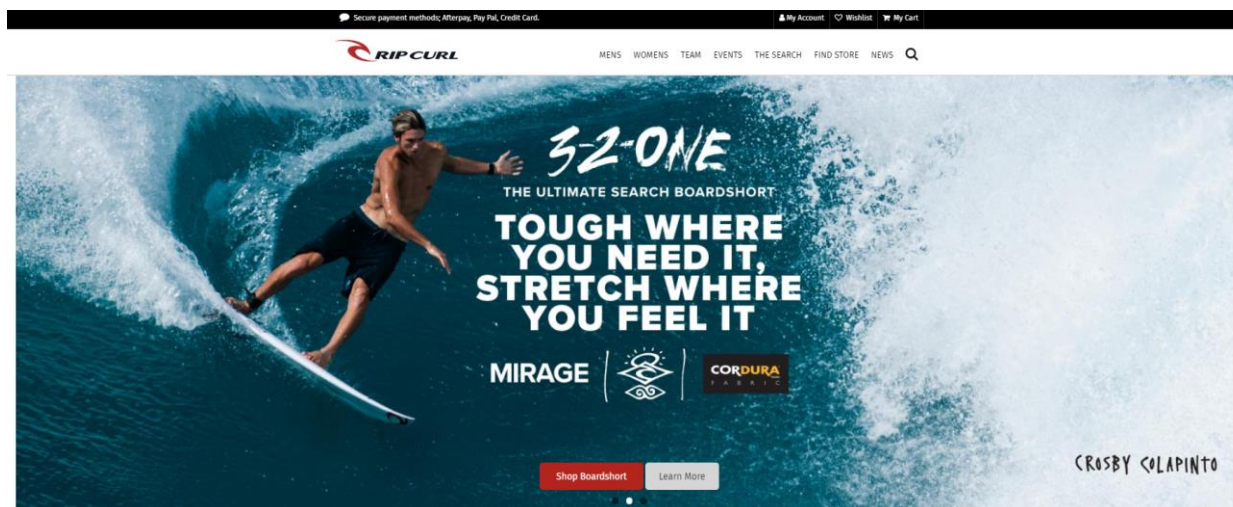
1. Adjusted same store sales removes stores that were not able to open this year for a comparable week because of COVID-19 lockdowns. For example, 10 airport stores remained closed due to travel restrictions
 2. Same store sales are measured at constant currency. FY20 same store sales are for the 38 full weeks of ownership ended 26 July 2020
 3. Rounding differences may arise in totals, both \$ and %

Accelerating growth in online sales

Online sales up 52% to \$25.5m



- Online sales growth pre-COVID-19 from August to March +12.9% above last year
- Online sales growth during COVID-19 from April to July +115% above last year, delivering a step change in online penetration from 6.5% of DTC sales in FY19 to 10.6% of DTC sales in FY20
- Online sales 4yr CAGR +48.6%



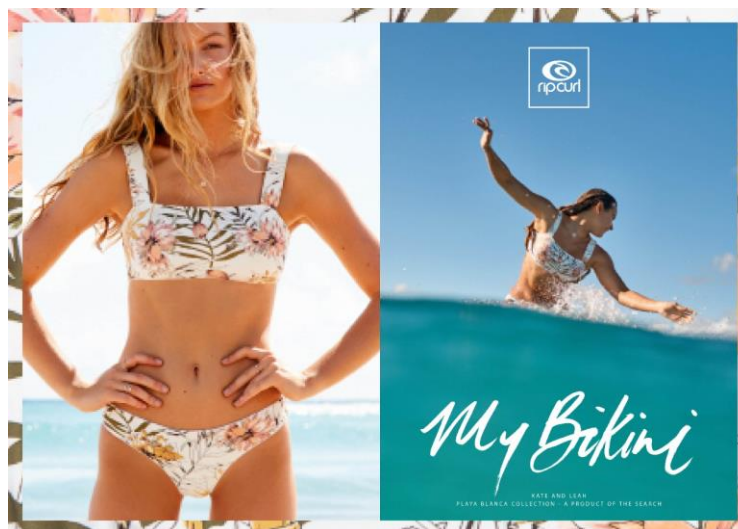
1. FY20 includes a full financial year of Rip Curl sales for comparability, including \$3.7m online sales for the three months pre-acquisition
2. Rounding differences may arise in totals, both \$ and %

Technical excellence and innovation in core surf categories



Mirage 3-2-ONE

Won the highly sought after Boardshort of the Year award at the recent SBIA Surf and Boardsports Industry Association Awards



Playa Blanca Collection

Unique in house designed artwork contributed to the Swimwear and Womens Brand of the Year at the recent SBIA Surf and Boardsports Industry Association Awards



E-Bomb E7

Breakthrough in high stretch neoprene developed in conjunction with World Champion Surfers Mick Fanning, Tyler Wright, and Gabe Medina

Reinforcing brand through social media



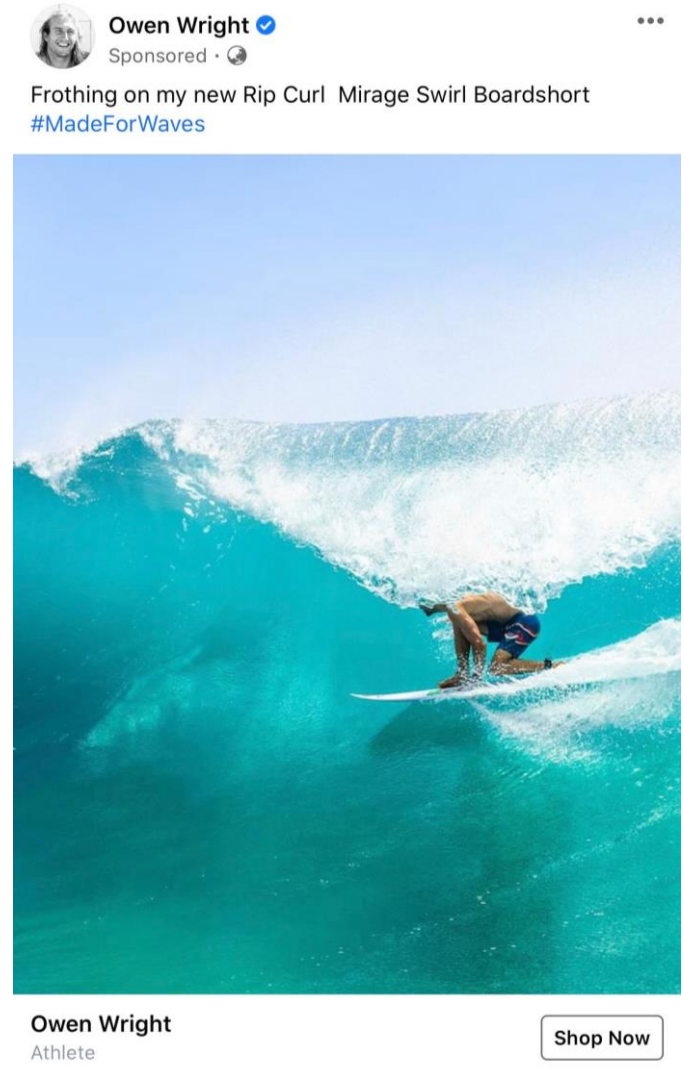
E-Bomb E7

135 posts across Facebook, Instagram, Twitter and YouTube generated 6.4m views and 112k comments, likes or shares



Rip Curl Women take on Hawaii

To showcase their pure awesomeness!
284k views on Rip Curl's YouTube channel, bolstering our Instagram following to 257k for ripcurl_women





Kathmandu®

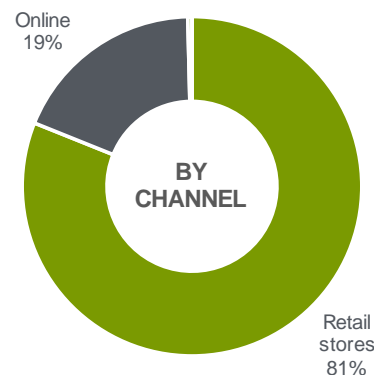
Performance reflects COVID-19 impact

KATHMANDU NZD \$m	FY20	Pre IFRS 16 FY19	Var %
SALES	426.4	472.3	(9.7%)
GROSS PROFIT	265.1	306.1	(13.4%)
<i>Gross margin</i>	62.2%	64.8%	
OPERATING EXPENSES	(198.2)	(216.5)	(8.5%)
<i>% of Sales</i>	46.5%	45.8%	
EBITDA (underlying)	66.9	89.6	(25.3%)
<i>EBITDA margin %</i>	15.7%	19.0%	
EBIT (underlying)	51.4	74.7	(31.3%)
<i>EBIT margin %</i>	12.0%	15.8%	

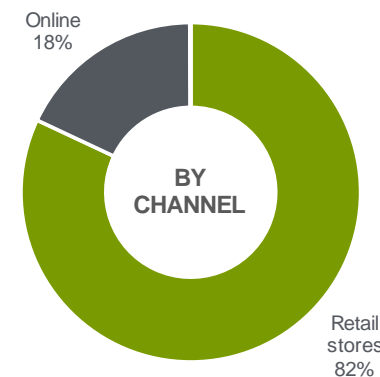
- COVID-19 revenue impact estimated at c. \$50m due to full retail network store closures in April, and Melbourne lockdown restrictions in July
- Gross margin impacted by higher input costs as a result of foreign currency, increased mix of clearance sales, and promotional activity through the winter season
- Operating expenses include restructuring savings of \$1.9m in FY20, delivering annualised savings of c. \$6.2m

1. Rounding differences may arise in totals, both \$ and %

Kathmandu Sales Mix FY20



Kathmandu Gross Profit \$ Mix FY20



Strong same store sales after lockdown

Direct to consumer same store sales growth was stronger post-lockdown +6.9%*¹ than pre-lockdown +1.2%

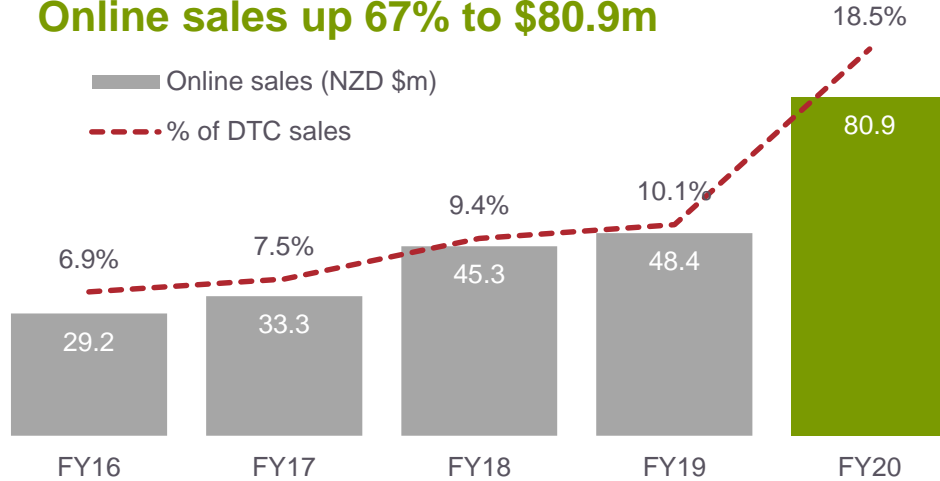
	Pre-lockdown 29 July 2019 to 8 March 2020	During lockdown 9 March to 17 May 2020	Post-lockdown 18 May to 26 July 2020	FY20
Same store sales (SSS%)	+1.2%	-53.1%	+6.9% adjusted for closures* ¹ +6.5% not adjusted	+5.0% adjusted for closures* ¹ -8.5% not adjusted

- Total FY20 sales by market (at constant exch. rates):
 - Australia -11.6%, with all 117 stores closed during lockdown period
 - New Zealand -7.2%, with all 48 stores closed during lockdown period
- Strong demand since lockdown for core warmth and leisure apparel products
- Reduced demand for travel-related products. Travel product groups contributed \$17.5m to the sales shortfall YOY

1. Adjusted same store sales removes stores that were not able to open this year for a comparable week because of COVID-19 lockdowns
2. Same store sales are measured at constant currency.
3. FY20 same store sales are for the 52 full weeks ended 26 July 2020
4. Rounding differences may arise in totals, both \$ and %

Accelerating growth in online sales

Online sales up 67% to \$80.9m



Omni channel strategy leverages brand strength

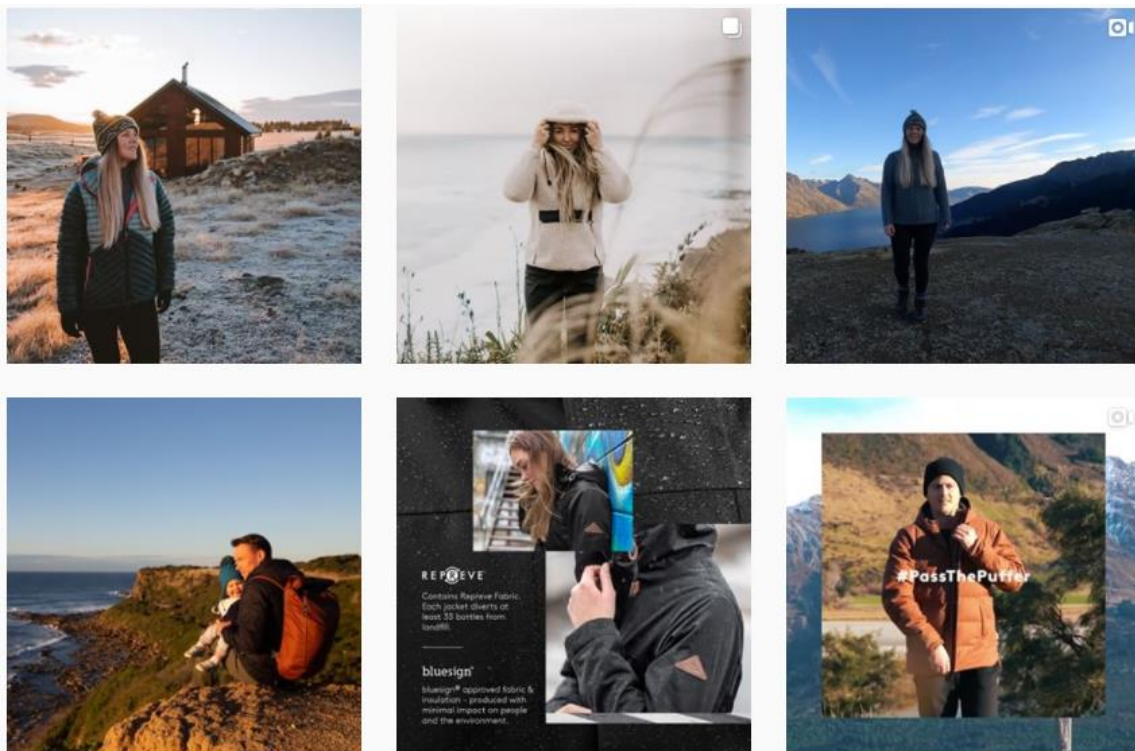
- Consumer preference moved towards online during lockdown. Infrastructure and platform capacity allowed the team to scale up to meet record online demand
- Online sales growth pre-COVID-19 from August to March +30% above last year
- Online sales growth during COVID-19 from April to July +96% above last year, delivering a step change in online penetration from 10.1% of DTC sales in FY19 to 18.5% of DTC sales in FY20
- Conversion rate tracked above last year, and spiked during COVID-19. Same day UBER delivery was introduced to selected areas
- Online sales 4yr CAGR +29.0%

1. Rounding differences may arise in totals, both \$ and %

Personalisation driving strong customer loyalty and engagement

Active and engaged Summit Club members

- 2.2 million active Summit Club members, 4yr CAGR +8.1%
- Represent over 70% of total Kathmandu sales
- Summit Club members spend 27% more per transaction than non-members
- Net promoter score 72 across all customer groups



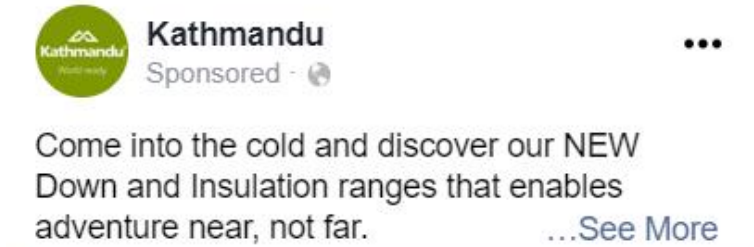
Driving personalisation and benefits

- Learning the preferences of each customer enables personalisation of the customer relationship
- Personalisation builds a relationship, which in turn drives loyalty
- Personalised marketing automation programme for Summit Club members has grown +39% on last year

Brand relevance strengthened with agile and effective digital marketing

Increasing brand relevance and engagement

- Due to COVID-19, switched to a local adventure focus and launched “Adventure Near, Not Far” encouraging the safe return to local travel
- Launched a Sustainability virtual Q&A series, educating customers on how to live more sustainably in their everyday lives
- 307,600 video views across social media channels



Innovative products and sustainable technology



Making our best even better

Longline and synthetic versions of our most popular insulation styles



Better for the oceans

Made with Durable Bionic® DPX®, a unique, ground-breaking fabric containing polyester made from recovered plastic ocean waste



Obōz[®]
F O O T W E A R

Strong momentum with key customers despite COVID-19

OBOZ USD \$m	FY20	Pre IFRS 16 FY19	Var %
SALES	37.8	44.6	(15.2%)
GROSS PROFIT <i>Gross margin</i>	15.0 39.6%	17.7 39.6%	(15.4%)
OPERATING EXPENSES <i>% of Sales</i>	(10.1) 26.8%	(9.7) 21.8%	4.0%
EBITDA (underlying) <i>EBITDA margin %</i>	4.8 12.8%	7.9 17.8%	(39.1%)
EBIT (underlying) <i>EBIT margin %</i>	4.6 12.3%	7.8 17.4%	(40.4%)

- COVID-19 impacted revenue in 2H FY20:
 - COVID-19 revenue impact estimated at c. \$15m (USD c. \$10m)
 - Pre-COVID-19 sales for 8 months to end of Mar 2020 +4.6% YOY
 - COVID-19 impacted sales Apr 2020 to Jul 2020 -52.8% YOY
- Oboz penetration and market share has been strong in key customer online trading sites during COVID-19 (REI and Zappos). Sales to online wholesale customers grew in FY20 despite COVID-19
- Operating expenses increased pre-COVID-19 due to new investments in:
 - Improved distribution capability
 - Strengthening the brand and product team
- Operating expenses were carefully controlled from Mar 2020 onwards in response to COVID-19
- DTC online trading site to be launched this financial year

1. Rounding differences may arise in totals, both \$ and %

Successful range expansion and enhanced digital marketing

True to the Trail™ brand offering supplemented with products targeting younger, more diverse, and more active customers



Product highlights:

- **Fast and Light:** Arete collection achieved impressive sell-in and exposure
- **Wherever and Whenever:** Sypes collection exclusively launched with Kathmandu and REI, a top 5 pre-season style
- **Winter:** Bridger insulated contributed to the best ever winter for insulated footwear
- **Community:** Launched first-ever cause-benefitting footwear line to benefit Yellowstone Forever

Brand and marketing highlights:

- 36% growth in social media audience
- New “Truist” influencer programme implemented
- True to the Trail podcast launched
- New online training portal for retailer education
- New community engagements within Bozeman including insole support for COVID-19 front line workers

Growth strategy and key priorities for FY21

Sustainability highlights



BOTTLES WORTH OF FRESH WATER
SAVED BY MOVING TO SOLUTION
DYED FABRICS (2017 - 2020)



PLASTIC BOTTLES
RECYCLED THROUGH
OUR REPVEE PRODUCT
RANGES (2015 - 2020)



100%
SUSTAINABLE
COTTON
IN OUR RANGE



OBTAINED THE
RAINBOW TICK
CERTIFICATION IN
NEW ZEALAND FOR
EMBRACING DIVERSITY
& INCLUSION



SCORED A B+ IN THE
ETHICAL FASHION REPORT
TWO YEARS RUNNING



COLLABORATED WITH KATHMANDU ON
DEVELOPING OUR SUSTAINABILITY JOURNEY

20TH
YEAR
ANNIVERSARY
OF RIP CURL
PLANET DAY



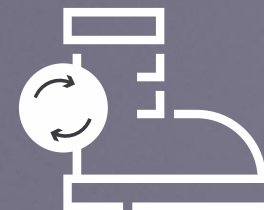
FSC
CERTIFIED



RECYCLED PAPER
SWING TAGS ON
PRODUCTS



RECYCLED PLASTIC
IN OUR POLYBAGS



LAUNCHED THE SYPES AND BOZEMAN
COLLECTIONS MADE WITH RECYCLED
MATERIALS AND ALGAE



3.3
MILLION

TREES PLANTED SINCE
THE COMPANY STARTED



IMPROVED GENDER DIVERSITY
IN OUR TEAM NOW WITH

41% FEMALE
REPRESENTATION

Group strategy

We are a global outdoor, lifestyle and sports company underpinned by iconic brands, technical products and a focus on sustainability

Diversify the Business

Build a portfolio of brands that:

- Provide diversification in geography, channel to market, product category and seasonality
- Meet the global year round needs of customers in the outdoor, sport and lifestyle categories

Leverage the Portfolio

- Deliver operational excellence in sourcing, supply chain and systems
- Accelerate digital transformation
- Drive margin expansion through synergies and leveraging the complementary expertise and core capabilities

Grow Each Brand

- Maintain relentless focus on core customers by delivering solutions to their needs
- Bring to market technical, differentiated and sustainable products
- Create global brands
- Accelerate expansion of the direct to consumer business
- Enhance customer loyalty

Promote Our Values

- Sustainability is ingrained in everything we do
- We embrace diversity and inclusion in the workplace
- Building up strong ties with local communities is in our ethos

Group strategy

Our operating model is anchored by 6 pillars



Decentralised Organisation

Our structure and operating principles ensure that the brands have a high level of autonomy, accountability and agility within the Group requirements



Synergies

The brands leverage respective strengths and build on each other's competitive advantages over time



Organic Growth

We place priority on organic growth and commit significant resources to develop each of our brands



Seamless customer journey and experience

Customer centricity requires that we offer a great experience through relevant commercial channels



Digital Acceleration

The integration of digital technology into all areas of the business fundamentally changes how we operate and deliver



Enhanced Customer Loyalty

We engage core customers and invest behind driving long term loyalty to our brands

FY21 key priorities and outlook

Key priorities

- Brand differentiation and product innovation
- Online and digital acceleration
- Loyalty, personalisation, and data analytics

Outlook

- COVID-19 has continued to impact some key markets at the start of FY21 with Melbourne, Auckland, Hawaii, Bali and airport store closures. Given post-lockdown retail store performance in FY20, we expect demand to return in these markets when stores reopen
- As a result of the COVID-19 disruption, the Group has experienced mixed same store sales performance over the first seven weeks of FY21 (a non-indicative trading period)
- Wholesale order books for both Rip Curl and Oboz are improving for 2H FY21
- Our brands are well positioned to capitalise on increased participation in outdoor, beach and surfing activities resulting from COVID-19
- Omni channel capabilities allow us to quickly respond to shifts in consumer habits and strong growth in online demand
- Risk to consumer sentiment remains given potential economic impact of COVID-19 outbreak

Questions

Appendix 1: Statutory to Underlying Profit & Loss

	FY20				Underlying
	Statutory	IFRS 16 Leases ^{*1}	Transaction Costs ^{*2}	Other one-offs ^{*3}	
Sales	801.5				801.5
Gross profit <i>Gross margin</i>	467.0 58.3%				467.0 58.3%
Operating expenses <i>% of sales</i>	(318.1) -39.7%	(81.7)	11.6	4.6	(383.7) -47.9%
EBITDA <i>EBITDA margin %</i>	148.9 18.6%	(81.7)	11.6	4.6	83.4 10.4%
EBIT <i>EBIT margin %</i>	45.9 5.7%	(5.9)	11.6	4.6	56.2 7.0%
NPAT	8.9	2.6	16.9	3.2	31.5

	FY19				Underlying
	Statutory	IFRS 16 Leases	Transaction Costs	Other one-offs ^{*3}	
Sales	538.9				538.9
Gross profit <i>Gross margin</i>	332.5 61.7%				332.5 61.7%
Operating expenses <i>% of sales</i>	(232.9) -43.2%			(1.1)	(234.0) -43.4%
EBITDA <i>EBITDA margin %</i>	99.6 18.5%			(1.1)	98.4 18.3%
EBIT <i>EBIT margin %</i>	84.3 15.6%			(1.1)	83.2 15.4%
NPAT	57.6			(0.8)	56.8

1. FY20 Statutory results include the impact of IFRS 16 leases. For comparability, the impact of IFRS 16 is excluded from Underlying results
2. FY20 includes \$11.6m incurred in relation to the acquisition and integration of Rip Curl, including establishment of a new Group structure
3. FY20 includes further one-off costs of \$4.6m incurred in relation to restructuring support office roles
4. FY19 includes abnormal income \$1.1m from a tax refund relating to the GST treatment of reward vouchers (\$0.8m after tax)
5. Rounding differences may arise in totals, both \$ and %

Appendix 2: Segment Note

SALES

FY20 (NZD \$'000)	Outdoor	Surf	Corporate	Total
SALES per segment note	485,785	315,739	-	801,524
				-
SALES (underlying)	485,785	315,739	-	801,524

FY19 (NZD \$'000)	Outdoor	Surf	Corporate	Total
SALES per segment note	538,855	-	-	538,855
				-
SALES (underlying)	538,855	-	-	538,855

EBIT

FY20 (NZD \$'000)	Outdoor	Surf	Corporate	Total
EBIT per segment note	64,901	(602)	(18,435)	45,864
IFRS 16 Leases Adjustment	(7,787)	1,892	-	(5,895)
Transaction Costs & Abnormals	1,546	2,933	11,722	16,200
EBIT (underlying)	58,660	4,223	(6,713)	56,170

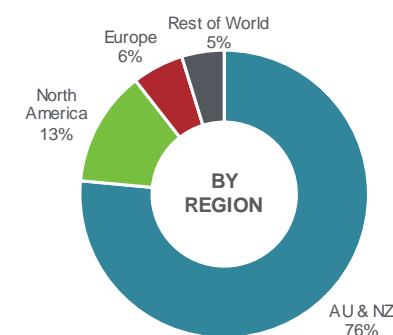
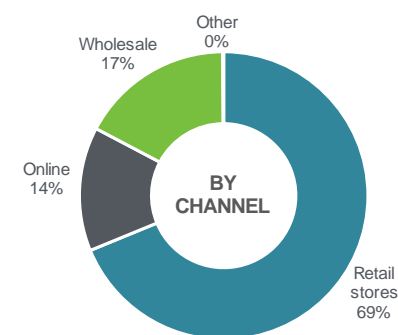
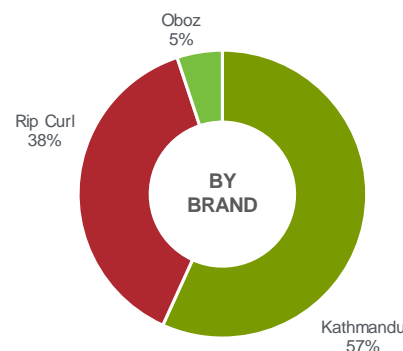
FY19 (NZD \$'000)	Outdoor	Surf	Corporate	Total
EBIT per segment note	87,454	-	(3,161)	84,293
IFRS 16 Leases Adjustment	-	-	-	-
Transaction Costs & Abnormals	(1,115)	-	-	(1,115)
EBIT (underlying)	86,339	-	(3,161)	83,178

1. FY20 Statutory results include the impact of IFRS 16 leases. For comparability, the impact of IFRS 16 is excluded from Underlying results
2. FY20 includes \$11.6m incurred in relation to the acquisition and integration of Rip Curl, including establishment of a new Group structure
3. FY20 includes further one-off costs of \$4.6m incurred in relation to restructuring support office roles
4. FY19 includes abnormal income \$1.1m from a tax refund relating to the GST treatment of reward vouchers (\$0.8m after tax)
5. Rounding differences may arise in totals, both \$ and %

Appendix 3: Segment Summary

	FY20	FY19	Var %
<i>Kathmandu sales</i>	426.4	472.3	(9.7%)
<i>Oboz sales</i>	59.4	66.5	(10.7%)
Outdoor segment sales	485.8	538.9	(9.8%)
Surf segment sales	315.7	-	
Total segment sales	801.5	538.9	48.7%
<i>Kathmandu underlying EBIT</i>	51.4	74.7	(31.3%)
<i>Oboz underlying EBIT</i>	7.3	11.6	(37.2%)
Outdoor segment underlying EBIT	58.7	86.3	(32.1%)
Surf segment underlying EBIT	4.2	-	
Total segment underlying EBIT	62.9	86.3	(27.2%)
Corporate costs	(6.7)	(3.2)	
Group underlying EBIT	56.2	83.2	(32.5%)

Kathmandu Holdings Group Gross Profit \$ Mix FY20



- Outdoor segment includes both Kathmandu and Oboz brands
- Surf segment contains the Rip Curl brand, including the Ozmosis group of multi-brand surf stores operated by Rip Curl in Australia
- Corporate costs include director and listing costs, plus amortisation of Oboz and Rip Curl customer relationships \$3.9m
- Gross Profit \$ mix charts below include nine months of Rip Curl contribution since acquisition

1. Refer to Appendix 2 for a reconciliation of Statutory to underlying segment Sales and EBIT
 2. Rounding differences may arise in totals, both \$ and %

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