

19 November 2024

(All amounts in NZ\$ unless otherwise stated)

KMD Brands First Quarter Trading Update

KMD Brands Limited (NZX/ASX: KMD, “KMD” or the “Group”) provides the following update on trading performance for the first quarter of the financial year ending 31 July 2025 (“Q1 FY25”):

TOTAL SALES CHANGE YOY (unaudited)	Q1 FY25 Aug 24 to Oct 24
Rip Curl	-6.7%
Kathmandu	-2.7%
Oboz	-8.6%
Group	-5.8%

Direct-to-consumer (“DTC”) sales results have improved for both Rip Curl and Kathmandu since our last trading update at the results release on 25 September 2024:

- Rip Curl DTC sales continued to outperform the wholesale channel. Rip Curl global DTC sales for Q1 FY25 were -3.4% below last year.
- Kathmandu quarterly DTC sales trends continued to improve. Kathmandu Australia Q1 FY25 total sales were +4.3% above last year. New Zealand total sales decreased by -15.4%, cycling strong end of line clearance sales in August last year. While Kathmandu total sales for Q1 FY25 were -2.7% below last year, gross profit dollars were +3.6% above last year.

Wholesale accounts remain cautious on pre-season commitments for Rip Curl and Oboz:

- Rip Curl wholesale sales decreased by -11.2%. Forward orders indicate improving wholesale trends in the second half.
- Oboz wholesale sales were -8.5% below the first quarter of last year. Sell-in for the second half is not yet complete.

Group gross margin was above last year for Q1 FY25, and all brands continue to actively manage costs while facing global inflation pressure.

Commenting on the outlook for the Group, Mr Daly said:

“The Group’s first half results are dependent on the key Black Friday and Christmas retail trading periods to come. We remain cautious on consumer sentiment, given the challenging global macroeconomic environment.”

“We are encouraged that Kathmandu has continued to show an improving sales trend through the first quarter of the new financial year. Refreshed authentic outdoor brand advertising has outperformed previous campaigns in Kathmandu’s largest market Australia. Brand awareness has improved, and

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we expect the new campaign will have a positive impact on building key long-term brand associations.”

“Kathmandu has increased product newness and innovation for the spring summer season, resulting in a positive consumer response in key categories. Kathmandu will continue to leverage its elevated brand positioning, sustainability credentials, and innovative new products moving forward.”

“We are also encouraged that the Rip Curl direct-to-consumer results are outperforming the wholesale channel. We remain optimistic that wholesale results will start to improve as the wholesale customer inventory reduction cycle ends.”

“Our strategy remains unchanged. For FY25, we remain focused on returning to sales growth, improving profitability, and reducing inventory.”

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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