

Results announcement



Results for announcement to the market		
Name of issuer	Kathmandu Holdings Limited	
Reporting Period	6 months to 31 January 2021	
Previous Reporting Period	6 months to 31 January 2020	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$410,713	12.9%
Total Revenue	\$410,713	12.9%
Net profit/(loss) from continuing operations	\$21,962	217.7%
Total net profit/(loss)	\$22,279	194.0%
Interim Dividend		
Amount per Quoted Equity Security	\$0.02	
Imputed amount per Quoted Equity Security	NIL	
Record Date	21 st May 2021	
Dividend Payment Date	4 th June 2021	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.14	-\$0.34
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	companysecretary@kathmandu.co.nz	
Date of release through MAP	Tuesday, 23 March 2021	

Unaudited financial statements accompany this announcement.

23 March 2021

(All amounts in NZ\$ unless otherwise stated)

Strong Rip Curl performance underpinned 1H Group result

- Rip Curl achieved strong sales and profits, despite COVID-19 impacts in key global markets, validating the Group's diversification strategy
- Kathmandu impacted by COVID-19 related travel restrictions and store closures
- Oboz sales growth and strong forward order book, benefiting from successful product innovation strategy and diversification of customer base
- Step change in Group online penetration reflecting improved digital capabilities and changing consumer preferences
- Robust balance sheet with low net debt, and clean inventory position
- Dividend resumes, with NZ 2.0 cents per share interim dividend

Kathmandu Holdings Limited (ASX/NZX: KMD) is pleased to announce its results for the six months ended 31 January 2021 (1H FY21).

1H FY21 key highlights (vs 1H FY20):

- Sales up 12.9% to \$410.7 million, including a full six month contribution from Rip Curl
- Step change in Group online penetration, with online representing 12.7% of direct to consumer (DTC) sales (1H FY20: 8.8%)
- Underlying EBITDA up 19.0% to \$48.2 million (excluding the impact of IFRS 16 and one-off transaction and abnormal costs)
- Statutory NPAT of \$22.3 million
- Underlying NPAT up 32.8% to \$23.1 million (excluding the impact of IFRS 16 and one-off transaction and abnormal costs)
- Robust balance sheet, with \$10.1 million net debt, reflecting working capital management strategies
- Resumption of dividends, with NZ 2.0 cents per share interim dividend declared (fully franked for Australian shareholders, and not imputed for New Zealand shareholders)

Commenting on the 1H FY21 results, Group CEO Xavier Simonet said: "Despite operating in challenging conditions over the first half due to the substantial impacts from COVID-19, Rip Curl delivered an outstanding first half result, validating the Group's diversification strategy."

"Benefiting from increased participation in surfing in Australia, Europe and the USA, Rip Curl achieved strong sales and profits despite COVID-19 trading restrictions, reflecting the brand's technical product focus and strong consumer engagement. Pleasingly, Rip Curl's wholesale order book is back above pre-COVID-19 levels."

"Kathmandu was particularly impacted by COVID-19 related travel restrictions, with reduced demand for insulation and rainwear resulting from a lack of international travellers to the Northern Hemisphere."

"Over the first half, we implemented a rapid response to changes in consumer preference resulting from COVID-19. To respond to increased participation in local travel and adventure, our brands

adjusted their focus to product categories in high demand, such as wetsuits and surfboards for Rip Curl, and camping and footwear for Kathmandu. Omni-channel capability allowed our brands to capture record demand for the online channel, with online penetration now making up almost 13% of the Group's direct to consumer sales."

Group financial performance

NZ\$ million ²	Statutory		Underlying ¹	
	1H FY21	1H FY21	1H FY20	Var %
Sales	410.7	410.7	363.7	12.9%
Gross Profit	242.5	242.5	218.9	10.8%
Operating Expenses	(147.2)	(194.3)	(178.4)	8.9%
EBITDA	95.4	48.2	40.5	19.0%
EBIT	39.2	33.4	28.9	15.5%

The 1H FY21 Group results included a full 6 months of Rip Curl, and strong performance from the Rip Curl brand. Net government wage assistance amounted to \$15.2 million.

Rip Curl: Strong sales and profit performance despite COVID-19 impacts

NZ\$ million	Underlying ¹		
	1H FY21 Aug 20 to Jan 21	1H FY20 Nov 19 to Jan 20	Var %
Sales	251.1	134.9	86.1%
Gross Profit	150.3	80.7	86.3%
Operating Expenses	(101.7)	(62.3)	63.2%
EBITDA	48.7	18.4	164.3%
EBIT	44.0	16.1	173.9%

Despite the impacts from COVID-19, Rip Curl contributed \$48.7 million to Group underlying EBITDA during 1H FY21, delivering a gross margin 40 bps (0.4%) higher than the comparable six month period last year, as a result of a higher mix of DTC sales.

Total global sales were 4.3% below the comparable six month period last year, including three months of sales pre-Kathmandu ownership. COVID-19 restrictions continued to impact the sales performance of Rip Curl stores in airports, Melbourne, Hawaii, Bali and parts of Europe. The wholesale sell-in period was disrupted during the global lockdowns in April and May 2020, for deliveries in October to December 2020.

Sales growth was achieved in key markets of Australia, USA and Europe, despite COVID-19 trading restrictions, highlighting the strength of the Rip Curl brand and product range in core surf geographies around the world. In addition, wholesale order books are back above pre-COVID-19 levels.

DTC same store sales³ growth (comprising owned retail stores and online) was up 21.0% adjusted for COVID-19 lockdowns and 7.4% overall. Online sales underwent a step change, up 79% vs the comparable six month period last year, and comprised 11.2% of DTC sales.

¹ Underlying results exclude the impact of IFRS 16 leases and one-off transaction costs

² 1H FY21 NZD/AUD conversion rate 0.931 (1H FY20: 0.955), 1H FY21 NZD/GBP conversion rate 0.517 (1H FY20: 0.508), 1H FY21 NZD/USD conversion rate 0.684 (1H FY20: 0.641)

³ Same store sales are measured at constant currency for the 27 full weeks ended 31 January 2021

Kathmandu: sales impacted by COVID-19 travel restrictions and store closures

NZ\$ million	Underlying ¹		
	1H FY21	1H FY20	Var %
Sales	127.3	195.5	(34.9%)
Gross Profit	81.7	125.0	(34.7%)
Operating Expenses	(81.4)	(106.7)	(23.7%)
EBITDA	0.2	18.3	(98.6%)
EBIT	(7.1)	10.5	(167.4%)

Multiple headwinds affected Kathmandu's performance over 1H FY21, with 27 Greater Melbourne stores closed for over 11 weeks, and 14 Auckland stores closed for two weeks. Kathmandu was also impacted by low footfall in shopping centres, CBD stores, and tourist locations. While there was strong demand for camping products, there was reduced demand for insulation and rainwear due to a lack of international travellers to the Northern Hemisphere. Same store sales³ were down 30.0% adjusted for COVID-19 lockdowns and 35.4% overall.

Kathmandu's gross margin of 64.2% was slightly above 1H FY20 (64.0%). Operating expenses include the benefits from restructuring, rent abatements, and net government wage assistance.

Online penetration increased from 10.5% of sales in 1H FY20 to 14.4% of sales in 1H FY21.

Oboz: sales growth despite COVID-19, driven by product innovation

US\$ million	Underlying ¹		
	1H FY21	1H FY20	Var %
Sales	22.1	21.3	3.8%
Gross Profit	7.2	8.5	(15.1%)
Operating Expenses	(4.6)	(5.2)	(11.8%)
EBITDA	2.6	3.3	(20.5%)
EBIT	2.5	3.2	(20.7%)

Oboz delivered sales growth of 3.8%, underpinned by a focus on product innovation. Gross margin was impacted by significant one-off air freight costs of US\$1.1 million.

The forward order book is well above pre-COVID-19 levels, and Oboz will be launching a direct to consumer online store imminently, to drive further sales growth.

Resumption of dividends

Reflecting the Group's robust balance sheet, the Directors have resolved to resume payment of dividends, and have declared an interim dividend of NZ 2.0 cents per share, fully franked for Australian based shareholders, and not imputed for New Zealand shareholders. The record date for this dividend is 21 May 2021, and the payment date is 4 June 2021.

Sustainability

Commenting on the Group's sustainability initiatives, Mr Simonet said: "We've made carbon neutrality a priority, because the planet comes first. During the first half, the Kathmandu brand reached its goal of being carbon neutral. Achieving this milestone four years ahead of schedule is something we are very proud of."

Outlook

Commenting on the outlook for the Group, Mr Simonet said:

"Whilst navigating the ongoing impacts from COVID-19, our long-term strategy remains unchanged. During the second half we are focused on the strong execution of Kathmandu's winter season in Australasia. We will also see the benefits from synergies and cost-out initiatives across the Group, which we expect to deliver around \$15 million of annual savings in FY21."

"We have a number of key initiatives planned for the second half to further connect with our customers to drive increased sales. We will begin implementing a loyalty program at Rip Curl, and Oboz is launching a direct to consumer online store. Kathmandu continues to invest in personalisation and data analytics capability, all with the aim of driving best in class customer interactions."

"Our brands remain well positioned to capitalise on consumer trends that have seen increased participation in surfing, camping and hiking. Kathmandu enters the traditionally strong winter season well prepared. Oboz investment in new product sees it enter the second half with an order book well above pre-COVID-19 levels. Rip Curl continues to trade in line with the strong first half trends, and wholesale order books are above pre-COVID-19 levels."

Investor briefing

An investor call will be hosted by David Kirk (Chairman), Xavier Simonet (Group CEO) and Chris Kinraid (Group CFO) at 8.30am AEDT / 10:30am NZDT today, Tuesday 23 March 2021. For those wishing to participate, please dial one of the numbers below and provide the conference ID to the operator:

Australia Toll Free:	1800 558 698
Australia Local:	+61 2 9007 3187
New Zealand Toll Free:	0800 453 055
United States:	+1 855 881 1339

Conference ID: 10012888

This announcement has been authorised for release to ASX by the Board of Directors of Kathmandu Holdings Limited.

- ENDS -



For further information, please contact:

Investors

Eric Kuret, Market Eye

P: +61 417 311 335

E: eric.kuret@marketeye.com.au

Media

Helen McCombie, Citadel-MAGNUS

P: + 61 2 8234 0103

KATHMANDU HOLDINGS LIMITED

INTERIM REPORT 2021

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

DIRECTORS' REPORT

The Directors of Kathmandu Holdings Limited present the Interim Report for the Company and its controlled entities for the half year ended 31 January 2021.

Review of Operations

The consolidated net profit after tax for the period was NZ\$22.3 million (2020: NZ\$7.6 million). Sales for the period were NZ\$410.7 million (2020: NZ\$363.7 million).

A review of the operations of the Company and its controlled entities is set out in the accompanying Company's media release of 23 March 2021. The key line items in the half year results were:

- Sales up 12.9% to NZ\$410.7m
- EBIT up NZ\$16.6m to NZ\$39.2m
- NPAT up NZ\$14.7m to NZ\$22.3m

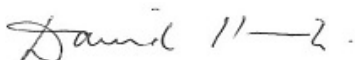
Seasonality

Due to the seasonal nature of the Company and its controlled entities' 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.

Impact of COVID-19

The Group has reviewed the impact on the business from the continually evolving COVID-19 situation. During the half year, trade at a number of the Group's stores continued to be disrupted by COVID-19 related travel restrictions and government mandated lockdowns and closures. Refer to note 4 of the Financial Statements for further disclosure about the impact of COVID-19.

Signed in accordance with a resolution of the Directors:



David Kirk
Director



Xavier Simonet
Director

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six Months Ended 31 January 2021 NZ\$'000	Unaudited Six Months Ended 31 January 2020 NZ\$'000	Audited Year Ended 31 July 2020 NZ\$'000
Sales revenue	5	410,713	363,654	801,524
Cost of sales		(168,196)	(144,754)	(334,493)
Gross profit		242,517	218,900	467,031
Other income	5	20,891	628	27,369
Selling expenses	3, 6	(82,296)	(78,980)	(169,272)
Administration and general expenses	3, 6	(85,757)	(73,284)	(175,670)
		(147,162)	(151,636)	(317,573)
Earnings before interest, tax, depreciation, and amortisation		95,355	67,264	149,458
Depreciation and amortisation	3, 6	(56,168)	(44,666)	(103,585)
Earnings before interest and tax		39,187	22,598	45,873
Finance income		453	29	449
Finance expenses		(9,648)	(9,147)	(23,822)
Finance costs - net	3, 6	(9,195)	(9,118)	(23,373)
Profit before income tax		29,992	13,480	22,500
Income tax expense	3	(7,713)	(5,902)	(13,632)
Profit after income tax		22,279	7,578	8,868
Profit for the period attributable to:				
Shareholders of the company		21,962	6,912	8,134
Non-controlling interest		317	666	734
Other comprehensive income/(loss) that may be recycled through profit and loss:				
Movement in cash flow hedge reserve		(4,194)	(407)	(9,259)
Movement in foreign currency translation reserve		(16,648)	(2,877)	258
Movement in other reserves		14	-	(61)
Other comprehensive (loss) for the period, net of tax		(20,828)	(3,284)	(9,062)
Total comprehensive income for the period		1,451	4,294	(194)
Total comprehensive income for the period attributable to:				
Owners of the company		1,165	3,769	(932)
Non-controlling interest		286	525	738
Basic earnings per share (restated)	3	3.1 cps	1.9 cps	1.8 cps
Diluted earnings per share (restated)	3	3.1 cps	1.9 cps	1.8 cps
Weighted average basic ordinary shares outstanding ('000) (restated)	3	709,001	394,363	493,347
Weighted average diluted ordinary shares outstanding ('000) (restated)	3	711,578	395,472	494,582

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

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
Balance as at 31 July 2019	251,113	4,118	(12,272)	1,983	-	197,120	-	442,062
Profit after tax	-	-	-	-	-	8,134	734	8,868
Other comprehensive income	-	(9,259)	254	-	(61)	-	4	(9,061)
Dividends paid	-	-	-	-	-	(27,209)	-	(27,209)
Issue of share capital	375,267	-	-	(1,666)	-	-	-	373,601
Share based payment expense	-	-	-	378	-	-	-	378
Deferred tax on share-based payment transactions	-	-	-	(87)	-	-	-	(87)
Non-controlling interest on acquisition	-	-	-	-	-	-	3,335	3,335
Disposal of non-controlling interest	-	-	-	-	-	-	(66)	(66)
Transition to NZ IFRS 16	-	-	-	-	-	(12,630)	-	(12,630)
Balance as at 31 July 2020	626,380	(5,141)	(12,018)	608	(61)	165,415	4,007	779,190
Profit after tax	-	-	-	-	-	21,962	317	22,279
Other comprehensive income	-	(4,194)	(16,617)	-	14	-	(31)	(20,828)
Dividends paid	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	667	-	-	-	667
Deferred tax on share-based payment transactions	-	-	-	(269)	-	-	-	(269)
Balance as at 31 January 2021	626,380	(9,335)	(28,635)	1,006	(47)	187,377	4,293	781,039

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

CONSOLIDATED BALANCE SHEET

	Note	Unaudited As at 31 January 2021 NZ\$'000	Unaudited As at 31 January 2020 NZ\$'000	Audited As at 31 July 2020 NZ\$'000
ASSETS				
Current assets				
Cash and cash equivalents		228,471	40,259	231,885
Trade and other receivables	8	57,831	80,404	73,668
Inventories		229,641	251,881	228,793
Derivative financial instruments	12	93	5,677	53
Current tax asset		2,028	16,966	3,790
Other current assets		2,779	2,803	2,799
Total current assets		520,843	397,990	540,988
Non-current assets				
Trade and other receivables	8	3,639	3,957	3,945
Property, plant, and equipment	9	82,647	90,836	88,458
Intangible assets		679,476	681,076	688,181
Right-of-use assets	10	238,218	274,988	258,699
Total non-current assets		1,003,980	1,050,857	1,039,283
Total assets		1,524,823	1,448,847	1,580,271
LIABILITIES				
Current liabilities				
Trade and other payables		123,211	133,128	149,850
Derivative financial instruments	12	11,775	186	7,414
Current tax liabilities		1,823	11,256	8,060
Current lease liability	10	74,997	79,211	78,100
Total current liabilities		211,806	223,781	243,424
Non-current liabilities				
Derivative financial instruments	12	-	13	-
Non-current trade and other payables		13,596	8,204	14,413
Interest bearing liabilities	11	238,566	313,425	241,270
Deferred tax		78,702	91,396	81,452
Non-current lease liability	10	201,114	232,644	220,522
Total non-current liabilities		531,978	645,682	557,657
Total liabilities		743,784	869,463	801,081
Net assets		781,039	579,384	779,190
EQUITY				
Issued capital		626,380	425,762	626,380
Reserves		(37,011)	(10,730)	(16,612)
Retained earnings		187,377	160,515	165,415
Non-controlling interest		4,293	3,837	4,007
Total equity		781,039	579,384	779,190

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six Months Ended 31 January 2021 NZ\$'000	Unaudited Six Months Ended 31 January 2020 NZ\$'000	Audited Year Ended 31 July 2020 NZ\$'000
Cash was provided from:			
Receipts from customers	424,918	378,631	823,951
Government grants received	18,223	-	21,266
Interest received	453	29	449
Income tax received	8	-	1,379
	<u>443,602</u>	<u>378,660</u>	<u>847,045</u>
Cash was applied to:			
Payments to suppliers and employees	368,268	302,250	637,828
Income tax paid	13,881	15,071	16,897
Interest paid	7,621	6,665	21,979
	<u>389,770</u>	<u>323,986</u>	<u>676,704</u>
Net cash inflow from operating activities	<u>53,832</u>	<u>54,674</u>	<u>170,341</u>
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant, and equipment	24	-	61
Proceeds from sale of non-controlling interest	-	-	141
	<u>24</u>	<u>-</u>	<u>202</u>
Cash was applied to:			
Purchase of property, plant, and equipment	6,125	8,337	15,399
Purchase of intangibles	6,141	2,228	4,463
Acquisition of subsidiaries	-	378,794	376,121
	<u>12,266</u>	<u>389,359</u>	<u>395,983</u>
Net cash (outflow) from investing activities	<u>(12,242)</u>	<u>(389,359)</u>	<u>(395,781)</u>
Cash flows from financing activities			
Cash was provided from:			
Proceeds of loan advances	-	451,338	506,746
Proceeds from share issue	-	140,081	340,646
	<u>-</u>	<u>591,419</u>	<u>847,392</u>
Cash was applied to:			
Dividends	-	27,209	27,209
Repayment of loan advances	-	160,516	293,757
Repayment of lease liabilities	43,161	33,769	77,290
	<u>43,161</u>	<u>221,494</u>	<u>398,256</u>
Net cash (outflow) / inflow from financing activities	<u>(43,161)</u>	<u>369,925</u>	<u>449,136</u>
Net (decrease) / increase in cash held	<u>(1,571)</u>	<u>35,240</u>	<u>223,696</u>
Opening cash and cash equivalents	231,885	6,230	6,230
Effect of foreign exchange rates	(1,843)	(1,211)	1,959
Closing cash and cash equivalents	<u>228,471</u>	<u>40,259</u>	<u>231,885</u>

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	Unaudited Six Months Ended 31 January 2021 NZ\$'000	Unaudited Six Months Ended 31 January 2020 NZ\$'000	Audited Year Ended 31 July 2020 NZ\$'000
Profit after income tax	22,279	7,578	8,868
<i>Movement in working capital:</i>			
(Increase) / decrease in trade and other receivables	15,219	17,155	24,027
(Increase) / decrease in inventories	(3,015)	(10,108)	20,305
Increase / (decrease) in trade and other payables	(25,596)	(8,049)	9,732
Increase / (decrease) in tax liability	(4,474)	(8,353)	1,526
	(17,866)	(9,355)	55,590
<i>Add non-cash items:</i>			
Depreciation of property, plant, and equipment	10,358	8,316	19,666
Amortisation of intangibles	4,457	3,271	7,539
Depreciation of right-of-use assets	41,353	33,079	76,380
Impairment of right-of-use assets	-	-	2,050
Paycheck Protection Program (PPP) loan forgiveness	(684)	-	-
Foreign currency translation of working capital balances	(5,062)	12,078	214
Increase / (decrease) in deferred taxation	(1,686)	(816)	(3,413)
Employee share-based remuneration	667	116	378
Loss on disposal of property, plant, and equipment	16	407	3,069
	49,419	56,451	105,883
Cash inflow from operating activities	53,832	54,674	170,341

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

1 GENERAL INFORMATION

Kathmandu Holdings 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, and Brazil.

The Company is a limited liability company incorporated and domiciled in New Zealand. Kathmandu Holdings 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, Christchurch.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 23 March 2021, and have been reviewed, not audited.

Seasonality – due to the seasonal nature of the Company and its controlled entities' 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These general-purpose financial statements for the six months ended 31 January 2021 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 Kathmandu Holdings Limited for the year ended 31 July 2020 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.

3 ACCOUNTING POLICIES

Other than the earnings per share and segment restatement noted below, 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 Kathmandu Holdings Limited for the year ended 31 July 2020.

The Group has restated the basic and diluted EPS for the prior period ending 31 January 2020 to reflect the impact of the implied bonus element on shares issued during the year. In April 2020 shares were issued as result of an institutional and retail entitlement offer and share placement at an issue price of NZ\$0.50, representing a 51.0% discount to the NZ\$1.02 NZX closing price on 30 March 2020, and a 30.6% discount to the theoretical ex-entitlement price of NZ\$0.72.

The Group has now finalised the Rip Curl purchase price allocation as disclosed in note 16. As a result of finalising the purchase price allocation the statement of comprehensive income for the period ending 31 January 2020 has been revised as follows:

- Selling expenses decreased by \$8.2 million
- Administration and general expenses increased by \$9.3 million
- Depreciation and amortisation increased by \$0.1 million
- Finance expenses decreased by \$0.4 million
- Income tax benefit decreased by \$0.2 million

The adjustments primarily relate to the following:

- a) Finalisation of Rip Curl lease accounting which included assessing all leases for completeness, assessing fair value of certain leases at acquisition date, assessment of future rights of renewal in accordance with Group policy and the application of country specific discount rates. In addition, we identified a reclassification of \$9.4 million, reducing selling expenses and increasing administration expenses by the same amount for the period ended 31 January 2020. This restatement has been made to correct the previously reported allocation of leases on a lease-by-lease basis in the Rip Curl Group for the period ended 31 January 2020. This change had no impact on total operating expenses. The classification was correct at 31 July 2020.
- b) Finalisation of the fair value ascribed to fixed assets and definite life intangible assets and the associated depreciation and amortisation.

The adjustments above are the cumulative impact of all adjustments to the acquired balance sheet reported at 31 January 2020. The net profit after tax for the period ended 31 January 2020 is \$0.6 million lower than previously reported.

The Group has also restated the January 2020 segment disclosure in note 7 to reflect the changes identified above as a result of the finalised purchase price allocation.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

4 IMPACT OF COVID-19

COVID-19 continues to have an impact on the Group, with local and global restrictions on movement, travel and gatherings resulting in a significant reduction in footfall. Stores across our network continue to open and close based on government mandated lockdowns and closures.

As outlined in the 2020 Annual Report, there continues to be uncertainties due to the COVID-19 pandemic that affects the Group's key estimates and judgements, including:

Intangible assets and goodwill – the ability to achieve future forecasts and the consequential impact on the carrying value of goodwill and other finite life intangibles. The Group have considered whether there are any events or changes in circumstances since 31 July 2020 and the signing of the 2020 consolidated financial statements that may be an impairment indicator as at 31 January 2021.

Factors considered include:

- The trading performance of each cash generating unit (CGU) for the period has exceeded the impairment models prepared at 31 July 2020;
- The trading performance of each CGU is expected to exceed our impairment models prepared at 31 July 2020 for the full year; and
- The Group market capitalisation remains above the net assets of the Group at 31 January 2021, this is further supported by an increase in the share price since year end.

Having considered the above factors the Group is comfortable that there are no material adverse events or changes in circumstances that would require impairment testing to be performed at 31 January 2021.

Trade receivables – the ability of wholesale customers to pay. The Group continues to actively monitor payment collection rates and the level of provisions across the Group. The receivable ageing continues to improve and as a result the expected credit loss has been adjusted (refer note 8).

Despite the continuing impact of COVID-19, the Directors are satisfied that there will be adequate cash flows generated from operating and financing activities to meet the obligations of the Group for a period of at least 12 months from the date of approving the consolidated interim financial statements. The Group was fully compliant with all banking covenants during the period and, based on the current cash flow forecasts, the Group expects to remain compliant with all covenants for at least 12 months from the date of approving the consolidated interim financial statements.

Taking into consideration the current trading results, the net debt of \$10 million and liquidity of \$375 million at 31 January 2021 (refer note 11), the financial statements continue to be prepared on a going concern basis.

5 REVENUE

	Unaudited Six Months Ended 31 January 2021 NZ\$'000	Unaudited Six Months Ended 31 January 2020 NZ\$'000	Audited Year Ended 31 July 2020 NZ\$'000
Sale of goods	406,679	361,300	797,410
Royalty revenue	3,885	2,354	3,848
Commission revenue	149	-	266
	410,713	363,654	801,524

Other income includes government grants of \$20,503,000 (2020: nil) related to wage and other subsidies received in response to the impact of COVID-19, of which \$1,596,000 is receivable at period end.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

6 EXPENSES

	Unaudited Six Months Ended 31 January 2021 NZ\$'000	Unaudited Six Months Ended 31 January 2020 NZ\$'000	Audited Year Ended 31 July 2020 NZ\$'000
Profit before tax includes the following expenses:			
Depreciation of property, plant, and equipment	10,358	8,316	19,666
Amortisation	4,457	3,271	7,539
Depreciation of right-of-use assets	41,353	33,079	76,380
Employee benefit expense	99,717	77,594	176,168
Rental expense	5,558	9,036	21,595
Acquisition costs	-	10,073	11,895
Finance costs – net consist of:			
Interest income	(453)	(29)	(449)
Interest expense on term debt	1,411	2,197	4,780
Interest on lease liabilities	4,493	4,092	8,874
Other finance costs	3,929	1,803	9,246
Net exchange loss/(gain) on foreign currency borrowings	(185)	1,055	922
	9,195	9,118	23,373

Other finance costs relate to facility fees on banking arrangements and debt underwriting costs.

7 SEGMENTAL INFORMATION

The Group has three operating segments.

Outdoor includes the Kathmandu and Oboz brands. This segment designs, markets, retails and wholesales apparel, footwear and equipment for outdoor travel and adventure.

Surf includes the Rip Curl brand. For the period ended 31 January 2020 only three months of trading is included in the Surf segment, compared to a full six months in the current period. This segment designs, manufactures, wholesales and retails surfing equipment and apparel.

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

These operating segments have been determined based on the reports reviewed by the Group Chief Executive Officer and Group Executive Management team.

EBITDA represents earnings before income taxes (a non-GAAP measure), excluding interest income, interest expense, depreciation, and amortisation, as reported in the financial statements. EBIT represents EBITDA less depreciation and amortisation.

Costs recharged between Group companies are calculated on an arms-length basis. The default basis of allocation is percentage of revenue with other bases being used where appropriate.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

31 January 2021	Outdoor	Surf	Corporate	Total
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Sales from external customers	159,633	251,080	-	410,713
EBITDA	32,065	67,775	(4,485)	95,355
Depreciation and software amortisation	(30,889)	(22,673)	(2,606)	(56,168)
EBIT	1,176	45,102	(7,091)	39,187
Income tax expense	726	(12,007)	3,568	(7,713)
Total segment assets	518,382	332,667	673,774	1,524,823
<i>Total assets include:</i>				
Non-current assets	219,634	122,704	661,642	1,003,980
Additions to non-current assets	20,578	16,213	21	36,812
Total segment liabilities	242,388	178,459	322,937	743,784

31 January 2020	Outdoor	Surf	Corporate	Total
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Sales from external customers	228,747	134,907	-	363,654
EBITDA	50,780	27,820	(11,336)	67,264
Depreciation and software amortisation	(31,559)	(11,786)	(1,321)	(44,666)
EBIT	19,221	16,034	(12,657)	22,598
Income tax expense	3,251	4,827	(2,176)	5,902
Total segment assets	390,866	381,484	676,497	1,448,847
<i>Total assets include:</i>				
Non-current assets	234,586	146,755	669,516	1,050,857
Additions to non-current assets	19,596	162,573	302,658	484,827
Total segment liabilities	290,199	263,051	316,213	869,463

8 TRADE AND OTHER RECEIVABLES

	Unaudited Six Months Ended 31 January 2021	Unaudited Six Months Ended 31 January 2020	Audited Year Ended 31 July 2020
	NZ\$'000	NZ\$'000	NZ\$'000
Current:			
Trade receivables	52,805	66,095	62,143
Allowance for expected credit losses	(9,845)	(5,912)	(10,329)
Other receivables and prepayments	14,871	20,221	21,854
	57,831	80,404	73,668
Non-current:			
Other receivables	3,639	3,957	3,945

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

9 PROPERTY PLANT & EQUIPMENT

	Unaudited Six Months Ended 31 January 2021	Unaudited Six Months Ended 31 January 2020	Audited Year Ended 31 July 2020
	NZ\$'000	NZ\$'000	NZ\$'000
Additions	6,125	8,337	15,399
Acquisition of businesses	-	35,276	35,276
Disposals	(41)	(407)	(3,128)

10 LEASES

Right-of-use assets

The movements in right of use assets for the six months ended 31 January 2021 were as follows:

	Unaudited Six Months Ended 31 January 2021	Unaudited Six Months Ended 31 January 2020	Audited Year Ended 31 July 2020
	NZ\$'000	NZ\$'000	NZ\$'000
Opening net book value	258,699	-	-
Movements on transition	-	178,774	178,774
Additions	24,546	15,198	37,941
Right-of-use assets recognised on acquisition (note 16)	-	118,457	118,457
Depreciation for the period	(41,352)	(33,079)	(76,380)
Impairment for the period	-	-	(2,050)
Exchange differences	(3,675)	(4,362)	1,957
Closing net book value	238,218	274,988	258,699

Lease liabilities

The movements in lease liabilities for the six months ended 31 January 2020 were as follows:

	Unaudited Six Months Ended 31 January 2021	Unaudited Six Months Ended 31 January 2020	Audited Year Ended 31 July 2020
	NZ\$'000	NZ\$'000	NZ\$'000
Opening lease liabilities	298,622	-	-
Movements on transition	-	215,389	215,389
Additions	24,082	15,038	37,886
Lease liabilities recognised on acquisition (note 16)	-	119,725	119,725
Interest expense on lease liabilities	4,493	4,092	8,874
Repayment of lease liabilities (including interest)	(47,189)	(37,723)	(86,110)
Exchange differences	(3,897)	(4,666)	2,858
Closing net book value	276,111	311,855	298,622

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

11 INTEREST BEARING LIABILITIES

	Unaudited Six Months Ended 31 January 2021 NZ\$'000	Unaudited Six Months Ended 31 January 2020 NZ\$'000	Audited Year Ended 31 July 2020 NZ\$'000
Interest bearing liabilities	238,566	313,425	241,270

Group Facility Agreement

The Group has a multi-option syndicated facility agreement, with a term loan facility of A\$220 million, a revolving cash advances facility of NZ\$58 million and A\$37 million, a trade finance sub-facility of A\$30 million and NZ\$10 million, and instruments sub-facility of A\$20 million. All facilities are repayable in full on 30 November 2022.

Interest is payable based on the BKBM rate (NZD borrowings), the BBSY rate (AUD borrowings), or the applicable short-term rate for interest periods less than 30 days, plus a margin of up to 1.05%. The debt is secured by the assets of the guaranteeing group in accordance with the Security Trust Deed dated 25 October 2019.

The covenants entered into by the Group require specified calculations of Group earnings (excluding one-off transaction costs) 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 (excluding one-off transaction costs) 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. The Group has obtained a waiver from its banking syndicate of the current covenants until the 31 July 2021 measurement point; however, the Group has continued to comply with all covenants at each measurement point since the waiver was obtained.

The current interest rate, prior to hedging, on the term loans is at 0.96% (2020: ranged from 1.89% - 2.30%).

Paycheck Protection Program (PPP) loans

As part of the US government response to COVID-19 the Group's US resident companies applied for Paycheck Protection Program (PPP) loans of US \$2,814,000 in the year ended 31 July 2020. The Group believes that these entities met the criteria to qualify for the loans at the date of the application. The eligibility is subject to a possible audit by the federal government at which time the entities may be deemed not to be eligible. In the event of an unfavourable outcome of the forgiveness application the Group would be required to repay the PPP loan as well as 1% interest on that loan from the period it was received until the date it was repaid.

The PPP loan was initially recognised as a loan and once various criteria are met the Group can apply for forgiveness of that loan. During the period, the Group applied for and received forgiveness of the PPP loan for one of the US resident entities and consequently a \$684,000 gain was recognised in the consolidated statement of comprehensive income in the current period. The Group believes that the remaining US resident entity also meets the criteria to qualify for future forgiveness. At 31 January 2020 the remaining PPP loan balance was \$3,272,000 (2020: \$4,201,000) and forgiveness has not yet been applied for nor granted at this date.

12 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.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

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 11 for details of the funding arrangements in place as at 31 January 2021. Also refer to note 4 for the liquidity risk in relation to the impact of COVID-19.

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 2020. 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.

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 2021	Unaudited Six Months Ended 31 January 2020	Audited Year Ended 31 July 2020
	NZ\$'000	NZ\$'000	NZ\$'000
Assets			
Derivative financial instruments	93	5,677	53
Total assets	93	5,677	53
Liabilities			
Derivative financial instruments	11,775	186	7,414
Total liabilities	11,775	186	7,414

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

13 COMMITMENTS

Capital commitments

Capital commitments contracted for at balance date are:

	Unaudited Six Months Ended 31 January 2021 NZ\$'000	Unaudited Six Months Ended 31 January 2020 NZ\$'000	Audited Year Ended 31 July 2020 NZ\$'000
Property, plant, and equipment	2,945	5,300	975
Intangible assets	13,669	1,433	709

Intangible asset commitments as at 31 January 2021 relate to various projects across the Group to upgrade information technology software and systems.

14 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.

15 CONTINGENT ASSETS

There are no contingent assets as at 31 January 2021 (2020: nil).

16 ACQUISITION OF RIP CURL GROUP PTY LTD

On 31 October 2019 Kathmandu Holdings Limited through its wholly owned subsidiary Barrel Wave Holdings Pty Limited acquired 100% of the equity interests in Rip Curl Group Pty Limited and its controlled entities based out of Australia. The total purchase price was A\$350,000,000. The non-controlling interest on acquisition relates to the interest acquired by the Group in Rip Curl joint ventures in New Zealand, Thailand, and Europe.

Rip Curl is a designer, manufacturer and retailer of surfing equipment and apparel, and has a global presence across Australia, New Zealand, North America, Europe, South East Asia, and Brazil. The acquisition creates a global outdoor and action sports company anchored by two iconic Australian brands and provides the opportunity for Kathmandu to considerably diversify its geographic footprint, channels to market and seasonality profile.

The acquisition accounting fair value adjustments were on a provisional basis in the Group's 31 January 2020 consolidated interim financial statements and 31 July 2020 consolidated financial statements. The acquisition accounting adjustments have now been finalised and updated to reflect independent valuations performed on the net assets recognised on acquisition.

As a result, the following adjustments have been recognised in the finalised purchase price allocation; an increase in other current assets of \$2,803,000, a decrease in property, plant, and equipment of \$2,253,000, an increase in the right of use asset and lease liability of \$1,161,000, an increase in trade and other payables of \$6,158,000 and a corresponding increase in goodwill \$5,608,000.

The comparatives presented in these financial statements reflect these changes and the resultant cumulative impact as at 31 July 2020 is \$11,000.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

Final Purchase Price Allocation

	NZD\$'000
Purchase price	377,562
Less net indebtedness adjustment	(78,147)
Plus working capital settlement adjustments	23,437
Total net consideration	322,852
<i>Carrying amounts of identifiable assets acquired and liabilities assumed:</i>	
Current assets	
Cash and cash equivalents	29,142
Trade and other receivables	83,361
Inventories	124,675
Derivative financial instruments	990
Current tax asset	6,216
Other current assets	2,803
Non-current assets	
Other receivables	4,496
Property, plant, and equipment	35,276
Right-of-use assets	118,457
Brand	169,687
Customer relationships	39,697
Other intangibles	3,800
Current liabilities	
Trade and other payables	(84,164)
Current tax liability	(2,224)
Current lease liabilities	(33,788)
Non-current liabilities	
Non-current trade and other payables	(7,571)
Non-current lease liabilities	(85,937)
Interest bearing liabilities	(115,366)
Deferred tax	(53,245)
Less non-controlling interest acquired	(3,335)
Net assets acquired	232,970
Goodwill on acquisition	89,882
Total net consideration	322,852
Less cash and cash equivalents acquired	(29,142)
Less consideration paid as shares	(32,955)
Plus indebtedness settled on acquisition	115,366
Net cash outflow on acquisition	376,121

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

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 events after balance date which materially affect the information within the financial statements.

19 NEW ACCOUNTING STANDARDS

(a) New standards first applied in the period

There are no new standards first applied in the period.

(b) Standards, interpretations, and amendments to published standards that are not yet effective

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

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

STATUTORY INFORMATION

GROUP STRUCTURE

Kathmandu Holdings Limited owns 100% of the following companies unless otherwise stated:

Milford Group Holdings Limited
Kathmandu Limited
Kathmandu Pty Limited
Kathmandu (UK) Limited
Kathmandu US Holdings LLC
Oboz Footwear LLC
Rip Curl Group Pty Ltd
 Rip Curl International Pty Ltd
 PT Jarosite
 Rip Curl Pty Ltd
 Onsmooth Thai Co Ltd
 Rip Curl Investments Pty Ltd
 Blue Surf Pty Ltd
 RC Surf Pty Ltd
 Rip Curl Airport & Tourist Stores Pty Ltd
 JRRC Rundle Mall Pty Ltd
 Rip Curl (Thailand) Ltd (Group owns 50%)
 RC Airports Pty Ltd
 Ozmosis Pty Ltd
 RC Chermside Pty Ltd
 Bondi Rip Pty Ltd
 Rip Curl Japan
 Curl Retail No 1. Pty Ltd
 RC Surf Pty Ltd
 RC Surf South Pty Ltd
 RC Surf NZ Limited (Group owns 50%)
 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 LDA
 Rip Curl UK Ltd
 Rip Curl Germany GMBH
 Rip Curl Italy SRL
 Rip Curl Nordic AB
 Rip Curl Inc
 Rip Curl Canada Inc
 Rip Curl Brazil LTDA

DIRECTORS' DETAILS

David Kirk	Chairman, Non-Executive Director
Xavier Simonet	Managing Director and Group Chief Executive Officer
John Harvey	Non-Executive Director
Philip Bowman	Non-Executive Director
Brent Scrimshaw	Non-Executive Director
Andrea Martens	Non-Executive Director

EXECUTIVES' DETAILS

Xavier Simonet	Group Chief Executive Officer
Chris Kinraid	Group Chief Financial Officer

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

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2021

SHARE REGISTRY

In New Zealand: **Link Market Services (LINK)**

Physical Address: Level 11 Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand

Postal Address: PO Box 91976
Auckland, 1142
New Zealand

Telephone: +64 9 375 5999
Investor enquiries: +64 9 375 5998
Facsimile: +64 9 375 5990
Internet address: www.linkmarketservices.co.nz

In Australia: **Link Market Services (LINK)**

Physical Address: Level 1, 333 Collins Street
Melbourne, VIC 3000
Australia

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

Telephone: +61 2 8280 7111
Investor enquiries: +61 2 8280 7111
Facsimile: +61 2 9287 0303
Internet address: www.linkmarketservices.com.au

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 Kathmandu Holdings Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Kathmandu Holdings Limited (the Company) and its controlled entities (the Group), which comprise the consolidated balance sheet as at 31 January 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 January 2021, and its financial performance and cash flows for the six month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibility is further described in the *Auditor's responsibility for the review of the financial statements* section of our report.

We are independent of the Group 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. In addition to our role as auditor, our firm carries out other services for the Group in the areas of store turnover certificates, a covenant compliance audit, tax compliance and advisory services. The provision of these other services has not impaired our independence.

Directors' responsibility for the financial statements

The Directors' of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial statements

Our responsibility is to express a conclusion on the consolidated interim 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 consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily 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 and 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 these consolidated interim financial statements.

Who we report to

This report is made solely to the Company's shareholders as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our 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, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Leopino Foliaki.

For and on behalf of:

A handwritten signature in black ink, appearing to read 'Leopino Foliaki', written in a cursive style.

Chartered Accountants
23 March 2021

Christchurch