

KMD BRANDS LIMITED

26 March 2025

Half Year Report  
For the period ending 31 January 2025

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# Results announcement

Results for announcement to the market		
Name of issuer	KMD Brands Limited	
Reporting Period	6 months to 31 January 2025	
Previous Reporting Period	6 months to 31 January 2024	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$470,945	0.5%
Total Revenue	\$470,945	0.5%
Net profit/(loss) from continuing operations	(\$20,704)	(114.2%)
Total net profit/(loss)	(\$20,704)	(114.2%)
Interim Dividend		
Amount per Quoted Equity Security	NIL	
Imputed amount per Quoted Equity Security	NIL	
Record Date	N/A	
Dividend Payment Date	N/A	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.13	\$0.14
A brief explanation of any of the figures above necessary to enable the figures to be understood	The interim results are based on accounts which have been subject to review. Refer to accompanying unaudited financial statements.	
Authority for this announcement		
Name of person authorised to make this announcement	Frances Blundell	
Contact person for this announcement	Frances Blundell	
Contact phone number	+64 3 968 6110	
Contact email address	<a href="mailto:companysecretary@kmdbrands.com">companysecretary@kmdbrands.com</a>	
Date of release through MAP	Wednesday 26 <sup>th</sup> March 2025	

Unaudited financial statements accompany this announcement.



26 March 2025

(All amounts in NZ\$ unless otherwise stated)

## KMD Brands 1H FY25 Results

KMD Brands Limited (NZX/ASX: KMD, “KMD” or the “Group”) today announces its results for the six months ended 31 January 2025 (“1H FY25”).

### 1H FY25 financial summary (vs 1H FY24):

- Group sales up +0.5% to \$470.9 million.
- Gross margin down -0.3% of sales to 58.5%.
- Underlying operating expenses<sup>1</sup> up +4.2% to \$271.6 million.
- Underlying EBITDA<sup>1</sup> \$3.9 million, down -74.3% year-on-year (“YOY”).
- Statutory NPAT loss -\$20.7 million. Underlying NPAT<sup>1</sup> loss -\$16.1 million.
- Net Working Capital \$192.6 million, -\$33.6 million lower YOY.
- Net Debt \$76.2 million, -\$20.0 million lower YOY.
- No interim dividend declared as a result of 1H FY25 operating performance.

### Group financial performance

	Statutory	Underlying <sup>1</sup>		
NZ\$ million <sup>2</sup>	1H FY25	1H FY25	1H FY24	Var %
Sales	470.9	470.9	468.6	0.5%
Gross Profit	275.5	275.5	275.7	(0.1%)
Gross Margin	58.5%	58.5%	58.8%	
Operating Expenses	(222.8)	(271.6)	(260.6)	4.2%
EBITDA	52.7	3.9	15.1	(74.3%)
EBIT	(12.7)	(13.3)	(1.7)	
NPAT	(20.7)	(16.1)	(6.9)	

The sales result is underpinned by an improved trend in the direct-to-consumer (“DTC”) channel (including online) for all three brands. Group online sales performance has been a highlight, with all three brands achieving double digit sales growth YOY. Online remains a key growth priority for the Group.

Wholesale sales are taking longer to recover, as wholesale accounts remain cautious on pre-season commitments in a challenging market. Forward orders and in-season buying from key accounts support an improving wholesale trend through 2025.

<sup>1</sup> Excluding the impact of IFRS 16, restructuring, software as a service accounting, and the notional amortisation of Rip Curl and Oboz customer relationships.

<sup>2</sup> 1H FY25 NZD/AUD conversion rate 0.909 (1H FY24: 0.926), 1H FY25 NZD/USD conversion rate 0.595 (1H FY24 0.604).



Gross margin decreased -0.3% of sales below last year to 58.5%, remaining resilient despite increased promotional intensity for Kathmandu and clearance of inventory for Oboz.

All brands continue to actively manage operating expenses while facing global cost pressure.

In a challenging trading environment, net working capital efficiency is a key focus for the Group. Net working capital at 31 January 2025 was \$33.6 million lower than 31 January 2024, with reduced inventory balances YOY.

#### **Rip Curl: Sales impacted by wholesale customer caution**

<b>Rip Curl</b>	<b>Underlying<sup>1</sup></b>		
<b>NZ\$ million</b>	<b>1H FY25</b>	<b>1H FY24</b>	<b>Var%</b>
Sales	278.5	278.3	0.1%
EBITDA	23.6	27.4	(14.0%)
EBIT	16.1	20.8	(22.9%)

Rip Curl total sales increased +0.1% to \$278.5 million, improving from -6.7% YOY during Q1 to +6.5% YOY during Q2.

DTC sales increased +4.1%, reflecting strong sales growth over the key Australasian summer and Christmas trading period. Also, stronger results were achieved in Europe and South America, supported by store openings. Online sales increased by +13.9% to \$21.1 million, comprising 11.5% of DTC sales.

Wholesale sales decreased by -7.9% in a challenging global market. Forward orders support improving wholesale momentum for Q1 FY26.

Gross margin increased +0.2% of sales with channel and product mix offsetting the impact of increased promotional intensity in a tough trading environment. Operating expenses continue to be tightly managed while facing global cost pressure.

#### **Kathmandu: Improving quarterly sales trend**

<b>Kathmandu</b>	<b>Underlying<sup>1</sup></b>		
<b>NZ\$ million</b>	<b>1H FY25</b>	<b>1H FY24</b>	<b>Var %</b>
Sales	156.8	152.3	3.0%
EBITDA	(12.8)	(8.3)	(54.0%)
EBIT	(22.0)	(18.0)	(22.3%)

Kathmandu total sales increased +3.0%, improving from -2.7% YOY during Q1 to +6.9% YOY during Q2.

Australia sales<sup>3</sup> increased +3.8%, supported by enhanced in-store execution and new products. New Zealand sales were -2.0% below last year, with strong sales growth YOY during the Christmas trading period. Excluding the clearance of end-of-line products in

<sup>3</sup> At constant exchange rates.

August last year, New Zealand sales increased +4.8% YOY for the remaining 5 months of 1H FY25.

Online sales increased by +26.6% to \$20.8 million, comprising 13.4% of DTC sales.

Gross margin decreased -0.4% of sales, with increased promotional intensity in a competitive trading environment.

Kathmandu operating expenses include approximately \$3 million incremental YOY to refresh brand advertising (increased first half weighting), increase product newness and innovation, and improve the consumer experience. Brand foundations are now in place, and sales momentum is building.

**Oboz: Sales impacted by wholesale customer caution**

Oboz	Underlying <sup>1</sup>		
	1H FY25	1H FY24	Var %
NZ\$ million			
Sales	35.6	38.0	(6.3%)
EBITDA	(2.2)	(0.1)	-
EBIT	(2.6)	(0.5)	-

Total sales decreased -6.3% YOY, impacted by wholesale customer caution.

Online sales increased +32.8%, growing strongly over the Black Friday and Christmas promotions, and reinforcing the growth opportunity for the brand.

Wholesale sales decreased -10.6% as wholesale accounts remain cautious on pre-season commitments in a challenging market, partly offset by improved in-season buying from key accounts. Forward orders and in-season buying from key accounts support an improving wholesale trend through 2025.

Gross margin decreased -5.7% of sales as clearance of excess inventory has contributed to lower gross margins YOY. Gross margin on core styles and new launches remains in line with historical margins.

Operating expenses were tightly controlled YOY. Current levels of operating expense investment will be leveraged with future sales growth as the market recovers.

**Balance sheet**

At 31 January 2025 the Group had a net debt position of \$76.2 million, down \$20.0 million from \$96.2 million one year earlier, and with funding headroom of approximately \$215 million. January inventory investment results in typically higher net debt levels at the January measurement point.

Net working capital was \$33.6 million lower than 31 January 2024, with reduced inventory balances YOY. Inventory positions continue to moderate back towards historical levels.





As previously communicated, the dividend policy remains aligned to earnings, with a target payout ratio of 50% to 70% of underlying NPAT. As a result of the 1H FY25 operating performance, the Directors have not declared an interim dividend.

**Trading update**

DTC sales (including online) for the 7 full weeks to 16 March 2025, a seasonally non-significant trading period for both brands:

- Kathmandu +5.2% YOY<sup>4</sup>. Gross margin is under pressure YOY due to increased promotional intensity in a competitive trading environment.
- Rip Curl global DTC sales for owned stores and websites approximately +0.7% YOY<sup>4</sup>. Gross margin remains resilient YOY.

**Outlook**

**Commenting on the outlook for the Group, outgoing Group CEO Michael Daly said:**

“Direct-to-consumer sales have improved for all three of our brands, while the wholesale market is taking longer to recover. Global monetary policy settings have been easing, but the return of consumer confidence will take time.”

“We are seeing short-term gross margin pressure for all brands in a highly competitive global market. However, our focus remains on growing gross margin in the medium-term as markets improve.”

“We are monitoring the impact of geopolitical uncertainty on consumer confidence and supply chains.”

**Incoming Group CEO and Managing Director Brent Scrimshaw said:**

“I am excited to step into the KMD Brands Group CEO role and look forward to my transition with Michael over the next two weeks. I was pleased to announce earlier this week the appointment of Ashley Reade as the new CEO of Rip Curl and additionally, have also commenced a worldwide search for a Melbourne-based Group Chief Financial Officer. Ben Washington will continue in his current role as Interim Group CFO until a permanent appointment is made.”

“We continue to focus on delivering positive sales growth, improving profitability, maximising cash flows, and reducing inventory.”

“We believe that with our portfolio of iconic global outdoor brands and leadership in sustainability, we remain a unique investment proposition and well-placed for the future.”

<sup>4</sup> Tropical Cyclone Alfred has impacted Queensland and Northern New South Wales stores for both brands, with approximately 100 lost trading days. Rip Curl store locations have been most materially impacted.



**Investor briefing being held today at 8:30am AEDT / 10:30am NZDT**

Michael Daly (Group CEO), and Ben Washington (Interim Group CFO) will be holding a briefing session for investors and analysts at 8:30am AEDT / 10:30am NZDT today (Wednesday 26 March).

Please attend the meeting by following this link: [www.virtualmeeting.co.nz/kmd1hfy25](http://www.virtualmeeting.co.nz/kmd1hfy25)

You may also dial one of the numbers below and provide the conference ID **4456081** to the operator to listen to the meeting.

Australia Toll-Free	1800 953 093
New Zealand Toll-Free	+64800005652
USA & Canada Toll-Free	(888) 672-2415
United Kingdom Toll-Free	+44 800 524 4763
France Toll-Free	+33 801 238861
Norway National	+47 57 98 94 28
Spain Toll-Free	+34 800 906908

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.*

- ENDS -

**For further information, whether an investor or media enquiry, please contact:**  
[enquiries@kmdbrands.com](mailto:enquiries@kmdbrands.com)



**KMD BRANDS LIMITED**

**INTERIM REPORT 2025**



## KMD BRANDS LIMITED - INTERIM REPORT 2025

### 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 2025.

#### Review of Operations

Group sales for the interim period of \$470.9 million are 0.5% above last year. Direct-to-consumer sales trends continue to improve for all three brands. This was underpinned by improved Black Friday and Christmas trade, and all brands achieving double digit online growth. The wholesale market is taking longer to recover. Wholesale accounts remain cautious on pre-season commitments in a challenging market. Forward orders and in-season buying from key accounts support an improving wholesale trend leading into 2026.

Gross margin decreased -0.3% of sales below last year to 58.5%, remaining resilient despite increased promotional intensity for Kathmandu and clearance of inventory for Oboz.

All brands continue to actively manage operating expenses while facing global cost pressure. Kathmandu has invested an additional \$3 million YTD to refresh brand advertising, increase product newness and innovation, and improve the customer experience.

At 31 January 2025 the Group had a net debt position of \$76.2 million, with funding headroom of approximately \$215 million.

Net working capital was \$33.6 million lower than 31 January 2024, with a significant reduction in inventory. Inventory positions continue to moderate back towards historical levels, with further moderation expected through the second half of FY25 and into FY26.

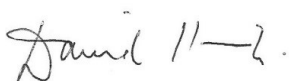
No interim dividend has been declared.

A further review of the operations of the Group is set out in the accompanying media release of 26 March 2025.

#### 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



Abigail Foote  
Director

## KMD BRANDS LIMITED - INTERIM REPORT 2025

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
Sales revenue	5	470,945	468,644	979,415
Cost of sales		(195,455)	(192,933)	(402,954)
Gross profit		275,490	275,711	576,461
Other income		1,146	1,335	2,831
Selling expenses	6	(133,830)	(124,785)	(255,527)
Administration and general expenses	6	(90,068)	(87,886)	(176,199)
Goodwill impairment expense	6	-	-	(40,331)
		(222,752)	(211,336)	(469,226)
<b>Earnings before interest, tax, depreciation, and amortisation</b>		52,738	64,375	107,235
Depreciation and amortisation	6	(65,449)	(63,895)	(128,303)
<b>Earnings before interest and tax</b>		(12,711)	480	(21,068)
Finance income		455	776	1,322
Finance expenses		(13,996)	(14,029)	(26,966)
Finance costs - net	6	(13,541)	(13,253)	(25,644)
<b>Loss before income tax</b>		(26,252)	(12,773)	(46,712)
Income tax credit/(expense)		5,548	3,106	(1,611)
<b>Loss after income tax</b>		(20,704)	(9,667)	(48,323)
<b>(Loss)/Profit for the period attributable to:</b>				
Shareholders of the company		(21,540)	(10,426)	(49,760)
Non-controlling interest		836	759	1,437
<b>Other comprehensive income that may be recycled through profit and loss:</b>				
Movement in cash flow hedge reserve		4,380	5,155	8,231
Movement in foreign currency translation reserve		10,010	(1,951)	13,433
<b>Other comprehensive income for the period, net of tax</b>		14,390	3,204	21,664
<b>Total comprehensive loss for the period</b>		(6,314)	(6,463)	(26,659)
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
Shareholders of the company		(7,155)	(7,192)	(28,201)
Non-controlling interest		841	729	1,542
<b>Basic earnings per share</b>		(3.0) cps	(1.5) cps	(7.0) cps
<b>Diluted earnings per share</b>		(3.0) cps	(1.4) cps	(6.9) cps
<b>Weighted average basic ordinary shares outstanding ('000)</b>		711,667	711,429	711,548
<b>Weighted average diluted ordinary shares outstanding ('000)</b>		727,269	719,669	723,784

## KMD BRANDS LIMITED - INTERIM REPORT 2025

### 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 2023</b>	<b>629,079</b>	<b>274</b>	<b>9,691</b>	<b>1,286</b>	<b>(47)</b>	<b>195,983</b>	<b>5,371</b>	<b>841,637</b>
(Loss)/Profit after tax	-	-	-	-	-	(49,760)	1,437	(48,323)
Other comprehensive income	-	8,231	13,328	-	-	-	105	21,664
Dividends paid	-	-	-	-	-	(21,340)	-	(21,340)
Issue of share capital	304	-	-	(304)	-	-	-	-
Share based payment expense	-	-	-	291	-	-	-	291
Deferred tax on share-based payment transactions	-	-	-	(265)	-	-	-	(265)
Lapsed share options	-	-	-	(184)	-	184	-	-
Amounts transferred to initial carrying amount of hedged items	-	(6,821)	-	-	-	-	-	(6,821)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(1,165)	(1,165)
<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	-	-	-	-	-	(21,540)	836	(20,704)
Other comprehensive income	-	4,380	10,005	-	-	-	5	14,390
Dividends paid	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	226	-	-	-	226
Lapsed share options	-	-	-	(154)	-	154	-	-
Deferred tax on share-based payment transactions	-	-	-	85	-	-	-	85
Amounts transferred to initial carrying amount of hedged items	-	308	-	-	-	-	-	308
Dividends paid to non-controlling interest	-	-	-	-	-	-	(1,286)	(1,286)
<b>Balance as at 31 January 2025</b>	<b>629,383</b>	<b>6,372</b>	<b>33,024</b>	<b>981</b>	<b>(47)</b>	<b>103,681</b>	<b>5,303</b>	<b>778,697</b>

# KMD BRANDS LIMITED - INTERIM REPORT 2025

## CONSOLIDATED BALANCE SHEET

	Note	Unaudited As at 31 January 2025  NZ\$'000	Unaudited As at 31 January 2024  NZ\$'000	Audited As at 31 July 2024  NZ\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		26,928	34,031	33,948
Trade and other receivables	8	79,147	78,444	88,992
Inventories	9	303,687	313,568	266,877
Derivative financial instruments	13	10,084	3,642	3,638
Current tax asset		16,302	19,102	9,330
Other current assets		2,084	1,801	2,036
Total current assets		438,232	450,588	404,821
<b>Non-current assets</b>				
Trade and other receivables	8	2,376	1,901	2,196
Property, plant, and equipment		83,634	84,722	86,461
Intangible assets	10	671,136	696,167	666,859
Deferred tax assets		14,708	14,548	14,692
Right-of-use assets	11	261,592	257,541	262,571
Total non-current assets		1,033,446	1,054,879	1,032,779
<b>Total assets</b>		<b>1,471,678</b>	<b>1,505,467</b>	<b>1,437,600</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		190,208	165,813	157,556
Derivative financial instruments	13	16	555	140
Current tax liabilities		572	805	845
Current lease liability	11	86,467	81,180	84,776
Total current liabilities		277,263	248,353	243,317
<b>Non-current liabilities</b>				
Non-current trade and other payables		17,051	15,649	16,141
Interest bearing liabilities	12	103,089	130,210	93,600
Deferred tax		88,855	93,356	89,464
Non-current lease liability	11	206,723	208,381	209,400
Total non-current liabilities		415,718	447,596	408,605
<b>Total liabilities</b>		<b>692,981</b>	<b>695,949</b>	<b>651,922</b>
<b>Net assets</b>		<b>778,697</b>	<b>809,518</b>	<b>785,678</b>
<b>EQUITY</b>				
Issued capital		629,383	629,383	629,383
Reserves		40,330	10,519	25,480
Retained earnings		103,681	164,217	125,067
Non-controlling interest		5,303	5,399	5,748
<b>Total equity</b>		<b>778,697</b>	<b>809,518</b>	<b>785,678</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2025

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
<b>Cash was provided from:</b>			
Receipts from customers	480,804	490,763	996,327
Government grants received	2	126	140
Interest received	455	776	1,322
Income tax received	3	-	6,641
	481,264	491,665	1,004,430
<b>Cash was applied to:</b>			
Payments to suppliers and employees	417,350	433,108	824,489
Income tax paid	4,722	3,768	11,181
Interest paid	13,428	12,603	24,107
	435,500	449,479	859,777
<b>Net cash inflow from operating activities</b>	<b>45,764</b>	<b>42,186</b>	<b>144,653</b>
<b>Cash flows from investing activities</b>			
<b>Cash was provided from:</b>			
Proceeds from sale of property, plant, and equipment	35	1	-
	35	1	-
<b>Cash was applied to:</b>			
Purchase of property, plant, and equipment	7,784	12,585	24,314
Purchase of intangibles	6,321	2,633	8,207
	14,105	15,218	32,521
<b>Net cash (outflow) from investing activities</b>	<b>(14,070)</b>	<b>(15,217)</b>	<b>(32,521)</b>
<b>Cash flows from financing activities</b>			
<b>Cash was provided from:</b>			
Proceeds of borrowings	128,085	126,490	220,419
	128,085	126,490	220,419
<b>Cash was applied to:</b>			
Dividends paid	1,286	22,042	22,506
Repayment of borrowings	119,099	101,630	235,080
Repayment of lease liabilities	46,531	45,058	91,208
	166,916	168,730	348,794
<b>Net cash (outflow) from financing activities</b>	<b>(38,831)</b>	<b>(42,240)</b>	<b>(128,375)</b>
<b>Net (decrease) in cash held</b>	<b>(7,137)</b>	<b>(15,271)</b>	<b>(16,243)</b>
Opening cash and cash equivalents	33,948	49,488	49,488
Effect of foreign exchange rates	117	(186)	703
<b>Closing cash and cash equivalents</b>	<b>26,928</b>	<b>34,031</b>	<b>33,948</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2025

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

	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
<b>Loss after income tax</b>	(20,704)	(9,667)	(48,323)
<i>Movement in working capital:</i>			
(Increase) / decrease in trade and other receivables	10,412	24,460	16,049
(Increase) / decrease in inventories	(35,635)	(24,059)	28,751
(Increase) / decrease in other current assets	(46)	51	(144)
Increase / (decrease) in trade and other payables	30,906	(7,162)	(19,114)
Increase / (decrease) in tax liability	(7,186)	(6,795)	3,203
	(1,549)	(13,505)	28,745
<i>Add non-cash items:</i>			
Depreciation of property, plant, and equipment	11,907	11,230	22,940
Amortisation of intangibles	7,398	8,192	16,348
Depreciation of right-of-use assets	46,144	44,473	89,015
Impairment of assets	165	945	41,872
Foreign currency translation of working capital balances	5,148	18	(461)
Movement in deferred taxation	(3,082)	(81)	(6,131)
Employee share-based remuneration	226	359	291
Loss on disposal of property, plant, and equipment and intangibles	111	222	357
	68,017	65,358	164,231
<b>Cash inflow from operating activities</b>	<b>45,764</b>	<b>42,186</b>	<b>144,653</b>

# KMD BRANDS LIMITED - INTERIM REPORT 2025

## 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 in New Zealand, Australia, North America, Europe, South East Asia, Japan 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 26 March 2025, and have been reviewed, not audited.

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These general-purpose financial statements for the six months ended 31 January 2024 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 financial statements of KMD Brands Limited for the year ended 31 July 2024 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 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 financial statements of KMD Brands Limited for the year ended 31 July 2024.

### Use of non-GAAP disclosures

At times non-GAAP disclosures have been used in the consolidated 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 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 financial statements is subject to review procedures.

### New standards first applied in the period

There are no new standards first applied in the period.

### 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 on the Group.

## KMD BRANDS LIMITED - INTERIM REPORT 2025

### 4 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. Specific consideration has been given in these 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 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 2024 the Group published its first 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 2024 and should be read in conjunction with the Group's FY24 Annual Integrated Report.

### 5 REVENUE

	Unaudited Six Months Ended 31 January 2025	Unaudited Six Months Ended 31 January 2024	Audited Year Ended 31 July 2024
	NZ\$'000	NZ\$'000	NZ\$'000
Sale of goods	465,599	463,966	971,055
Royalty revenue	5,032	4,224	7,626
Commission revenue	314	454	734
	470,945	468,644	979,415

### 6 EXPENSES

	Unaudited Six Months Ended 31 January 2025	Unaudited Six Months Ended 31 January 2024	Audited Year Ended 31 July 2024
	NZ\$'000	NZ\$'000	NZ\$'000
<b>Loss before tax includes the following expenses:</b>			
Depreciation of property, plant, and equipment	11,907	11,230	22,940
Amortisation	7,398	8,192	16,348
Depreciation of right-of-use assets	46,144	44,473	89,015
Impairment of assets	165	945	41,872
Employee entitlements expense	121,201	113,383	227,202
Rental expense	13,402	11,840	24,880
<b>Finance costs</b>			
Interest income	(455)	(776)	(1,322)
Interest expense on interest bearing liabilities	4,882	4,999	10,373
Interest on lease liabilities	6,710	5,876	12,217
Other finance costs	1,791	1,956	3,711
Net exchange loss on foreign currency	613	1,198	665
	13,541	13,253	25,644

Other finance costs relate to facility fees on banking arrangements.



## KMD BRANDS LIMITED - INTERIM REPORT 2025

### 7 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.

31 January 2025	Rip Curl NZ\$'000	Kathmandu NZ\$'000	Oboz NZ\$'000	Corporate NZ\$'000	Total NZ\$'000
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 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>
<b>31 January 2024</b>	<b>Rip Curl NZ\$'000</b>	<b>Kathmandu NZ\$'000</b>	<b>Oboz NZ\$'000</b>	<b>Corporate NZ\$'000</b>	<b>Total NZ\$'000</b>
Total segment sales	278,315	152,324	38,629	-	469,268
Sales to internal customers	-	-	(624)	-	(624)
<b>Sales to external customers</b>	<b>278,315</b>	<b>152,324</b>	<b>38,005</b>	<b>-</b>	<b>468,644</b>
<b>EBITDA</b>	<b>47,462</b>	<b>20,684</b>	<b>201</b>	<b>(3,972)</b>	<b>64,375</b>
Depreciation and amortisation	(28,246)	(34,729)	(840)	(80)	(63,895)
<b>EBIT</b>	<b>19,216</b>	<b>(14,045)</b>	<b>(639)</b>	<b>(4,052)</b>	<b>480</b>
Income tax expense	(4,751)	4,136	243	3,478	3,106
<b>Total segment assets</b>	<b>725,336</b>	<b>598,694</b>	<b>170,359</b>	<b>11,078</b>	<b>1,505,467</b>
<i>Total assets include:</i>					
Non-current assets	480,237	455,161	118,493	988	1,054,879
Additions to non-current assets	24,149	24,012	266	325	48,752
<b>Total segment liabilities</b>	<b>299,757</b>	<b>253,316</b>	<b>24,154</b>	<b>118,722</b>	<b>695,949</b>

## KMD BRANDS LIMITED - INTERIM REPORT 2025

### 8 TRADE AND OTHER RECEIVABLES

	Unaudited Six Months Ended 31 January 2025	Unaudited Six Months Ended 31 January 2024	Audited Year Ended 31 July 2024
	NZ\$'000	NZ\$'000	NZ\$'000
<b>Current</b>			
Trade receivables	58,328	59,457	68,107
Allowance for expected credit losses	(6,048)	(6,702)	(5,973)
Prepayments	17,184	15,830	18,299
Other receivables	9,683	9,859	8,559
	79,147	78,444	88,992
<b>Non-current</b>			
Other debtors	2,376	1,901	2,196

### 9 INVENTORY

	Unaudited Six Months Ended 31 January 2025	Unaudited Six Months Ended 31 January 2024	Audited Year Ended 31 July 2024
	NZ\$'000	NZ\$'000	NZ\$'000
Raw materials and consumables	6,112	7,877	5,950
Work in progress	1,396	1,963	830
Trading inventory	245,058	262,859	243,547
Goods in transit	51,121	40,869	16,550
	303,687	313,568	266,877

### 10 INTANGIBLE ASSETS

#### Carrying value of intangible assets

The Group market capitalisation is below the carrying value of net assets and the Group has made a net loss after income tax of \$20,704,000 for the period. Historically the second half of the financial year is more profitable and generates more cash flow and therefore we do not consider the short term results an indicator of impairment. In addition, our internal valuation models continue to provide sufficient headroom at both Group and Brand cash generating unit levels. No impairment exists as at 31 January 2025.

## KMD BRANDS LIMITED - INTERIM REPORT 2025

### 11 LEASES

#### Right-of-use assets

The movements in right of use assets were as follows:

	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
<b>Opening net book value</b>	262,571	270,327	270,327
Additions and modifications to right-of-use asset	42,608	33,534	77,999
Depreciation for the period	(46,144)	(44,473)	(89,015)
Impairment for the period	(165)	(945)	(1,541)
Foreign exchange	2,722	(902)	4,801
<b>Closing net book value</b>	261,592	257,541	262,571

#### Lease liabilities

The movements in lease liabilities were as follows:

	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
<b>Opening lease liabilities</b>	294,176	302,100	302,100
Additions and modifications to lease liabilities	42,859	34,099	78,289
Interest expense on lease liabilities	6,710	5,876	12,217
Repayment of lease liabilities (including interest)	(53,491)	(51,499)	(103,716)
Foreign exchange	2,936	(1,015)	5,286
<b>Closing lease liabilities</b>	293,190	289,561	294,176

### 12 INTEREST BEARING LIABILITIES

	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
Interest bearing liabilities	103,089	130,210	93,600

#### Group Facility Agreement

The Group has a multi-option syndicated facility, which consists of an A\$240 million multi-currency revolving facility and a NZ\$54 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 12 November 2026.

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 1.00% - 1.075%. 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 \$1,384,948,000 (2024: \$1,416,837,000).

## KMD BRANDS LIMITED - INTERIM REPORT 2025

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 the end of each half during the financial year. Similarly, EBITDA must be no less than a specified proportion of total net debt at the end of each six-month interim period. The calculations of these covenants are specified in the bank facility agreement of 25 October 2019 as amended and restated on 12 May 2023. The Group obtained a reduction of the fixed cover and leverage covenants for the January 2025 measurement point. The Group has complied with its revised banking covenants at all measurement points during the period.

The current interest rate, prior to hedging, on the term loans range between 5.50% - 5.51% (2024: 5.40% - 5.41%).

### 13 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 12 for details of the funding arrangements in place as at 31 January 2025.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 July 2024. There have been no changes in the risk management department or in any risk.

#### (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.

## KMD BRANDS LIMITED - INTERIM REPORT 2025

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 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
<b>Assets</b>			
Derivative financial instruments	10,084	3,642	3,638
<b>Total assets</b>	10,084	3,642	3,638
<b>Liabilities</b>			
Derivative financial instruments	16	555	140
<b>Total liabilities</b>	16	555	140

## 14 COMMITMENTS

### Capital commitments

Capital commitments contracted for at balance date are:

	Unaudited Six Months Ended 31 January 2025 NZ\$'000	Unaudited Six Months Ended 31 January 2024 NZ\$'000	Audited Year Ended 31 July 2024 NZ\$'000
Property, plant, and equipment	280	1,303	654
Intangible assets	1,443	2,516	2,635

Intangible asset commitments as at 31 January 2025 relate to various projects across the Group to upgrade information technology software and systems.

## 15 CONTINGENT LIABILITIES

The Group is subject to litigation incidental to its business, none of which is expected to be material. No provision has been made in the Group's consolidated interim 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 interim financial position, results of operations or cash flows.

## 16 CONTINGENT ASSETS

There are no contingent assets as at 31 January 2025 (2024: nil).

## 17 RELATED PARTY DISCLOSURES

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

## 18 EVENTS OCCURRING AFTER BALANCE DATE

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

# KMD BRANDS LIMITED - INTERIM REPORT 2025

## 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, Non-Executive Director
Michael Daly	Managing Director and Group Chief Executive Officer
Philip Bowman	Non-Executive Director
Brent Scrimshaw	Non-Executive Director
Andrea Martens	Non-Executive Director
Abigail Foote	Non-Executive Director
Zion Armstrong	Non-Executive Director

Brent Scrimshaw became Managing Director and Group Chief Executive Officer effective from 24<sup>th</sup> March 2025.

Michael Daly resigned as a Director on 25<sup>th</sup> March 2025.

### EXECUTIVES' DETAILS

Michael Daly	Group Chief Executive Officer (until 4 <sup>th</sup> April 2025)
Brent Scrimshaw	Group Chief Executive Officer (effective from 24 <sup>th</sup> March 2025)

### 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 2025

### SHARE REGISTRY

<b>In New Zealand:</b>	<b>MUFG Corporate Markets</b>
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:	<a href="mailto:enquiries.nz@cm.mpms.mufg.com">enquiries.nz@cm.mpms.mufg.com</a>
Internet address:	<a href="http://www.mpms.mufg.com">www.mpms.mufg.com</a>

<b>In Australia:</b>	<b>MUFG Corporate Markets</b>
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:	<a href="mailto:support@cm.mpms.mufg.com">support@cm.mpms.mufg.com</a>
Internet address:	<a href="http://www.mpms.mufg.com">www.mpms.mufg.com</a>

### STOCK EXCHANGES

The Company's shares are listed on the NZX and on the ASX as a 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 14 do not:

- present fairly, in all material respects, the Group's financial position as at 31 January 2025 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 2025;
- 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 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 tax compliance services. 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
- implementing necessary internal control to enable the preparation of interim consolidated financial statements that is fairly presented and 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 prepared 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 might identify in an audit. Accordingly, we do not express an audit opinion on the 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

26 March 2025