

KATHMANDU HOLDINGS LIMITED

ASX / NZX / MEDIA ANNOUNCEMENT

9 November 2021

*(All amounts in NZ\$ unless otherwise stated)*

## **Kathmandu Holdings Q1 earnings impacted by COVID lockdowns**

Kathmandu Holdings Limited (NZX / ASX: KMD) (the **Group**) today provides the following trading update in conjunction with a virtual investor day being held for institutional shareholders.

Same store sales (including online) for the 13 full weeks to 31 October 2021 were significantly impacted by ongoing Australasian COVID lockdowns:

- Rip Curl -9.4% overall, +1.6% adjusted for COVID lockdowns<sup>1</sup>
- Kathmandu -17.6% overall, +16.3% adjusted for COVID lockdowns<sup>1</sup>

Pleasingly, online sales have grown strongly at +33.8%, with Rip Curl +11.2% and Kathmandu +58.4%.

As previously signalled, COVID lockdowns have significantly impacted Q1 results. Net COVID impact is expected to result in Q1 operating profit being c.\$35 million below last year as lockdowns in NSW, Victoria, ACT and NZ were more severe than prior comparative period, without any direct Government subsidies recognised to date in FY22. Recently the Group has seen positive momentum in the short period following the reopening of NSW and Victoria markets, notably for Rip Curl which is cycling +27% same store sales growth adjusted for COVID lockdowns<sup>1</sup> from Q1 FY21.

Rip Curl and Kathmandu are well prepared for the key Black Friday and Christmas trading period, and inventory remains sufficient to meet expected demand. Due to the uncertain COVID trading environment the Group will not provide forward guidance, however as markets reopen, trading is expected to improve with growth opportunity in the second half of FY22.

Rip Curl and Oboz wholesale order books remain significantly above pre-COVID levels. The Group is actively managing ongoing supply chain disruption globally, particularly impacting the timely flow of products into our North American markets. Oboz product deliveries will be impacted for Q2 as Vietnam footwear factories slowly ramp up production following COVID closures during Q1. Demand for Rip Curl wetsuits continues to exceed available supply. Freight, logistics and raw material costs remain elevated as the outlook for supply chain remains challenging. This will be managed where possible through pricing and raw material substitution.

Commenting on trading, Group CEO Michael Daly said:

“COVID-19 continued to be a major disruption in the first quarter, with Australasian retail stores significantly impacted by lockdowns, and supply chain disruption impacting our ability to fulfil strong wholesale demand. Despite the challenging trading conditions to date, we are ready to capitalise on growth opportunities as COVID restrictions ease. The Group continues to invest in the long-term expansion of our global house of outdoor brands.”

- ENDS -

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

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<sup>1</sup> Adjusted same store sales removes stores that were not able to open for a comparable period in either year because of COVID lockdowns