

20 December 2023

(All amounts in NZ\$ unless otherwise stated)

KMD Brands Trading Update

With the Black Friday retail trading period completed, KMD Brands Limited (**ASX/NZX: KMD**, “**KMD**” or the “**Group**”) provides the following trading update for the first four months of the 2024 financial year ended 30 November 2023 (“FY24 YTD”):

- Group sales are -12.5% below last year, reflecting ongoing weakness in consumer sentiment.
- Group gross margin has improved, with operating costs well controlled and actively managed.
- Consistent with sales trends in the fourth quarter of FY23, Kathmandu has continued to experience weakness in rainwear and insulation categories in Australia. Kathmandu total sales for FY24 YTD are down -21.6%, cycling +71.7% last year.
- Following record sales years in FY23, Rip Curl and Oboz have continued to deliver good results in direct-to-consumer sales. However, FY24 YTD total sales are down -5.7% for Rip Curl and -18.2% for Oboz as wholesale sales for both brands have declined, with retailers reducing inventory holdings in the short-term.
- Group underlying EBITDA¹ for FY24 YTD is c. \$16 million below last year, with Christmas and January retail trading periods to come.
- Group working capital has decreased 10.2% year-on-year.

Group CEO & Managing Director Michael Daly said:

“Black Friday promotions for Rip Curl and Oboz delivered strong sales as these brands continued to deliver good results in direct-to-consumer channels, while navigating short-term weakness in wholesale channels as retailers reduce inventory in uncertain trading conditions. Improvement in Kathmandu’s sales performance remains our priority.”

“We remain focused on optimising gross margin, controlling operating costs, and reducing working capital for all of our brands.”

“We continue to make progress towards our working capital target of 18% of sales for the full year, which is expected to drive strong cash flow generation in the second half year.”

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

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

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¹ Excluding the impact of IFRS 16

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