

20 February 2024

(All amounts in NZ\$ unless otherwise stated)

KMD Brands 1H FY24 Preliminary Result

KMD Brands Limited (ASX/NZX: KMD, “KMD” or the “Group”) provides the following preliminary update (subject to audit review and finalisation) for the half year ended 31 January 2024 (“1H FY24”):

- Group sales are expected to be approximately \$469 million, -14.5% below last year reflecting ongoing weakness in consumer sentiment.

TOTAL SALES CHANGE YOY (unaudited)	1H FY24	1H FY23
Rip Curl	-9.2%	+18.8%
Kathmandu	-21.5%	+51.2%
Oboz	-20.0%	+124.3%
Group	-14.5%	+34.5%

- Group gross margin remains resilient at 58.8% despite the realised US dollar hedged rate¹ in 1H being down approximately 7% from the prior comparative period.
- Operating costs are \$16 million below last year, despite continued inflationary pressures. All brands continue to actively manage costs in a challenging consumer environment.
- Group inventory at 31 January 2024 is \$5 million lower than last January, and net working capital is \$18 million lower than last January despite lower sales.
- Group underlying 1H FY24 EBITDA² is expected to be in the range of \$14 million to \$16 million.

Group CEO & Managing Director Michael Daly said:

“It has been a challenging start to the year, as consumer sentiment continued to weaken. Rip Curl and Oboz are cycling record sales last financial year, and while revenues from the direct-to-consumer channel for these brands are showing single digit declines (-4.4%), the wholesale channel has been more challenging (-16.8%) as wholesale accounts reduce inventory holdings. We expect this inventory reduction cycle to end this financial year giving us a more positive FY25 outlook in the wholesale channel.”

“Kathmandu has experienced softer trading results since June 2023. A combination of weaker consumer sentiment, the warmest winter on record in Australia and the brand’s reliance on winter weight product has resulted in a disappointing first half. We expect to see signs of improvement in the second half and into FY25 as we launch new innovative products, quick to market programmes,

¹ The following exchange rates are hedged by the Group to purchase inventory: NZD/USD, AUD/USD and EUR/USD.

² Unaudited earnings before interest, tax, depreciation, and amortisation, excluding the impact of IFRS 16 and one-off non-cash items.



elevated visual merchandising, increased personalisation through the recently released “Out There Rewards” and an expanded third-party brand strategy. Improvement in Kathmandu’s sales performance remains an immediate priority as we approach the key winter trading period.”

“The whole KMD Brands team is focused on delivering sales improvement, optimising gross margin, controlling operating costs and reducing working capital.”

The Group will release its results for the six months ended 31 January 2024 on Tuesday 19 March 2024, with a briefing session for investors and analysts to be held at 8:30am AEDT / 10:30am NZDT.

To pre-register for the briefing and avoid a queue when calling, please follow the link below.

www.virtualmeeting.co.nz/kmdhy24

If you are unable to pre-register, at the time of the call please dial one of the numbers below and provide the conference ID 7772131 to the operator.

Australia Toll Free:	1800 571 226
New Zealand Toll Free:	0800 450 012
France:	+33 800 943355
United Kingdom:	+44 800 358 0970

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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