

**KMD BRANDS LIMITED**

**INTERIM REPORT 2026**

# KMD BRANDS LIMITED - INTERIM REPORT 2026

## DIRECTORS' REPORT

The Directors of KMD Brands Limited present the Interim Report for the Company and its controlled entities for the half year ended 31 January 2026.

### Review of Operations

Group sales for the interim period of \$505.4 million are 7.3% above last year, with solid growth achieved in both the direct-to-consumer and wholesale channels. Kathmandu has led the Group sales momentum, achieving strong sales growth throughout the first half in both Australia and New Zealand. Rip Curl wholesale sales outperformed the direct-to-consumer channel, with strong wholesale demand in Europe and North America. Oboz wholesale sales grew strongly, supported by closeout activity and strong in-season buying from key accounts.

Group gross margin decreased -1.2% of sales below last year to 56.8%. In a promotional marketplace, all brands balanced sales growth with gross margin achievement, while optimising inventory composition and selling through aged inventory.

Operating expenses were lower than the first half of last year on a constant currency basis, with a Next Level strategic cost reset helping to offset strategic growth investments and continued global cost pressures. The year-on-year impact of global currency fluctuation has increased total reported operating expenses.

At 31 January 2026 the Group had a net debt position of \$94.0 million. As part of a longer-term refinance plan, the Group has reduced its total syndicated bank facilities to approximately NZ\$283m, consisting of an A\$207m and NZ\$43m multi-currency revolving facility.

Net working capital was \$13.4 million lower than 31 January 2025, with a significant reduction in inventory from that reported as at 31 January 2025, indicating that inventory positions continue to reduce towards optimal levels. Inventory positions are higher than 31 July 2026 due to the seasonality inventory cycle of the business.

No interim dividend has been declared.

### Seasonality

Due to the seasonal nature of the Group's activities, the activities in the second half of the year historically provide a larger portion of the sales and net profit for the full year.

Signed in accordance with a resolution of the Directors:



David Kirk  
Director



Brent Scrimshaw  
Managing Director and Group CEO

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six Months Ended 31 January 2026 NZ\$'000	Unaudited Six Months Ended 31 January 2025 NZ\$'000 <i>Restated</i>	Audited Year Ended 31 July 2025 NZ\$'000
Sales	6	505,448	470,945	989,015
Cost of sales		(218,374)	(197,932)	(429,755)
Gross profit		287,074	273,013	559,260
Other income		776	1,146	3,169
Selling and marketing expenses	7	(134,093)	(133,730)	(283,884)
Administration and general expenses	7	(90,461)	(87,691)	(182,636)
Intangible asset impairment expense		-	-	(45,363)
		(223,778)	(220,275)	(508,714)
<b>Earnings before interest, tax, depreciation, and amortisation</b>		63,296	52,738	50,546
Depreciation and amortisation	7	(65,043)	(65,449)	(131,077)
<b>Earnings before interest and tax</b>		(1,747)	(12,711)	(80,531)
Finance income		426	455	2,772
Finance expenses		(13,504)	(13,996)	(26,901)
Finance costs (net)	7	(13,078)	(13,541)	(24,129)
<b>(Loss) before income tax</b>		(14,825)	(26,252)	(104,660)
Income tax benefit		1,742	5,548	11,081
<b>(Loss) after income tax</b>		(13,083)	(20,704)	(93,579)
<b>(Loss) for the period attributable to:</b>				
Shareholders of the company		(13,922)	(21,540)	(95,058)
Non-controlling interest		839	836	1,479
<b>Other comprehensive income that may be reclassified subsequently to (loss):</b>				
Movement in cash flow hedge reserve		(6,665)	4,380	2,116
Movement in foreign currency translation reserve		19,897	10,010	1,022
<b>Other comprehensive income for the period, net of tax</b>		13,232	14,390	3,138
<b>Total comprehensive income/(loss) for the period</b>		149	(6,314)	(90,441)
<b>Total comprehensive (loss) for the period attributable to:</b>				
Shareholders of the company		(1,064)	(7,155)	(91,875)
Non-controlling interest		1,213	841	1,434
<b>Basic earnings per share</b>		(2.0) cps	(3.0) cps	(13.4) cps
<b>Diluted earnings per share</b>		(2.0) cps	(3.0) cps	(13.4) cps
<b>Weighted average basic ordinary shares outstanding ('000)</b>		711,667	711,667	711,667
<b>Weighted average diluted ordinary shares outstanding ('000)</b>		735,848	727,269	730,386

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Share Based Payments Reserve	Other Reserves	Retained Earnings	Non- controlling Interest	Total Equity
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<b>Balance as at 31 July 2024</b>	<b>629,383</b>	<b>1,684</b>	<b>23,019</b>	<b>824</b>	<b>(47)</b>	<b>125,067</b>	<b>5,748</b>	<b>785,678</b>
(Loss)/profit after tax	-	-	-	-	-	(95,058)	1,479	(93,579)
Other comprehensive income	-	2,116	1,067	-	-	-	(45)	3,138
Dividends paid	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	391	-	-	-	391
Deferred tax on share-based payment transactions	-	-	-	45	-	-	-	45
Lapsed share options	-	-	-	(154)	-	154	-	-
Amounts transferred to initial carrying amount of hedged items	-	(4,450)	-	-	-	-	-	(4,450)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(1,281)	(1,281)
<b>Balance as at 31 July 2025</b>	<b>629,383</b>	<b>(650)</b>	<b>24,086</b>	<b>1,106</b>	<b>(47)</b>	<b>30,163</b>	<b>5,901</b>	<b>689,942</b>
(Loss)/profit after tax	-	-	-	-	-	(13,922)	839	(13,083)
Other comprehensive income	-	(6,665)	19,523	-	-	-	374	13,232
Dividends paid	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	302	-	-	-	302
Lapsed share options	-	-	-	(241)	-	241	-	-
Deferred tax on share-based payment transactions	-	-	-	86	-	-	-	86
Amounts transferred to initial carrying amount of hedged items	-	(492)	-	-	-	-	-	(492)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(658)	(658)
<b>Balance as at 31 January 2026</b>	<b>629,383</b>	<b>(7,807)</b>	<b>43,609</b>	<b>1,253</b>	<b>(47)</b>	<b>16,482</b>	<b>6,456</b>	<b>689,329</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### CONSOLIDATED BALANCE SHEET

	Note	Unaudited As at 31 January 2026	Unaudited As at 31 January 2025	Audited As at 31 July 2025
		NZ\$'000	NZ\$'000	NZ\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		27,433	26,928	34,284
Trade and other receivables	9	79,997	79,147	92,291
Inventories	10	274,055	303,687	254,039
Derivative financial instruments	14	41	10,084	2,217
Current tax asset		9,151	16,302	3,594
Other current assets		1,290	2,084	1,263
<b>Total current assets</b>		<b>391,967</b>	<b>438,232</b>	<b>387,688</b>
<b>Non-current assets</b>				
Trade and other receivables	9	2,585	2,376	2,614
Property, plant, and equipment		74,391	83,634	75,254
Intangible assets	11	647,864	671,136	626,099
Derivative financial instruments	14	68	-	123
Deferred tax assets		18,354	14,708	15,849
Right-of-use assets	12	246,454	261,592	243,025
<b>Total non-current assets</b>		<b>989,716</b>	<b>1,033,446</b>	<b>962,964</b>
<b>Total assets</b>		<b>1,381,683</b>	<b>1,471,678</b>	<b>1,350,652</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		174,838	190,208	188,670
Derivative financial instruments	14	9,948	16	2,225
Current tax liabilities		412	572	588
Lease liabilities	12	89,699	86,467	88,157
<b>Total current liabilities</b>		<b>274,897</b>	<b>277,263</b>	<b>279,640</b>
<b>Non-current liabilities</b>				
Trade and other payables		22,875	17,051	23,488
Interest bearing liabilities	13	121,406	103,089	87,085
Deferred tax		74,759	88,855	70,864
Derivative financial instruments		248	-	-
Lease liability	12	198,169	206,723	199,633
<b>Total non-current liabilities</b>		<b>417,457</b>	<b>415,718</b>	<b>381,070</b>
<b>Total liabilities</b>		<b>692,354</b>	<b>692,981</b>	<b>660,710</b>
<b>Net assets</b>		<b>689,329</b>	<b>778,697</b>	<b>689,942</b>
<b>EQUITY</b>				
Contributed equity - ordinary shares		629,383	629,383	629,383
Reserves		37,008	40,330	24,495
Retained earnings		16,482	103,681	30,163
Non-controlling interest		6,456	5,303	5,901
<b>Total equity</b>		<b>689,329</b>	<b>778,697</b>	<b>689,942</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six Months Ended 31 January 2026 NZ\$'000	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Audited Year Ended 31 July 2025 NZ\$'000
<b>Cash flows from operating activities</b>			
<b>Cash was provided from:</b>			
Receipts from customers	519,815	480,804	986,964
Government grants received	-	2	2
Interest received	426	455	948
Income tax received	-	3	8,279
	<b>520,241</b>	<b>481,264</b>	<b>996,193</b>
<b>Cash was applied to:</b>			
Payments to suppliers and employees	478,853	417,350	832,950
Income tax paid	2,779	4,722	9,990
Interest paid	12,984	13,428	27,091
	<b>494,616</b>	<b>435,500</b>	<b>870,031</b>
<b>Net cash inflow from operating activities</b>	<b>25,625</b>	<b>45,764</b>	<b>126,162</b>
<b>Cash flows from investing activities</b>			
<b>Cash was provided from:</b>			
Proceeds from sale of property, plant, and equipment	-	35	120
	<b>-</b>	<b>35</b>	<b>120</b>
<b>Cash was applied to:</b>			
Purchase of property, plant, and equipment	8,648	7,784	13,132
Purchase of intangibles	4,484	6,321	11,446
	<b>13,132</b>	<b>14,105</b>	<b>24,578</b>
<b>Net cash (outflow) from investing activities</b>	<b>(13,132)</b>	<b>(14,070)</b>	<b>(24,458)</b>
<b>Cash flows from financing activities</b>			
<b>Cash was provided from:</b>			
Proceeds of borrowings	148,423	128,085	260,332
	<b>148,423</b>	<b>128,085</b>	<b>260,332</b>
<b>Cash was applied to:</b>			
Dividends paid	658	1,286	1,281
Repayment of borrowings	120,223	119,099	266,909
Repayment of lease liabilities	48,640	46,531	93,284
	<b>169,521</b>	<b>166,916</b>	<b>361,474</b>
<b>Net cash (outflow) from financing activities</b>	<b>(21,098)</b>	<b>(38,831)</b>	<b>(101,142)</b>
<b>Net (decrease) / increase in cash held</b>	<b>(8,605)</b>	<b>(7,137)</b>	<b>562</b>
Opening cash and cash equivalents	34,284	33,948	33,948
Effect of foreign exchange rates	1,754	117	(226)
<b>Closing cash and cash equivalents</b>	<b>27,433</b>	<b>26,928</b>	<b>34,284</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### RECONCILIATION OF NET (LOSS) AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	Unaudited Six Months Ended 31 January 2026 NZ\$'000	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Audited Year Ended 31 July 2025 NZ\$'000
<b>(Loss) after income tax</b>	(13,083)	(20,704)	(93,579)
<i>Movement in working capital:</i>			
(Increase) / decrease in trade and other receivables	16,549	10,412	(3,506)
(Increase) / decrease in inventories	(8,503)	(35,635)	11,359
(Increase) / decrease in other current assets	11	(46)	764
Increase / (decrease) in trade and other payables	(23,286)	30,906	28,509
Increase / (decrease) in tax liability	(6,024)	(7,186)	5,490
	(21,253)	(1,549)	42,616
<i>Add non-cash items:</i>			
Depreciation of property, plant, and equipment	11,386	11,907	23,346
Amortisation of intangibles	8,081	7,398	16,027
Depreciation of right-of-use assets	45,576	46,144	91,704
Impairment/ (reversal of impairment) of assets	(1,467)	165	60,812
Foreign currency translation of working capital balances	(6,250)	5,148	2,977
Movement in deferred taxation	1,503	(3,082)	(18,282)
Employee share-based remuneration	302	226	391
Loss on disposal of property, plant, and equipment and intangibles	830	111	150
	59,961	68,017	177,125
<b>Cash inflow from operating activities</b>	<b>25,625</b>	<b>45,764</b>	<b>126,162</b>

# KMD BRANDS LIMITED - INTERIM REPORT 2026

## 1 GENERAL INFORMATION

KMD Brands Limited (the Company) and its subsidiaries (together the Group) is a designer, marketer, retailer and wholesaler of apparel, footwear and equipment for surfing and the outdoors. It operates primarily in New Zealand, Australia, North America, Europe, South East Asia and Brazil.

The Company is a limited liability company incorporated and domiciled in New Zealand. KMD Brands Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 223 Tuam Street, Central Christchurch, Christchurch.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 31 March 2026, and have been reviewed, not audited.

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These general-purpose consolidated interim financial statements for the six months ended 31 January 2026 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting. In complying with NZ IAS 34, these consolidated interim financial statements also comply with IAS 34.

These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited consolidated financial statements of KMD Brands Limited for the year ended 31 July 2025 which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The Group is designated as a profit-oriented entity for financial reporting purposes. The consolidated interim financial statements are presented in New Zealand dollars, which is the Group's presentation currency.

## 3 PRIOR PERIOD RESTATEMENT

During the previous financial year the Group identified an error in the Rip Curl cost of sales and expense classification in the previously reported consolidated interim financial statements for the half year ended 31 January 2025. Following an accounting system change at the Group's wetsuit manufacturer a mapping error was identified whereby certain production labour and overhead costs were mapped to operating expenses rather than cost of sales. The error was corrected in the consolidated financial statements for the year ended 31 July 2025, and has been corrected for the 31 January 2025 comparatives during the current year. As a result, the prior period cost of sales increased by \$2,477,000 with a corresponding decrease in gross profit, \$100,000 decrease in selling and marketing expenses and \$2,377,000 decrease in administration and general expenses. There was no impact on the consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and earnings per share. Further, there was no impact on the Group's EBITDA or net profit. The expenses note has also been updated to correct the classification error.

## 4 ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as those used in the audited consolidated financial statements of KMD Brands Limited for the year ended 31 July 2025.

### Use of non-GAAP disclosures

At times non-Generally Accepted Accounting Practice (GAAP) disclosures have been used in the consolidated interim financial statements. These disclosures have been included as they are key measurement criteria on which the Group and operating segments are reviewed by the Group Chief Executive Officer, Group Executive Management team and the Board of Directors. The following non-GAAP measures are relevant to the understanding of the Group's financial performance:

- Earnings before interest, tax, depreciation and amortisation (EBITDA) represents earnings before income taxes excluding interest income, interest expense, depreciation, and amortisation, as reported in the consolidated interim financial statements.
- Earnings before interest and tax (EBIT) represents EBITDA less depreciation and amortisation.
- Net debt represents cash and cash equivalents less interest-bearing liabilities. Net debt does not include lease liabilities.

Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The non-GAAP information within the consolidated interim financial statements is subject to review procedures.

### New standards first applied in the period

There are no new standards first applied in the period.

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### Standards, interpretations, and amendments to published standards that are not yet effective

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* is applicable to the Group from 1 August 2027. NZ IFRS 18 will supersede NZ IAS 1 *Presentation of Financial Statements* and is intended to improve comparability and transparency in the presentation of financial statements. The Group's assessment of the impact remains ongoing.

There are no other standards or amendments published but not yet effective that are expected to have a significant impact.

### 5 CLIMATE CHANGE RISK

The Group's operations may be impacted by future climate change. These impacts may be physical (e.g. severe or unusual weather patterns and events) or transitional (e.g. changes to government regulations or customer and supplier needs and demands).

The Group regularly assesses its operating environment to monitor its exposure to risk, including climate related risk. Consideration has been given in these consolidated interim financial statements to the impact of future climate change on the useful lives of the Group's property, plant, and equipment, the inclusion of expected renewals in the lease term for right-of-use assets, and the cost of sustainability linked loans. The identified climate-related risks and opportunities including both physical and transitional impacts have been considered as part of the above accounting judgements and estimates.

In November 2025 the Group published its second Climate-Related Disclosure (CRD) prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CS). The CRD covers the 12 month period ended 31 July 2025 and should be read in conjunction with the Group's financial year 2025 Annual Integrated Report.

### 6 SALES

	Unaudited Six Months Ended 31 January 2026 NZ\$'000	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Audited Year Ended 31 July 2025 NZ\$'000
Sale of goods	499,609	465,599	978,805
Royalty revenue	5,246	5,032	9,326
Commission revenue	593	314	884
	505,448	470,945	989,015

### 7 EXPENSES

	Unaudited Six Months Ended 31 January 2026 NZ\$'000	Unaudited Six Months Ended 31 January 2025 NZ\$'000 <i>Restated</i>	Audited Year Ended 31 July 2025 NZ\$'000
<b>Loss before tax includes the following expenses:</b>			
Depreciation of property, plant, and equipment	11,386	11,907	23,346
Amortisation of intangibles	8,081	7,398	16,027
Depreciation of right-of-use assets	45,576	46,144	91,704
Impairment/ (reversal of impairment) of assets	(1,467)	165	60,812
Employee entitlements expense	123,664	119,143	236,040
Rental expense	12,373	13,396	26,764
<b>Finance costs</b>			
Interest income	(426)	(455)	(948)
Interest expense on interest bearing liabilities	4,603	4,882	9,665
Interest on lease liabilities	6,768	6,710	13,585
Other finance costs	1,925	1,791	3,651
Net exchange loss/ (gain) on foreign currency	208	613	(1,824)
	13,078	13,541	24,129

Other finance costs relate to facility fees on banking arrangements.

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### 8 SEGMENTAL INFORMATION

The Group has three operating segments representing the brands owned by the Group and a Corporate segment. These operating segments have been determined based on the reports reviewed by the Group Chief Executive Officer and Group Executive Management team.

- **Rip Curl** - designer, manufacturer, wholesaler and retailer of surfing equipment and apparel.
- **Kathmandu** - designer, retailer and wholesaler of apparel, footwear and equipment for outdoor travel and adventure.
- **Oboz** - designer, wholesaler and online retailer of outdoor footwear.

The Corporate segment represents group costs, holding companies and consolidation eliminations and constitutes other business activities that do not fall within the brand segments.

The default basis of allocating shared costs is percentage of revenue with other bases being used where appropriate.

<b>31 January 2026</b>	<b>Rip Curl</b>	<b>Kathmandu</b>	<b>Oboz</b>	<b>Corporate</b>	<b>Total</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>
Total segment sales	291,423	176,072	39,239	-	506,734
Sales to internal customers	-	-	(1,286)	-	(1,286)
<b>Sales to external customers</b>	<b>291,423</b>	<b>176,072</b>	<b>37,953</b>	<b>-</b>	<b>505,448</b>
<b>EBITDA</b>	<b>43,226</b>	<b>29,023</b>	<b>(947)</b>	<b>(8,006)</b>	<b>63,296</b>
Depreciation and amortisation	(31,373)	(33,208)	(372)	(90)	(65,043)
<b>EBIT</b>	<b>11,853</b>	<b>(4,185)</b>	<b>(1,319)</b>	<b>(8,096)</b>	<b>(1,747)</b>
Income tax benefit / (expense)	(4,949)	(3,096)	240	9,547	1,742
<b>Total segment assets</b>	<b>716,329</b>	<b>577,082</b>	<b>72,831</b>	<b>15,441</b>	<b>1,381,683</b>
<i>Total assets include:</i>					
Non-current assets	494,415	456,267	37,560	1,474	989,716
Additions to non-current assets	46,457	50,068	4,969	(1,988)	99,506
<b>Total segment liabilities</b>	<b>301,490</b>	<b>250,182</b>	<b>29,059</b>	<b>111,623</b>	<b>692,354</b>
<b>31 January 2025</b>	<b>Rip Curl</b>	<b>Kathmandu</b>	<b>Oboz</b>	<b>Corporate</b>	<b>Total</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>
Total segment sales	278,487	156,838	36,436	-	471,761
Sales to internal customers	-	(7)	(809)	-	(816)
<b>Sales to external customers</b>	<b>278,487</b>	<b>156,831</b>	<b>35,627</b>	<b>-</b>	<b>470,945</b>
<b>EBITDA</b>	<b>45,281</b>	<b>15,848</b>	<b>(2,223)</b>	<b>(6,168)</b>	<b>52,738</b>
Depreciation and amortisation	(30,003)	(34,575)	(789)	(82)	(65,449)
<b>EBIT</b>	<b>15,278</b>	<b>(18,727)</b>	<b>(3,012)</b>	<b>(6,250)</b>	<b>(12,711)</b>
Income tax benefit / (expense)	(4,988)	5,011	596	4,929	5,548
<b>Total segment assets</b>	<b>747,067</b>	<b>592,395</b>	<b>117,015</b>	<b>15,201</b>	<b>1,471,678</b>
<i>Total assets include:</i>					
Non-current assets	499,277	446,359	83,715	4,095	1,033,446
Additions to non-current assets	27,661	27,165	72	3,169	58,067
<b>Total segment liabilities</b>	<b>325,826</b>	<b>244,748</b>	<b>30,273</b>	<b>92,134</b>	<b>692,981</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### 9 TRADE AND OTHER RECEIVABLES

	Unaudited Six Months Ended 31 January 2026	Unaudited Six Months Ended 31 January 2025	Audited Year Ended 31 July 2025
	NZ\$'000	NZ\$'000	NZ\$'000
<b>Current</b>			
Trade receivables	56,679	58,328	67,624
Allowance for expected credit losses	(3,549)	(6,048)	(3,954)
Prepayments	14,418	17,184	17,434
Other receivables	12,449	9,683	11,187
	<u>79,997</u>	<u>79,147</u>	<u>92,291</u>
<b>Non-current</b>			
Other debtors	<u>2,585</u>	<u>2,376</u>	<u>2,614</u>

### 10 INVENTORIES

	Unaudited Six Months Ended 31 January 2026	Unaudited Six Months Ended 31 January 2025	Audited Year Ended 31 July 2025
	NZ\$'000	NZ\$'000	NZ\$'000
Raw materials and consumables	6,195	6,112	7,751
Work in progress	1,062	1,396	698
Trading inventory	232,825	245,058	216,800
Goods in transit	33,973	51,121	28,790
	<u>274,055</u>	<u>303,687</u>	<u>254,039</u>

Inventory has been reviewed for obsolescence and a provision of \$4,801,000 (January 2025: \$5,361,000) has been made.

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### 11 INTANGIBLE ASSETS

#### Carrying value of intangible assets

The Group market capitalisation is materially below the carrying value of net assets. The Group has made a net loss after income tax of \$13,083,000 for the period but historically the second half of the financial year is more profitable and generates more cash flow. Accordingly, the short-term results are not considered an indicator of impairment. In addition, our fair value less costs of disposal model continue to provide sufficient headroom at both Group and Brand cash generating unit levels. The consolidated interim financial statements do not include all intangible asset assessment information and disclosures required in the annual consolidated financial statements therefore this note should be read in conjunction with the Group's annual consolidated financial statements as at 31 July 2025. No impairment exists as at 31 January 2026.

	<b>Unaudited Six Months Ended 31 January 2026</b>	<b>Unaudited Six Months Ended 31 January 2025</b>	<b>Audited Year Ended 31 July 2025</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>
<b>Opening net book value</b>	626,099	666,859	666,859
Net additions	4,579	7,674	22,491
Transfers	32	(13)	1,092
Amortisation	(8,081)	(7,398)	(16,027)
Impairment	-	-	(45,363)
Exchange differences	25,235	4,014	(2,953)
<b>Closing net book value</b>	<b>647,864</b>	<b>671,136</b>	<b>626,099</b>

### 12 LEASES

#### Right-of-use assets

The movements in right of use assets were as follows:

	<b>Unaudited Six Months Ended 31 January 2026</b>	<b>Unaudited Six Months Ended 31 January 2025</b>	<b>Audited Year Ended 31 July 2025</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>
<b>Opening net book value</b>	243,025	262,571	262,571
Additions and modifications to right-of-use asset	40,498	42,608	86,318
Depreciation for the period	(45,576)	(46,144)	(91,704)
(Impairment)/ reversal of impairment for the period	1,188	(165)	(14,865)
Foreign exchange	7,319	2,722	705
<b>Closing net book value</b>	<b>246,454</b>	<b>261,592</b>	<b>243,025</b>

#### Lease liabilities

The movements in lease liabilities were as follows:

	<b>Unaudited Six Months Ended 31 January 2026</b>	<b>Unaudited Six Months Ended 31 January 2025</b>	<b>Audited Year Ended 31 July 2025</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>
<b>Opening lease liabilities</b>	287,790	294,176	294,176
Additions and modifications to lease liabilities	40,622	42,859	85,881
Interest expense on lease liabilities	6,768	6,710	13,585
Repayment of lease liabilities (including interest)	(55,531)	(53,491)	(106,431)
Foreign exchange	8,219	2,936	579
<b>Closing lease liabilities</b>	<b>287,868</b>	<b>293,190</b>	<b>287,790</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### 13 INTEREST BEARING LIABILITIES

	Unaudited Six Months Ended 31 January 2026	Unaudited Six Months Ended 31 January 2025	Audited Year Ended 31 July 2025
	NZ\$'000	NZ\$'000	NZ\$'000
Interest bearing liabilities	121,406	103,089	87,085

#### Group Facility Agreement

The Group has a multi-option syndicated facility, which consists of an AU\$207 million multi-currency revolving facility and a NZ\$43 million multi-currency revolving facility. Both facilities are sustainability linked with targets such as reducing greenhouse gas emissions, continued B Corp certification, and improving transparency within the Group supply chain, including the wellbeing and labour conditions of workers, and environmental metrics. All facilities are repayable in full on 15 April 2027.

Interest is payable based on the BKBM rate (NZD borrowings), the BBSY rate (AUD borrowings), SOFR rate (US borrowings) or the applicable short-term rate for interest periods less than 30 days, plus a margin of between 1.05% - 1.31%. The debt is secured by the assets of the guaranteeing group in accordance with the Security Trust Deed dated 25 October 2019 as amended 12 May 2023. The guaranteeing group comprises entities operating in New Zealand, Australia, North America and the United Kingdom. The carrying value of the assets held by the guaranteeing group are \$1,311,643,000 (January 2025: \$1,384,948,000).

The covenants entered into by the Group require specified calculations of Group earnings before interest, tax, depreciation and amortisation (EBITDA) plus lease rental costs to exceed total fixed charges (net interest expense and lease rental costs) at half year and year end reporting periods. EBITDA must be no less than a specified proportion of total net debt at half year and year end reporting periods. The calculations of these covenants are specified in the bank facility agreement dated 25 October 2019 as amended from time to time.

In previous reporting periods the Group obtained the following covenant amendments for the 2026 interim period:

- A reduction of the fixed charge cover ratio.
- A total net debt cap was added to the leverage ratio covenant, which provided allowance on the leverage ratio to exceed 2.5x EBITDA provided net debt at January 2026 was below \$125,000,000.

The Group has complied with the banking covenants at all measurement points during the period.

The current interest rate, prior to hedging, on the syndicated facility loans is 3.88% - 4.96% (2025: 5.50% - 5.51%).

### 14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain risk exposures. Derivatives are exclusively used for economic hedging purposes, i.e. not as trading or other speculative instruments, however not all derivative financial instruments qualify for hedge accounting.

Risk management is carried out based on policies approved by the Board of Directors. The Group treasury policy provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this risk by actively managing working capital and ensuring flexibility in funding arrangements. Refer to note 13 for details of the funding arrangements in place as at 31 January 2026.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 July 2025. There have been no changes in the risk management department or in any risk.

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### (b) Fair value estimation

The only financial instruments held by the Group that are measured at fair value are over-the-counter derivatives. These derivatives have all been determined to be within level 2 (for the purposes of NZ IFRS 13) of the fair value hierarchy as all significant inputs required to ascertain the fair value of these derivatives are observable.

There were no changes in valuation techniques during the period.

The following methods and assumptions were used to estimate the fair values for each class of financial instrument.

#### Trade debtors, trade creditors and bank balances

The carrying value of these items is equivalent to their fair value.

#### Term liabilities

The fair value of the Group's term liabilities is approximately carrying value.

#### Foreign exchange contracts and interest rate swaps

The forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are insignificant for these derivatives.

#### Guarantees and overdraft facilities

The fair value of these instruments is estimated on the basis that management do not expect settlement at face value to arise. The carrying value and fair value of these instruments is approximately nil. All guarantees are repayable on demand.

The following table presents the Group's assets and liabilities that are measured at fair value at balance date:

	Unaudited Six Months Ended 31 January 2026 NZ\$'000	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Audited Year Ended 31 July 2025 NZ\$'000
<b>Assets</b>			
Current derivative financial instruments assets	41	10,084	2,217
Non-current derivative financial instruments assets	68	-	123
<b>Total assets</b>	<b>109</b>	<b>10,084</b>	<b>2,340</b>
<b>Liabilities</b>			
Current derivative financial instruments	9,948	16	2,225
Non-current derivative financial instruments	248	-	-
<b>Total liabilities</b>	<b>10,196</b>	<b>16</b>	<b>2,225</b>

## 15 COMMITMENTS

### Capital commitments

Capital commitments contracted for at balance date are:

	Unaudited Six Months Ended 31 January 2026 NZ\$'000	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Audited Year Ended 31 July 2025 NZ\$'000
Property, plant, and equipment	1,095	280	4,405
Intangible assets	1,750	1,443	8,800

Intangible asset commitments as at 31 January 2026 relate to various projects across the Group to upgrade information technology software and systems.

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### 16 CONTINGENT LIABILITIES

The Group is subject to litigation incidental to its business, none of which is expected to be material. No material provision has been made in the Group's consolidated financial statements in relation to any current litigation and the Directors believe that such litigation will not have a material effect on the Group's consolidated financial position, results of operations or cash flows. There are \$2,559,000 of contingent liabilities as at 31 January 2026 (31 January 2025: nil, 31 July 2025: \$2,659,000).

The most material contingent liability relates to ongoing discussions with the French customs duty authority in relation to the customs value of imported goods. Based on legal advice a provision of €208,000 (31 January 2025: nil, 31 July 2025: €150,000) has been recognised in relation to this matter. Management has assessed further aspects of this matter and believes that the likelihood of any additional significant outflow of resources is possible but not probable, and accordingly, no additional provision has been recognised. Based on currently available information, the potential financial impact of this contingent liability could be in the range of zero to €1,300,000. The timing of any potential outflow is uncertain and dependent on the resolution. The Group continues to monitor the matter as additional information becomes available.

### 17 CONTINGENT ASSETS

The Group has submitted an MDBI insurance claim arising from COVID public health authority mandates. The claim has been lodged with the Group's insurer and is currently under negotiation. Based on legal advice received to date and the terms of the insurance policy, the directors consider it probable that economic benefits will be received by the Group from settlement of this claim. However, at the reporting date the amount recoverable cannot yet be measured reliably, as negotiations are ongoing. Accordingly, no asset has been recognised in these financial statements in respect of the insurance recovery, however, the claim is considered material to the Group's financial position. While management expects that a recovery is probable, the timing and quantum of any settlement remains uncertain and will depend on the outcome of negotiations and agreement on the extent of covered losses. The Group will recognise an insurance recovery only when its realisation becomes virtually certain, in accordance with the requirements of NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

There are no other contingent assets as at 31 January 2026 (January 2025: nil).

### 18 RELATED PARTY DISCLOSURES

No amounts owed to related parties have been written off or forgiven during the period.

### 19 EVENTS OCCURRING AFTER BALANCE DATE

On 31 March 2026, the Group announced an approximately NZ\$65.3 million equity raise, comprising:

- a fully underwritten placement of new fully paid ordinary shares to eligible institutional shareholders and new institutional investors to raise approximately NZ\$6.8 million; and
- a fully underwritten 1 for 0.73 pro-rata accelerated non-renounceable entitlement offer of new shares to eligible shareholders to raise approximately NZ\$58.5 million.

The offer will be conducted at an offer price of NZ\$0.06 per share, representing a:

- 47.1% discount to the theoretical ex-rights price of NZ\$0.111; and
- 69.2% discount to KMD's closing price of NZ\$0.195 on NZX on Wednesday 25 March 2026.

Approximately 1,087.8 million new shares are to be issued under the offer, representing approximately 152.8% of the existing shares on issue.

The Group has also reached an agreement with its banking syndicate to renew its multi-option syndicated facility effective by 30 June 2026 subject to the Group receiving equity raise offer proceeds (net of fees and transaction costs) of NZ\$50 million. The renewed facility would consist of an up to AU\$155 million multi-currency revolving facility and a up to NZ\$29 million multi-currency revolving facility with NZ \$40 million expiring in 1 year and the remainder expiring in 2.5 years from the effective date of renewal. The Group would also remain subject to fixed charge cover and leverage ratio covenants.

There are no other events after balance date which materially affect the information within the interim consolidated financial statements.

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### STATUTORY INFORMATION

#### GROUP STRUCTURE

KMD Brands Limited owns 100% of the following companies unless otherwise stated:

Kathmandu Group Limited  
KMD Brands Investments Limited  
KMD Brands Finance (NZ) Limited  
KMD Brands Finance (AU) Limited  
KMD Brands Managed Services (NZ) Limited  
KMD Brands Managed Services (AU) Pty Limited  
Kathmandu Limited  
Kathmandu Pty Limited  
Kathmandu (U.K.) Limited  
Kathmandu US Holdings LLC  
Oboz Footwear LLC  
Barrel Wave Holdings Pty Ltd  
Rip Curl Group Pty Ltd  
Rip Curl International Pty Ltd  
PT Jarosite  
Rip Curl Pty Ltd  
Onsmooth Thai Co Ltd  
Rip Curl (Thailand) Ltd (Group owns 50%)  
Ozmosis Pty Ltd  
Rip Curl Japan Co., Ltd  
Curl Retail No 1. Pty Ltd  
RC Surf NZ Limited  
Rip Curl Finance Pty Ltd  
Rip Curl Europe S.A.S  
Rip Curl Spain S.A.U  
Rip Curl Suisse S.A.R.L  
Rip Surf - Artigos De Desporto, Unipessoal, LDA  
Rip Curl UK Ltd  
KMD Brands Italy SRL  
KMD Brands Germany GmbH  
Rip Curl Nordic AB  
Rip Curl Inc  
Rip Curl Canada Inc  
Rip Curl Brazil LTDA

#### DIRECTORS' DETAILS

David Kirk	Chairman
Brent Scrimshaw	Managing Director and Group CEO
Philip Bowman	Non-Executive Director
Andrea Martens	Non-Executive Director
Abigail Foote	Non-Executive Director
Zion Armstrong	Non-Executive Director

#### EXECUTIVES' DETAILS

Brent Scrimshaw	Managing Director and Group CEO
-----------------	---------------------------------

#### DIRECTORY

The details of the Company's principal administrative and registered office in New Zealand are:

223 Tuam Street  
Christchurch Central  
PO Box 1234  
Christchurch 8011

## KMD BRANDS LIMITED - INTERIM REPORT 2026

### SHARE REGISTRY

**In New Zealand:** **MUFG Corporate Markets**

Physical Address: Level 30, PWC Tower  
15 Customs Street West  
Auckland 1010  
New Zealand

Postal Address: PO Box 91976  
Auckland, 1142  
New Zealand

Investor enquiries: +64 9 375 5998  
Email address: [enquiries.nz@cm.mpms.mufg.com](mailto:enquiries.nz@cm.mpms.mufg.com)  
Internet address: [www.mpms.mufg.com](http://www.mpms.mufg.com)

**In Australia:** **MUFG Corporate Markets**

Physical Address: Level 10, Tower 4  
727 Collins Street  
Melbourne VIC 3008  
Australia

Postal Address: Locked Bag A14  
Sydney, South NSW 1235  
Australia

Investor enquiries: +61 1300 554 474 (toll free within Australia)  
Email address: [support@cm.mpms.mufg.com](mailto:support@cm.mpms.mufg.com)  
Internet address: [www.mpms.mufg.com](http://www.mpms.mufg.com)

### STOCK EXCHANGES

The Company's shares are listed on the New Zealand Exchange (NZX) and on the Australian Securities Exchange (ASX) as foreign exempt listing.

### INCORPORATION

The Company is incorporated in New Zealand.



# Independent Auditor's Review Report

To the shareholders of KMD Brands Limited (**Group**)

## Report on the interim consolidated financial statements

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on pages 3 to 15 do not:

- present fairly, in all material respects, the Group's financial position as at 31 January 2026 and its financial performance and cash flows for the 6 month period then ended and comply with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (**NZ IAS 34**) issued by the New Zealand Accounting Standards Board.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- the interim consolidated balance sheet as at 31 January 2026;
- the interim consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including material accounting policy information.

### Basis for conclusion

We conducted our review of the interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity (**NZ SRE 2410 (Revised)**). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim consolidated financial statements* section of our report.

We are independent of KMD Brands Limited in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has provided other services to the Group in relation to reasonable assurance and agreed upon procedures in respect of bank covenant compliance and store revenue certificates. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



## Use of this Independent Auditor's Review Report

This report is made solely to the shareholders. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders for our review work, this report, or any of the conclusions we have formed.

## Responsibilities of Directors for the interim consolidated financial statements

The Directors on behalf of the Group are responsible for:

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34; and
- For such internal control as Directors determine is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34.

A review of the interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's review report is Peter Taylor.

For and on behalf of:

KPMG

Christchurch

31 March 2026