

24 January 2025

(All amounts in NZ\$ unless otherwise stated)

KMD Brands Trading Update

KMD Brands Limited (NZX/ASX: KMD, “KMD” or the “Group”) provides the following update on trading performance for the first five months of the 2025 financial year.

The Group is pleased to report that sales trends have continued to improve since the first quarter trading update provided at the Annual Meeting on 19 November 2024.

Total sales results (unaudited) for the five months to end of December (“YTD”) are:

TOTAL SALES CHANGE YOY (unaudited)	Q1 3 months Aug 24 to Oct 24	Q2 to date 2 months Nov 24 to Dec 24	YTD 5 months Aug 24 to Dec 24
Rip Curl	-6.7%	+2.2%	-2.9%
Kathmandu	-2.7%	+1.7%	-0.4%
Oboz	-8.6%	-5.1%	-7.7%
Group	-5.8%	+1.7%	-2.5%

The total sales result is driven by improving trends in the direct-to-consumer (“DTC”) channel for all three brands. However, wholesale sales are taking longer to recover, and continue to decline year-on-year (“YOY”).

- Rip Curl global DTC sales are +2.4% above last year YTD, with strong global sales growth in the key Christmas trading period, assisted by additional stores operating YOY.
- Kathmandu DTC sales are in line with last year YTD, with sales trends continuing to improve, and more recent positive performance in New Zealand.
- Oboz DTC online sales grew strongly YOY over the Black Friday and Christmas promotions, reinforcing the growth opportunity for the brand.
- Wholesale accounts remain cautious on pre-season commitments in a challenging market. This is reflected in Rip Curl wholesale sales being -13.4% below last year YTD, and Oboz wholesale sales being -12.1% below last year YTD. Forward orders and in-season buying from key accounts support an improving wholesale trend leading into 2025.
- Group online sales performance has been a highlight, with YTD sales +18.4% above last year, and all three brands achieving double digit sales growth YTD. The online channel remains a key growth priority for the Group.

Rip Curl and Kathmandu gross margins remain resilient YTD despite increased promotional intensity and a tough trading environment, while Oboz clearance of inventory has contributed to lower gross margins YOY.

All brands continue to actively manage costs while facing global cost pressure. Kathmandu has invested an additional \$3 million YTD to refresh brand advertising (increased first half weighting), increase product newness and innovation, and improve the customer experience.



The Group expects first half ("1H FY25") underlying EBITDA¹ to be in the range of \$1 million to \$3 million (1H FY24 \$15.1 million).

The Group expects net debt at 31 January 2025 to be approximately \$85 million (1H FY24 \$96.2 million). Funding headroom at 31 January 2025 is expected to be approximately \$200 million.

The Group continues to have a strong active working relationship with, and support from, its banking syndicate. The Group has taken pre-emptive action to amend the January 2025 covenant measurement point, with no restrictions in place.

The Group is targeting further improvement on recent positive sales growth trends in the second half of the financial year, which is historically the most profitable, and generates significant cash flows. All brands continue to actively manage working capital and inventory investment. The Group is targeting net debt below \$50 million at 31 July 2025, which is at least \$10 million lower than last year.

Group CEO & Managing Director Michael Daly said "direct-to-consumer sales trends continue to improve for all three of our brands, while the wholesale market is taking longer to recover. We continue to focus on delivering positive sales growth, maximising cash flows, and reducing inventory."

The Group will release its results for the first half year ending 31 January 2025 on Wednesday 26 March 2025.

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:
enquiries@kmdbrands.com

¹ Earnings before interest, tax, depreciation, and amortisation, excluding the impact of IFRS 16, software as a service accounting, restructuring, and one-off non-cash items.

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