

KMD BRANDS LIMITED

ASX / NZX / Media Announcement

27 May 2026

(All amounts in NZ\$ unless otherwise stated)

Q3 builds continued performance improvement through Next Level execution

KMD Brands Limited (NZX/ASX: KMD, “KMD” or the “Group”) provides the following update on trading performance for the third quarter of the 2026 financial year and progress against the Next Level strategy.

Total sales results for the nine months to end of April were:

TOTAL SALES CHANGE YOY ¹ (unaudited)	H1 6 months Aug 25 to Jan 26	Q3 3 months Feb 26 to Apr 26	YTD 9 months Aug 25 to Apr 26
Rip Curl	+4.6%	+4.0%	+4.4%
Kathmandu	+12.3%	+12.0%	+12.2%
Oboz	+6.5%	-8.9%	+0.4%
Group	+7.3%	+5.2%	+6.6%

Direct-to-consumer same store sales (including online) on a constant currency basis for the first 12 full weeks of the second half from Monday 2 February to Sunday 26 April 2026 were:

- Kathmandu +8.9% YOY
- Rip Curl -0.8% YOY

Group gross margin for Q3 FY26 is 58.2%, approximately +258 bps higher YOY with improvement across all brands. Q3 FY26 gross margin improved +140 bps compared to 1H FY26.

Rip Curl

Total global direct to consumer sales have grown YOY benefiting from favorable foreign exchange impacts within a dynamic marketplace. Sales momentum softened following the onset of the Middle East conflict, with higher fuel prices and rising interest rates further impacting global consumer sentiment. North American flagship stores continued to deliver strong comparable sales results YOY. Wholesale sales remained in line with last year.

Gross margin for Q3 FY26 improved +202 bps YOY, due to promotional cadence. Q3 FY26 gross margin improved +62 bps compared to 1H FY26.

¹ Total sales YTD benefit by approximately +3% from the year-on-year movement in exchange rates used to convert Rip Curl AUD and Oboz USD results to the Group NZD reporting currency.



Kathmandu

Total sales increased by +12.0% in Q3 FY26 despite a net reduction of seven stores YOY including one closure within Q3. Same store sales (including online) increased by +12.6% YOY in Q3 FY26 (+8.9% at constant exchange rates) continuing sales momentum in both Australia and New Zealand with consumers responding positively to improved product innovation, assortment and flow.

Kathmandu delivered growth across key product categories, including insulation, demonstrating that the Next Level product led recovery is beginning to resonate with customers. Sales growth continues in both member and non-member sales in Q3 with the key winter trade period still to come.

Gross margin for Q3 FY26 improved +233 bps YOY, driven by diversification of product mix and further refinement of Kathmandu's markdown management strategy. Q3 FY26 gross margin improved +257 bps compared to 1H FY26.

Oboz

Total sales declined -8.9% in Q3 FY26 with performance impacted by wholesale shipment timing. Q2 FY26 benefited from earlier shipments of Q3 new season styles to fulfill accelerated demand and meet expanded partner door growth. Sales are anticipated to return to growth YOY in Q4 FY26, driven by continued online growth and flow of new product launches. Online performance accelerated +19.3% in Q3 FY26 following the Shopify launch.

Gross margin for Q3 FY26 improved +374 bps YOY reflecting actions taken to offset the US tariffs, and cycling specific clearance of inventory in the prior year. Q3 FY26 gross margin improved by +570 bps compared to 1H FY26.

Next Level Update

Store Network Optimisation

The Group continues to focus on the profitability of its store network as part of the Next Level integrated marketplace strategy, with 16 stores already closed in FY26 and additional doors targeted to close where sustainable rent outcomes cannot be agreed with landlords.

Stores continue to be evaluated against profitability thresholds along with clear criteria to deliver optimum performance for the store portfolio, including geographic alignment with strategy, presence in attractive shopping locations and alignment with brand store segmentation and category.

The third Kathmandu "Next-Gen Concept Store" announced earlier in the year opened on Little Collins Street in Melbourne this month. The new Kathmandu store format showcases the return to product innovation and seasonal brand stories, offers enhanced product assortments and a simplified in-store navigation to elevate the customer experience.

Digital Execution

The Group continues to prioritise the reset of the digital business to leverage the recent Shopify implementations in all three brands to improve product storytelling, customer experience and drive conversion. Online sales YTD at Q3 FY26 are + 4.7% YOY and online sales as a % of total DTC sales for the Group represents 13.5% as the Group continues to prioritise digital capability and initiatives to progress towards its mid-term online penetration targets.



International Reset

Following the reorganisation of Rip Curl North America operations in H1 FY26, management anticipates the North America business delivering EBITDA positive results by the end of FY26 (excluding restructuring impacts).

Kathmandu remains focused on digital expansion and leveraging third party distribution partners internationally to enable future profitable growth.

Brent Scrimshaw, Group CEO and Managing Director, KMD Brands said:

“It’s pleasing to see momentum building in our Next Level execution. Despite challenging broader market conditions, the Group has continued to deliver encouraging progress in Q3, balancing sales execution and gross margin expansion together with operational and cost discipline.”

“At Kathmandu, the sales growth delivered in the first half has continued into the third quarter, reflecting a sustained customer response to improved product led innovation and excitement at retail through better storytelling and flow. Rip Curl has remained resilient in a more volatile global trading environment and delivered meaningful gross margin improvement whilst we reset the business.”

“The quality of earnings across the Group is strengthening, supported by disciplined pricing, improved product mix and ongoing cost control. Nine months into the first year of execution, our Next Level transformation strategy is demonstrating that we are building a stronger, deeply connected and more resilient business, while remaining on track to achieve our medium-term targets.”

Outlook

The Group remains alert to the risks associated with the current geo-political tensions. The likely increase in the cost of living in the markets where KMD Brands currently operates, coupled with interest rate increases, can have a strong influence on consumers’ discretionary spending patterns, which can directly impact Group sales. Defending significant market share gains in a more competitive North American marketplace remains a priority for Rip Curl in the fourth quarter.

The Group anticipates gross margin benefit from net tariff receivables of approximately US\$5million submitted in North America awaiting formal acceptance by authorities.

Despite the challenging consumer environment, the Group remains on track to deliver \$27.5m cost savings in FY26 and subsequently deliver operating expenses broadly flat YOY on a constant currency basis (before any FY26 management incentives). The YOY impact of global currency fluctuation is expected to have a significant impact on underlying operating expenses.

KMD Brands Board announces business review

The Board of KMD Brands today also announces that it is undertaking a business review, with the purpose of delivering improved returns for shareholders. KMD Brands remains focused intensely on improving the performance of its brands and strengthening the Group overall.

KMD Brands continues to see significant opportunity for performance improvement through its Next Level strategy of disciplined cost control, more focused utilisation of the Group’s brand and operating capabilities to capture identified growth opportunities, and margin expansion. Detailed commentary on KMD Brands’ Next Level strategy for “Creating a Stronger KMD Brands” was provided in the Group’s 31 March 2026 investor presentation.

As updated today, substantial progress continues to be delivered against the Next Level strategy, and ongoing execution is expected to deliver improved returns for shareholders. Following the completion



of KMD Brands' recent recapitalisation, the Group now has an improved capital structure to better enable the execution of that strategy.

In parallel with the disciplined execution of the Next Level strategy, the Board has resolved to initiate a comprehensive business review to assess whether other opportunities may exist to accelerate the realisation of shareholder value. The review will examine the Group's capital structure, portfolio configuration and other value-creation opportunities. To assist KMD Brands in this process and to bring additional commercial rigour and independence to it, the Board will appoint external financial and legal advisers to lead the process; those appointments will be finalised over the coming weeks.

Philip Bowman, Chair KMD Brands, said:

"Our commitment to creating long-term value for shareholders is the Board's clear priority. In parallel with our focus on improving KMD Brands' operating performance, this business review is an appropriate next step at this time. The Board is committed to assessing all credible options that have the potential to deliver superior value for shareholders."

The Group's day-to-day operations will continue as usual during the review, and customers, suppliers and team members should not expect any change in service or engagement. The Board does not intend to provide further commentary on the review until the process is complete, unless circumstances otherwise require disclosure. The business review is expected to be complete on or shortly before the announcement of the FY26 Annual Results in September 2026. There is no certainty that any material initiative or transaction will result from the business review, and shareholders are not required to take any action at this time.

This announcement has been authorised for release to NZX / ASX by the Board of Directors of KMD Brands Limited.

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