

19 November 2025

KMD Brands Limited Annual Shareholder Meeting 2025

Group CEO Address

Thank you, David.

Good morning everyone. My name is Brent Scrimshaw and I am pleased to address you all today for the first time as the Chief Executive Officer of KMD Brands.

Today I'm going to talk you through the FY25 financial summary and operational highlights, provide a high-level recap of our 'Next Level' three-year strategy, and a trading update for the first quarter of FY26.

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FY25 continued to be a challenging year for our Group, and the industry at large as cost-of-living pressures and geopolitical issues weighed on consumer sentiment. As a result, global market conditions continued to be mixed.

We were able to grow revenue by +1.0% above the prior year, with improved results in the direct-to-consumer channel, including ecommerce.

Group gross margin decreased by -1.9% of sales year-on-year to 56.5%, as we focussed on maintaining market share with increased promotional intensity and a deliberate strategy to clear aged and excess inventory in the marketplace in Q4.

The profit result was clearly not where we wanted it to be. While sales grew slightly, the combination of a decrease in gross margin and continued operating cost pressure meant that Underlying EBITDA decreased to \$17.7 million.

After accounting for a one-off non-cash impairment of Oboz intangible assets, the Group's Net Loss After Tax was -\$93.6 million. On an underlying basis, the Group's Net Loss was -\$28.3 million.

Despite this challenging trading environment, we continued to prioritise cashflow, reducing our inventory and net working capital year-on-year. Pleasingly, net working capital ended -\$40.6 million lower than July last year.

As a result, the Group's balance sheet ended the year in a stable position, with \$52.8 million net debt, lower than the July balances of the last two years, and with funding headroom of approximately \$235 million.

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Our brands continued to deliver iconic product to market.

Rip Curl launched the new Search GPS3 watch in April, allowing surfers to plan, track, compare and share every session, with the Search iOS app functionality also enabling surf tracking for users of the Apple Watch.

Oboz released a limited-edition of its iconic Sawtooth shoe in a collaboration with New York creative studio Blackbird Spyplane, which sold out in minutes and captured the attention of trend focused consumers.

In addition, Kathmandu was recognised for pushing the boundaries of product innovation, winning two ISPO awards for the Feather Flight - a best-in-class, lightweight, carry-on - and another for the Women's Seeker shorts, which use fabric made from captured carbon emissions and recycled materials.

The new Rip Curl Bondi Women's store marked the beginning of our Next Level Integrated Marketplace strategy, which will align consumer, product, marketing and a segmented store portfolio in each geography.

The Group also maintained its commitment to sustainable innovation as each of our brands continue to be B Corp certified and demonstrate their leadership, particularly through the use of new responsible materials in product development. Sustainability remains integral to the DNA of our brands and how they develop products.

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Given our FY25 performance, in early September we introduced KMD 'Next Level' - a re-set plan designed to address our challenges and what we acknowledge has been unacceptable performance.

It's time to reset expectations - of our brands, of our business, and of ourselves.



Whilst growth is what we are committed to delivering, it's also crystal clear that we needed to immediately re-set our cost base to deliver enhanced profitability, and at the same time self-fund future growth investments.

Slide 14 – We have already started to execute against the 'Next Level' strategy

In the last few months, we have already begun to execute against the 'Next Level' strategy. There are three strategic priorities, that are fundamental to our success.

To succeed with a brand and product-led offence, we need to add speed and style to our technical product foundations, delivering iconic and distinctive product franchises, and accelerated go-to-market capability.

Data-driven processes and AI tools will enable our teams to simplify our business to make better data-led decisions. There will be a continued focus on working capital optimisation and investment, supply chain, and marketing spend allocation and efficiency;

We also have a laser-sharp focus on profitability – only releasing our cost investments in line with our financial guardrails, delivering sustainable profit growth.

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The KMD Strategy House summarises all the components of our 'Next Level' strategy.

While we have not changed our purpose and vision – we have re-set our strategic priorities, growth drivers, and importantly, the behaviours that will get us there. We have enabled our plan with a clear step-change in both thinking and obsession with execution in both the brands and corporate functions.

With a clear strategy, a growth mindset and obsessive execution we're already making significant progress to drive more positive outcomes.

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On slides 16 and 17, we have summarised our priority strategic initiatives that apply both across the Group, and within each of our individual brands.

Firstly, at the Group level, our shared functions are growth enablers for each of our brands, providing functional expertise and continued efficiencies that our brands can leverage for growth.

We have set clear financial guardrails for our brands to operate within, always with a focus on driving sustainable profit growth and increased efficiency in the areas of working capital investment and supply chain, helping to deleverage our balance sheet and enabling our brands to grow.

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We have made strategic shifts in each our 3 brands.

These are not incremental shifts, tinkering around the edges, or making small trade-offs. These are bold strategic shifts, specifically designed to drive a different outcome.

At Rip Curl, we have re-set towards a youthful brand for the next generation, contemporising the relevancy of our brand equity in 'The Search' and re-defining what it can mean to a whole new generation of consumers. We will grow beyond 'core surf' to include beach consumers. While still serving core surfers, we can also address clear market capacity, with relevant product, along with the right new distribution channels to address a significant but untapped growth potential.

Lastly, as you know, there is significant uncertainty in the US marketplace, and in response we have already made responsible decisions to protect our profitability.

For Kathmandu, product distinction and separation are fundamental to the brand's success. Also critical to success is the way that those products stories show up in a segmented store portfolio. I think it's also a responsible and clear decision to re-set our international strategy to be digitally and distributor led, immediately reducing cost.

For Oboz, within the footwear industry, the trail category is hot right now. The locations of Bozeman and Yellowstone, the home of Oboz, are also hot right now. We are accelerating our product creation agenda to impact the market faster, and earlier than was originally planned. At the same time, we aim to introduce the brand, with the help of new 'vault' and 'all-terrain' style-based products to a whole new group of consumers in new channels.

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Beyond the strategic intent of our 'Next Level' plan, I want to be clear about the financial expectations.

We are on track with the \$25 million re-set of our cost base to mitigate cost pressure, and importantly – to self-fund our strategic growth agenda. This cost re-set will be driven from initiatives such as the organisational restructure and store network review already completed.

The 'Next Level' plan identifies \$15 million of these savings to be re-invested in FY26 for growth over the medium-term. This will be a staged approach to re-investment in growth initiatives such as product, store formats, and performance marketing, re-allocating resources to fuel the areas that deliver the greatest return. This deliberately provides our plans with intended flexibility with a stage-gated approach to investment, based on the growth results delivered.

We anticipate realising net savings in FY26, after reinvestment, of \$10 million, allowing us to offset baseline cost inflation.

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With these financial guardrails in place, we're already making early progress - and there are three strategic examples I want to highlight today that demonstrate KMD Next Level in action.

The first is a heightened focus on product innovation, and in particular Kathmandu product.

This includes our Feather Flight carry-on – which I mentioned earlier - winner of the 2024 ISPO Global Product Innovation Award.

From a single, highly innovative carry-on that sold out almost instantly, we've pivoted to extend and expand into a range that will strengthen our position as a leader in premium adventure travel gear.

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And building on this momentum, our Trailhead Pack, has been recognised as the 2025 ISPO Global Product Innovation Award winner.

The pack, which launched last week, redefines outdoor gear through a trademarked, fully customisable design that combines sustainable materials, advanced performance features, and self-expression - setting a new standard for adaptable adventure equipment.

And you can expect to see more of this calibre of product innovation from Kathmandu in the future.

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Along with this step-change in product, we're also elevating our storytelling capabilities through our 'Integrated Marketplace' strategy.

This is the Rip Curl Bondi Beach precinct I mentioned earlier. An iconic brand, at the world's most iconic beach location.

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On the left is our first Australian Rip Curl women's store, and on the right is the newly refurbished men's and kids' flagship store.

Rip Curl CEO Ash Reade and 8 x surfing world champion, our own Stephanie Gilmore, recently opened the precinct to much fanfare at this iconic location.

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Both stores have been purpose designed and merchandised to enhance Rip Curl's authentic surf and beach stories that connect with our core and beach consumers.

Slide 24

A purpose-built wetsuit area anchors the store experience, reinforcing Rip Curl's authority in technical performance and product innovation.

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And the shopping experience of our first Australian women's store sets a new benchmark – a space designed to reflect her energy, confidence, and lifestyle.

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We have spoken previously about the new Kathmandu Next generation concept store, and I'm pleased to say that last month we launched Kathmandu Riccarton in our hometown Christchurch.

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This is the ultimate expression of the Kathmandu brand in a store experience that is fresh, open, and designed to evoke the calm and clarity of the outdoors, with innovative technical displays - digital mannequins - that showcase our products in motion, highlighting both design and performance.

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Moving inside, the experience is quite a departure from the historical Kathmandu store format. It's contemporary and bright, easy to shop, with sustainable materials embedded throughout the space.

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And lastly you can see here how product storytelling and merchandising bring the Trailhead Stretch Rain Jacket to life, demonstrating purpose as well as design for a more connected customer experience.

In the coming weeks, and in time for December trade, we will launch Chatswood in Sydney, with a CBD flagship in Melbourne to follow in the second half of FY26.

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And a core part of our integrated marketplace strategy is ecommerce. We know our brands are underpenetrated in digital and we are sharpening our focus and investment to accelerated growth.

Our Shopify platform launch has already shown fantastic UX results for the Kathmandu business.

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Moving to slide 31, premium lifestyle and studio photography, supported by dynamic video, showcases the new Trailhead Pack, inspiring consumers to express themselves through personalisation.

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We've also recently launched Rip Curl on Shopify across Australia, the US and Europe in time for Black Friday trade.

Slide 33

Delivering a faster, more dynamic online experience that brings the energy of surfing to life through immersive storytelling integrated throughout the site.

Like Kathmandu, it not only connects customers with the brand through premium photography and video, it showcases product and simplifies the shopping experience to drive conversion.

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Alongside product innovation and our integrated marketplace, we've also focused on building the right team – with the capabilities to deliver our KMD Next Level plan. With more than half of our leadership newly appointed, we now have the talent, energy, and experience to deliver our transformation.

Ashley Reade, joined us 5 months ago as Chief Executive Officer of Rip Curl following a global career at Nike Inc, most recently leading the fast-growing Pacific region. Ashley brings a global business perspective and a deep cultural connection to the world of surf.

In July, we welcomed seasoned ASX-listed executive Carla Webb-Sear as Group Chief Financial Officer. Carla joins us from Qantas, where she was Chief Financial and Strategy Officer of the Loyalty division, bringing over two decades of financial leadership across the consumer, media, and technology sectors.

To drive the operational execution of our strategy, Jonas Golze joins as Group Chief Operating Officer. Jonas has over 20 years of international experience across retail and consumer goods, operations and consulting, as well as private equity.

Together, this strengthened leadership team brings the right balance of industry experience and global perspective to deliver on our shared ambition.

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Now for an update of our trading performance in the first quarter of the FY26 financial year.

Total Group sales for the first 3 months of the new financial year were +7.9% above last year. By brand, Rip Curl total sales were +6.6% above last year, Kathmandu total sales were +13.9% above last year, and Oboz total sales -1.3% below last year.

Direct-to-consumer same store sales results (including online) for the 14 full weeks ended 2 November 2025 were:

Rip Curl +3.0% above last year.

Kathmandu +14.0% above last year.

The Group gross margin result for the first quarter of FY26 is 55.8% of sales. This is approximately -120 basis points below the first quarter of last year due to a continued focus by all brands to sell through aged inventory and enhance the balance sheet position. I note that the first quarter gross margin result for the Group is above the gross margin achieved in the second half of last financial year.

At the end of October, the Group inventory position was \$8 million below October last year, continuing our focus on managing working capital.

As I spoke to earlier, the \$25 million re-set of our cost base remains on track.

Moving to our outlook, we are seeing some green shoots, encouraged by the sales performance in the first quarter of the new financial year. However, the Group's first half results are dependent on the key Black Friday and Christmas retail trading periods to come.

The forward view of our wholesale order books remains stable and slightly above last year.

I will now hand back to David.

ENDS

