

April 02, 2024

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

Scrip Code: 544058

Scrip Symbol: MUFTI

Dear Sir/Madam,

Sub: Investor release

Please find attached Investor release titled as "Q4 & FY24 BUSINESS UPDATE".

The same is also available on the Company's website at:
https://www.credobrands.in/investors/statutory-documents/#acc_869

This is for your information and dissemination on your website.

Thanking you,

Yours faithfully,
For **Credo Brands Marketing Limited**

Sanjay Kumar Mutha
Company Secretary and Compliance Officer

Encl. As above



Credo Brands Marketing Limited

Q4 & FY24 BUSINESS UPDATE

Mumbai, 2nd April 2024

In FY24, the apparel market in India moderated after an expansion during FY23. The growth in FY23 was majorly led by a spurge in demand. Revenues at MUFTI grew by 46% in FY23 led by volume growth, changes made in the merchandise architecture and price hikes. This growth reflects the acceptance of the brand by the consumers. Basis this, the Company formulated certain business plans for the next couple of seasons.

However, softened industry trends in Premium and Mid-Premium Brands segment influenced performance in the H1 FY24. There were expectations of recovery in H2 supported by festivals & wedding season. Contribution from H2 is typically more due to higher ASPs because of increased winter wear sales.

The market for Premium and Mid-Premium branded Apparel continued to experience softened demand during H2 FY24, due to consumer behavior influenced by an inflationary environment that curtailed discretionary expenditures while concurrently witnessing a surge in consumer spends towards travel and other essential purchases. Furthermore, the onset of peak winter was delayed across India (leading to a shorter Fresh period) and that had a notable impact on winter season sales for Premium and Mid-Premium Brands during Q4 FY24. This led to excess returned stock from channel partners, on account of sluggish demand.

In a subdued market –

- During Q4 FY24, Gross Profit Margins remained stable despite the challenges faced in revenue growth. This underscores the resilience and appeal of the brand amidst challenging market conditions
- The Company invested in marketing to sustain demand. Increase in advertisement expenses related to brand building and store openings; this upfront investment will strengthen the Brand in coming years
- SSSG for EBOs remained flattish on a YoY basis

The impact of delayed winter in FY24 and the softening trend in Q3 and Q4 for Premium and Mid-Premium Brands has impacted company performance in the second half. Accordingly, Revenue from operations for Q4 FY24 experienced a low single digit decline on a YoY basis.



Credo Brands Marketing Limited

Increase in certain costs during Q4 and full year FY24 which will impact profitability:

- Higher return freight, segregation, storage, and freight outward costs on account of excess returned stock. Increased inventory (adversely affecting working capital days in mid-term) – is manageable through our retail and ecommerce channels.
- Increase in manpower costs associated with the opening of a larger warehouse in Bangalore during the current year to meet growth objectives.
- Higher discounting (due to delayed onset of Winter) further impacted revenues.
- Increase in advertisement expenses related to brand building and store openings.

Looking ahead, for FY25 the Company aspires to achieve mid-teens revenue growth backed by new store openings in new and existing geographies and subject to recovery in overall industry demand for Premium and Mid-Premium Brands. The Company is also targeting to improve profitability through implementation of various cost efficiency measures.



Credo Brands Marketing Limited

About Credo Brands Marketing Limited

Credo Brands Marketing Limited (MUFTI) is a prominent player in the men's casual wear in India providing a meaningful wardrobe solution for multiple occasions in a customer's life, with our product offerings ranging from shirts to t-shirts to jeans to chinos, which caters to all year-round clothing.

The brand "Mufti" was launched with a vision to redefine menswear. The brand was created as an alternative dressing solution and was designed to deliver a casual alternative with a focus on creative, bold, and expressive clothing for the contemporary Indian man who wanted something more stylish than what was commonly available.

The products are available through a pan-India multichannel distribution network that we have built over the years comprising of EBOs, LFSs and MBOs, as well as online channels comprising of website and other e-commerce marketplaces. The Company's multi-channel presence is planned strategically in a manner that products across categories are available at consumers' preferred shopping channels.

The Company is asset-light with respect to the plant, property, and equipment, primarily due to outsourcing of our manufacturing operations. The Company comprehensively focuses on the design of products and outsources the manufacturing of products to various manufacturing partners. The Company conducts multiple levels of checks to ensure the desired quality. This structure provides agility with longstanding sourcing partners allowing the Company to manage supply, based on the demand from various distribution channels.

The Company has developed a strong brand identity through effective brand advertising and multiple marketing campaigns for the brand.

For more information, please contact

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| <p>Company: Credo Brands Marketing Limited</p> | <p>Investor Relations (IR) Strategic Growth Advisors Pvt. Ltd.</p> |
| <p> CIN: U18101MH1999PLC119669</p> <p>Mr. Rasik Mittal – CFO investorrelations@mufti.in</p> <p>www.muftijeans.in</p> | <p> CIN: U74140MH2010PTC204285</p> <p>Mr. Deven Dhruva / Mr. Harsh Shah deven.dhruva@sgapl.net / harsh.shah@sgapl.net +91 98333 73300 / +97689 74808</p> <p>www.sgapl.net</p> |

Safe Harbor

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.