23 September 2026
(All amounts in NZ$ unless otherwise stated)

KMD Brands FY26 Results

KMD Brands Limited (**NZX/ASX: KMD**, **"KMD"** or the **"Group"**) today announces its results for the twelve months ended 31 July 2026 ("FY26").

FY26 financial summary (vs FY25):

- Group sales up +6.5% to $1,053.0 million.
- Gross margin increased +1.2% of sales to 57.7%.
- Underlying operating expenses[1] up +4.4% to $565.2 million.
- Underlying EBITDA[1] $42.0 million, up +137.7% year-on-year ("YOY").
- Statutory NPAT loss -$414.4 million, inclusive of a $394m post tax impairment expense. Underlying NPAT[1] loss -$9.0 million.
- Net Working Capital $196.4 million, $38.7 million higher YOY.
- Net Debt $48.1 million, down $4.7 million YOY.
- No final dividend declared.

Group financial performance

	Statutory	**Underlying[1]**		
NZ$ million[2]	**FY26**	**FY26**	**FY25**	**Var %**
Sales	1,053.0	1,053.0	989.0	6.5%
Gross Profit	607.2	607.2	559.3	8.6%
Gross Margin	57.7%	57.7%	56.5%	
Operating Expenses (excl. impairment)	(468.1)	(565.2)	(541.6)	4.4%
Impairment Expense[3]	(462.7)	-	-	-
EBITDA	(323.6)	42.0	17.7	137.7%
EBIT	(455.1)	7.5	(18.0)	141.6%
NPAT	(414.4)	(9.0)	(28.3)	68.4%

Sales momentum has continued through the year, with YOY growth recorded across all three brands. Kathmandu has led this momentum with strong direct-to-consumer ("DTC") sales growth throughout the year. On a constant currency basis, total sales were +1.7% YOY.

Group gross margin increased +120 bps in an environment that continues to be promotionally driven. Channel and product driven margin improvement, improved sourcing, and favourability in input cost FX supporting growth inclusive of $8m of tariff refunds.

[1] Excluding the impact of IFRS 16, restructuring, software as a service accounting, the notional amortisation of customer relationships, impairment and onerous contracts.
[2] FY26 NZD/AUD conversion rate 0.856 (FY25 0.913), FY26 NZD/USD conversion rate 0.583 (FY25 0.591).
[3] In FY25, Oboz intangibles were impaired by $45.4 million.

Underlying operating expenses fell by -0.2% on a constant currency basis, with the Next Level cost savings helping to offset strategic growth investments and continued global cost pressure.

An impairment expense of $462.7m has been recognised during the year. This one-off non-cash item does not impact the day-to-day operations of the Group. This impairment has been excluded from underlying results. After impairment, the Group recorded a statutory loss after income tax of $414.4m.

Kathmandu

Kathmandu	Underlying[1]		
NZ$ million	FY26	FY25	Var %
Sales	402.3	361.9	11.1%
EBITDA	16.1	(1.3)	n.m.
EBIT	1.1	(19.6)	105.7%

Total sales +11.1% YOY with growth achieved while operating four fewer stores than the prior year. Strong 1H sales momentum continued into the second half, with Q4 closing at +9.4% on the year. Same store sales (incl. online) +8.2%.

Strong sales results in both Australia (+4.3% YOY) and New Zealand (+11.7% YOY), with positive sales growth in every quarter of the year.

Online sales increased by +9.6% to $57.1m, comprising 14.3% of DTC sales.

Gross margin decreased -0.4% of sales YOY due to product mix change, a focus on selling through aged inventory in the first half and maintaining competitive promotional intensity through the year. Second half gross margin delivered +0.6% of sales YOY despite being impacted in the fourth quarter by unseasonally warm weather on the east coast of Australia.

Underlying operating expenses reduced YOY on a constant currency basis, improving operating leverage with ongoing cost discipline.

Rip Curl

Rip Curl	Underlying[1]		
NZ$ million	FY26	FY25	Var %
Sales	571.2	550.4	3.8%
EBITDA	34.4	30.6	12.2%
EBIT	15.4	14.3	7.9%

Total sales +3.8% YOY, helped by YOY movement in FX rates used to convert global sales to NZD reporting currency.

Wholesale sales +5.5%, with growth in Europe driven by sales mix.

Online sales +9.1% to $45.5m, comprising 13.3% of DTC sales.

On a constant currency basis, total sales were -1.2% YOY.

Direct-to-consumer total Rip Curl brand store sales (incl. online, exc. Ozmosis) +5.4%, US retail sales were a highlight, and European summer sales were strong on the back of favourable climatic conditions. Ozmosis is a regional multi brand Australian retail chain owned by Rip Curl.

Direct-to-consumer Rip Curl brand same store sales (incl. online, exc. Ozmosis) +1.3%. Direct-to-consumer multi-brand Ozmosis same stores sales were -5.0%[2].

Gross margin increased +1.1% of sales, as a result of favourable channel mix and strengthening exchange rates across key markets and input costs.

Underlying operating expenses down on last year on a constant currency basis, with a strategic cost reset helping to offset strategic growth investments and continued global cost pressures.

Oboz

Oboz	Underlying[1]		
NZ$ million	**FY26**	**FY25**	**Var %**
Sales	79.5	76.6	3.8%
EBITDA	2.5	(3.3)	175.1%
EBIT	2.0	(4.2)	149.2%

Total sales +3.8% YOY, supported by strong product introductions, improving wholesale performance and continued digital acceleration.

Online sales saw strong YOY growth of +11.8%, with the website successfully moving onto the Group online trading platform during the second half.

Wholesale sales +2.8% with growth led by new product introductions.

Gross margin improved +7.3% of sales reflecting favourable channel and product mix plus one-time tariff refunds ($4.3m).

Operating expenses were tightly controlled, with improved operating leverage versus last year.

Balance sheet

Net working capital outflows largely driven by the YOY decrease in trade and other payables which was primarily driven by shifted payment timings with key suppliers. However, this drop was partially offset by a reduction in the group inventory balance, which has now declined for the fourth consecutive year (on a constant currency basis down $11.2m), with a continued focus by all brands to optimise mix and sell through aged inventory.

Net Debt of $48.1m decreased by $4.7m YOY, with the benefit of $61.9m net equity raise proceeds being offset by working capital phasing at 31 July 2026. The constant currency impact of the weakening NZ dollar YOY on net debt was $7.3 million.

The Group continues to have a strong working relationship and support from its bank syndicate. The Group remains compliant with all bank covenants at 31 July 2026.

Trading update

Direct-to-consumer same store sales (including online) year on year on a constant currency basis for the first seven weeks from Monday 27th July to Sunday 13th September 2026 in a seasonally non-significant trading period:

- Kathmandu +7.4% YOY, supported by strong growth in New Zealand, and online channels.
- Rip Curl +1.0% YOY. Rip Curl brand stores +4.0% YOY and Ozmosis multi brand stores -12.1% YOY. Rip Curl brand stores grew across multiple geographies and online, while Ozmosis multi-brand stores experienced difficult trading conditions due to product assortment challenges.

Outlook

The Group remains focused on delivering continued performance improvement in FY27 compared to prior year.

Group FY27 guidance[4] is for:

- Revenue of between $1,055m and $1,075m.
- EBITDA of between $52m and $55m.
- Capital Expenditure of between $15m and $16m.

Kathmandu sales momentum expected to continue with seasonally relevant product flow and enablement of online fulfilment.

Rip Curl sales are expected to benefit in H1 from first deliveries of 'Next Gen' designed product in market for Australian peak trade. Ozmosis remediation plan in place including closure of five underperforming stores.

Rip Curl and Oboz wholesale order book consistent with prior year with ongoing management of dynamic shipping environment.

Group gross margin expansion is anticipated benefiting from foreign exchange hedging already in place and strategic price increases.

EBITDA reflects revenue expectations with a further $10m of annualised cost saving initiatives already underway to mitigate inflationary pressure. These cost initiatives for FY27 were taken to ensure the business maintains its EBITDA growth trajectory in a challenging global consumer operating environment.

The Group continues to focus on the optimisation of its store network as part of the Next Level integrated marketplace strategy. Capital expenditure is reduced as technology projects

[4] Subject to no adverse change in operating conditions, including future economic headwinds and AUD/NZD exchange rates impacting NZD reporting currency. Guidance is underlying and excludes one-off items and is inclusive of probability weighted short-term management incentives ($6m).

moderate and targeted store capital expenditure is prioritised. Depreciation is expected to be in the range of $40 - $41m.

Business review conclusion and outcomes

KMD Brands has made significant progress in strengthening and simplifying the Group, and the Board remains confident that disciplined execution of the Next Level strategy provides a clear pathway to improved performance and shareholder value as demonstrated by FY26 operating performance.
As part of the comprehensive business review initiated in May 2026, the Board has considered the Group's portfolio, capital requirements and a range of potential value-creation opportunities. The review was undertaken with independent financial advisory from Deloitte and Barclay & Co, and legal advice from Chapman Tripp. The review was conducted objectively and without a predetermined outcome.

The review resulted in actions to simplify the Group and enhance its financial flexibility. These include the decision to divest the Group's manufacturing facility in Southeast Asia. The Group also tested external interest in Rip Curl's multi-brand retail chain, Ozmosis. No proposal emerged that offered greater value than continuing to rationalise the chain and improve the profitability of the remaining store fleet. The review also included a commitment to ongoing cost reduction through the immediate offshoring of select Group shared services.

Throughout the review process, the Board has received and considered a number of indicative approaches from external parties and has determined that further engagement with a limited number of those parties is appropriate. Consistent with its responsibilities to shareholders, the Board will assess whether any proposal could deliver greater value than continued execution of the Group's Next Level strategy. The approaches are indicative, non-binding and incomplete, no decision has been made, and there is no certainty that any proposal or transaction will result.

This engagement does not change the Group's strategy, priorities or day-to-day focus. Management remains focused on delivering the FY27 plan, improving profitability, generating free cash flow and reducing leverage. The Board will continue to support execution of the strategy while carefully assessing any credible alternative that may deliver superior shareholder value and will update the market in accordance with its continuous disclosure obligations.

KMD Brands 'Next Level' transformation strategy

KMD Brands made meaningful progress in FY26 as it executed the first year of its three-year Next Level turnaround plan. During the year, the Group strengthened its product and consumer focus, enhanced organisational and technology capabilities, simplified operations and improved efficiency, creating a more focused and agile business.

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

"FY26 was a year of significant change for KMD Brands as we executed the first year of our Next Level strategy. The actions taken through Next Level are translating into improved financial performance. All brands returned to revenue growth in FY26, with Group revenue increasing by 6.5%, gross margin improving by 120 basis points and underlying EBITDA increasing 138% to $42.0 million. At the same time, our brand and product-led offence recentred our focus on the consumer, creating stronger innovation pipelines and a more agile approach to meeting evolving consumer needs."

"The progress achieved during FY26 reinforces our belief that there is substantial potential within the business. We have strengthened our foundations, improved our earnings profile and created a more focused organisation. While there is more work to do, we enter FY27 with clear priorities and growing momentum."

Group Chairman, Philip Bowman said:

"FY26 was a year of renewal for KMD Brands. We strengthened the Board, improved the Group's financial position, simplified the business and supported Management's disciplined execution of the Next Level turnaround plan. While further work remains, these initiatives are creating a more focused, efficient and simplified business as KMD Brands enters FY27."

"In concluding the business review, the Board has considered a range of approaches from interested parties. While the Group remains focused on executing its Next Level strategy, we believe it is appropriate to continue discussions with a small number of parties to determine whether any opportunity has the potential to deliver superior value for shareholders. These discussions remain preliminary in nature and there is no certainty that any proposal will lead to a transaction."

"The Board's priority is maximising shareholder value. While management remains focused on improving profitability, generating free cash flow and reducing leverage through the execution of Next Level, the Board will continue to carefully assess opportunities that may accelerate the realisation of shareholder value."

Investor briefing being held today at 8:30am AEST / 10:30am NZST

Brent Scrimshaw (Group CEO), and Carla Webb-Sear (Group CFO) will be holding a briefing session for investors and analysts at 8:30am AEST / 10:30am NZST today (Wednesday 23 September).

Please attend the meeting by following this link: www.virtualmeeting.co.nz/kmdfy2026.

You may also dial one of the numbers below and provide the conference ID **1914594** to the operator to listen to the meeting.

- Australia - Toll (Sydney) +61 2 8088 0946
- Australia - Toll Free +61 1800 571 226
- New Zealand - Toll Free +64 800 450 012
- New Zealand - Auckland +64 9 887 4636
- USA & Canada - Toll-Free (800) 715 9871
- United Kingdom - Toll-Free +44 800 260 6466
- France - Toll-Free +33 801 238 862
- Norway - National +47 57 98 94 30
- Spain - Toll-Free +34 800 906909

The webcast will be available on the KMD Brands investor website following the call.

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

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For media and investor enquiries, please contact enquiries@kmdbrands.com

or

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