

KATHMANDU HOLDINGS LIMITED

ASX / NZX / MEDIA ANNOUNCEMENT

25 November 2020

## Rip Curl drives Kathmandu Holdings Q1 earnings

- **Group EBITDA for the first quarter in line with last year's pro-forma results**
- **Group sales have continued to be impacted by COVID-19 restrictions**
- **Rip Curl: strong start with retail stores trading strongly where open, and pleasing wholesale sell-in for the second half year**
- **Kathmandu: sales impacted by Melbourne and Auckland store closures, low footfall in CBD and tourist store locations, and lower demand for travel-related purchases**
- **Oboz: robust performance, with order book well placed**

Kathmandu Holdings Limited (NZX / ASX: KMD) (the **Group**) today provides the following trading update.

Group total sales for the first quarter ended 31 October 2020 were +72% above last year, benefiting from the transformational acquisition of Rip Curl.

On a pro-forma basis (relative to the same period last year including three months of Rip Curl pre-acquisition):

- Group direct to consumer same store sales, including online, for the 16 full weeks ended 15 November 2020:
  - -7.6% adjusted for lockdown closures<sup>1</sup>, with Rip Curl +26.8% and Kathmandu -26.8%
  - -24.1% unadjusted, with Rip Curl -1.7% and Kathmandu -37.7%
- Group online sales for the 16 full weeks ended 15 November 2020 were +37.0% above last year
- Group wholesale sales for the first quarter ended 31 October 2020 were -14.4% below last year
- Group EBITDA for the first quarter was in line with last year, including government subsidies and the realisation of cost synergies.

The Group's 60 Greater Melbourne stores have been closed for most of this period, and 14 Auckland stores were closed for over two weeks. Airport stores in Australia as well as Rip Curl stores in Hawaii and Europe are still heavily impacted by either COVID-19 related travel restrictions or government mandated lockdowns and closures.

Commenting on the trading performance, Group CEO Xavier Simonet said:

"We are realising the benefit of a diversified Group, with strong performance in summer weighted product categories for Rip Curl in all key geographies, following successful winter trading for Kathmandu."

"Rip Curl's strong sales performance in its key markets of Australia, Europe and North America is very pleasing. It highlights the strength of Rip Curl's global brand and innovative products as more people take to surfing. At broadly pre-COVID-19 levels, wholesale sell-in for Rip Curl for the second half year is also encouraging."

"As for Kathmandu, camping and footwear categories have over-performed, but have not compensated for the impact of COVID-19 with low footfall in CBD and tourist locations as well as lower travel-related purchases."

"Oboz's performance has been robust with strong sales to key accounts, and the forward order book tracking above pre-COVID-19 levels."

"The Group's half year result will be dependent on the key Christmas trading period. The impact of COVID-19 on consumer sentiment remains a risk."

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<sup>1</sup> Adjusted same store sales removes stores that were not able to open this year for a comparable week because of COVID-19 lockdowns

“The Group continues to maintain a strong balance sheet and liquidity position, allowing it to respond to current trading conditions and pursue attractive growth opportunities that may arise. The Group intends to resume dividend payments subject to market conditions and trading performance following first half results.”

- ENDS -

**This announcement has been authorised for release by the Board.**

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