24 September 2025
(All amounts in NZ$ unless otherwise stated)

KMD Brands FY25 Results

KMD Brands Limited (**NZX/ASX: KMD**, **“KMD”** or the **“Group”**) today announces its results for the twelve months ended 31 July 2025 (“FY25”).

FY25 financial summary (vs FY24):

- Group sales up +1.0% to $989.0 million.
- Gross margin[3] down -1.9% of sales to 56.5%.
- Underlying operating expenses[1,3] up +3.9% to $541.6 million.
- Underlying EBITDA[1] $17.7 million, down -64.7% year-on-year (“YOY”).
- Statutory NPAT loss -$93.6 million. Underlying NPAT[1] loss -$28.3 million.
- Net Working Capital $157.7 million, -$40.6 million lower YOY.
- Net Debt $52.8 million, with significant funding headroom of approximately $235 million.
- No final dividend declared as a result of FY25 operating performance.

Group financial performance

	Statutory	Underlying[1]		
NZ$ million[2]	**FY25**	**FY25**	**FY24**	**Var %**
Sales	989.0	989.0	979.4	1.0%
Gross Profit[3]	559.3	559.3	571.5	(2.1%)
Gross Margin[3]	56.5%	56.5%	58.4%	
Operating Expenses[3]	(508.7)	(541.6)	(521.5)	3.9%
EBITDA	50.5	17.7	50.0	(64.7%)
EBIT	(80.5)	(18.0)	16.0	*n.m.*
NPAT	(93.6)	(28.3)	(1.1)	*n.m.*

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

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[1] Excluding the impact of IFRS 16, restructuring, software as a service accounting, the notional amortisation of customer relationships, impairment and onerous contracts.
[2] FY25 NZD/AUD conversion rate 0.913 (FY24 0.924), FY25 NZD/USD conversion rate 0.591 (FY24 0.605).
[3] Prior period restatement: following an accounting system change at the Group’s wetsuit manufacturer, $5.0m of FY24 production labour and overhead costs have now been mapped to cost of sales. There was no impact on the Group’s FY24 EBITDA or net profit.

Gross margin decreased -1.9% of sales below last year to 56.5%, with a focus on maintaining market share with increased promotional intensity in a highly competitive trading environment.

Operating expenses were tightly managed while facing global cost pressure.

Rip Curl

Rip Curl	Underlying[1]		
NZ$ million	**FY25**	**FY24**	**Var%**
Sales	550.4	538.9	2.1%
EBITDA	30.6	42.0	(27.0%)
EBIT	14.3	28.2	(49.3%)

Rip Curl total sales increased +2.1% to $550.4 million for the full year, improving from +0.1% YOY in the first half.

DTC sales increased +4.6%, reflecting strong flagship store sales growth in the key regions of Australia, Hawaii, Europe, and South America, supported by store openings. Online sales increased by +10.2% to $41.7 million, comprising 12.5% of DTC sales.

DTC same store sales (comprising owned retail stores and online)[4] increased +1.2% YOY.

Wholesale sales decreased by -2.9% YOY, improving from -7.9% in the first half. Sales growth of +1.5% YOY was achieved in the second half of FY25, supported by closeout sales for end of line styles.

Gross margin decreased -0.9% of sales with DTC channel mix helping to offset the impact of increased promotional intensity in a competitive market, plus clearance of end of line styles. Operating expenses continue to be a key focus area, given global cost pressures and an evolving channel mix.

Kathmandu

Kathmandu	Underlying[1]		
NZ$ million	**FY25**	**FY24**	**Var %**
Sales	361.9	361.1	0.2%
EBITDA	(1.3)	16.0	*n.m.*
EBIT	(19.6)	(3.3)	*n.m.*

Kathmandu total sales increased +0.2% to $361.9 million for the full year, improving from -8.8% YOY in the third quarter to +2.5% YOY in the key fourth quarter winter trading period.

Australia sales[5] increased +0.2% YOY, with unseasonably warm weather impacting insulation product category sales in the third quarter. Positive sales growth of +2.9% YOY returned in the key fourth quarter, with enhanced promotional activity. New Zealand sales

[4] Same store sales are for the 52 full weeks ended 27 July 2025 and are measured at constant exchange rates.
[5] At constant exchange rates.

were -2.3% below last year, in a more challenging consumer environment, also returning to positive sales growth +0.6% YOY in the fourth quarter.

Online sales increased by +9.3% YOY to $52.1 million, comprising 14.5% of DTC sales.

Same store sales (including online)[4] decreased by -0.2% YOY.

Most product categories achieved sales growth, including Rainwear, Fleece, Baselayer, Knits, and Footwear. This partially decreased reliance on insulation, which achieved lower sales YOY especially during a warm third quarter.

Gross margin decreased -3.0% of sales, with increased promotional intensity and a focus on maintaining market share in a highly competitive trading environment. Operating expenses were tightly managed while facing store labour and rent cost pressure. Brand marketing investment increased by +$2 million YOY.

Oboz

Oboz	**Underlying[1]**		
NZ$ million	**FY25**	**FY24**	**Var %**
Sales	76.6	79.4	(3.5%)
EBITDA	(3.3)	(0.2)	*n.m.*
EBIT	(4.2)	(1.1)	*n.m.*

Total sales decreased -3.5% YOY to $76.6 million for the full year, improving from -6.3% YOY in the first half.

Online sales increased +18.3%, growing strongly during key online promotional periods, reinforcing the growth opportunity for the brand.

Wholesale sales decreased -5.8% for the full year, improving from -10.6% YOY in the first half. Wholesale sales trends improved in the second half with the launch of new season styles for the North American summer hiking season. Since the announcement of US tariffs, at-once wholesale demand has softened. However, there has not been a material impact on the FY25 result.

Gross margin decreased -3.8% of sales as clearance of inventory has contributed to lower gross margins YOY.

Operating expenses were lower than last year due to lower sales volumes, while continuing to invest in brand and digital marketing.

Oboz intangible assets have been impaired by $45.4 million. This one-off non-cash item does not impact the day-to-day operations of the business. This impairment has been excluded from underlying[1] results.

Balance sheet

At 31 July 2025 the Group had a net debt position of $52.8 million, lower than the July balances of the last two years, and with funding headroom of approximately $235 million.

In a challenging trading environment, net working capital efficiency is a key focus for the Group. Net working capital at 31 July 2025 was $40.6 million lower than 31 July 2024. The Group inventory balance reduced for the third successive year, as inventory positions continue to reduce towards optimal levels.

The Group continues to have a strong active working relationship with, and support from, its banking syndicate. The Group remains compliant with all bank covenants at 31 July 2025.

Trading update

Total August 2025 sales were +10.5% above last year. DTC sales for the first 7 full weeks to 14 September 2025[6] in a seasonally non-significant trading period:

- Kathmandu +19.4% YOY, (same store sales +22.0% YOY), with targeted promotional intensity in a competitive trading environment.
- Kathmandu gross profit dollars for the first 7 full weeks to 14 September 2025 are +11.0% above the equivalent period last year.
- Rip Curl DTC sales -1.2% YOY (same store sales +1.5% YOY).

Wholesale sales trends are improving, but global uncertainty remains. Forward orders and in-season buying from key accounts support an improving wholesale trend.

Outlook

Group gross margin in the first half of FY26 is targeted at slightly above the second half of FY25 as strategic promotional activity further improves inventory composition ahead of new product launches. The impact of US tariffs announced on 31 July 2025 are embedded in Oboz gross margin and are expected to return to FY25 levels in the second half of FY26.

Group operating expenses are planned to be broadly flat before management incentives in FY26, from the FY25 expense base of $541.6 million, reflecting cost savings and ongoing investment to drive 'Next Level' growth opportunities.

KMD Brands recently completed a restructure of the business, designed to deliver immediate cost efficiencies against a cost reset target of $25 million. Annualised cost savings from the organisational restructure are expected to be $5 million, with a one-off restructuring charge of $2 million.

KMD Brands expects EBITDA margin expansion in FY26, delivering stronger margin expansion in the second half of FY26.

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[6] Sales and gross profit results for the 7 full trading weeks from Monday 28 July 2025 to Sunday 14 September 2025 are sourced from BI reports and measured at constant currency.

Net working capital remains a focus for all brands and the Group is targeting net debt below $40 million at 31 July 2026 (compared to $52.8 million at 31 July 2025).

Following the announcement of 21 future store closures across the Group, we expect to close 14 of these stores in FY26. We have committed to opening 6 new stores (including 3 new Kathmandu flagship concept stores in the first half of FY26) and continue to pursue opportunities in line with our new integrated marketplace and store segmentation strategy.

Capital expenditure for FY26 is targeted to be in the range of $25 million to $30 million.

KMD Brands 'Next Level' transformation strategy

At the recent KMD Brands Investor Day, the Group announced the launch of a global transformation strategy designed to unlock the full potential of its iconic brand portfolio and deliver sustainable, profitable growth.

Next Level key priorities include:

- **Re-setting for sustainable profitability** by addressing operational leverage and unlocking new pathways for growth.
- **Re-focusing product innovation** to continue to ground our brands in technical performance whilst investing in speed-to-market, design and style.
- **Re-energising our store portfolio** including new store segmentation to drive relevant consumer experiences and stronger brand expression for Kathmandu.
- **Re-imagining digital and data intelligence** by adding new capabilities that enable the Group to accelerate its digital ambition.

Brent Scrimshaw, Group CEO and Managing Director, KMD Brands, said:
"Since joining KMD Brands what I've seen is clear, the potential of our brands is far greater than what we are delivering today."

"We are investing in product innovation that continues to ground our brands in technical performance whilst delivering improved speed-to-market, design and style."

"We are also introducing our integrated marketplace strategy which includes the implementation of store segmentation to drive optimisation of our store network."

"We see the potential for an enhanced digital business which includes a renewed focus on the Group's performance marketing capabilities. In addition, following a successful launch in Kathmandu in the fourth quarter of FY25, we are now implementing the Shopify ecommerce platform in Rip Curl and Oboz in the first half of FY26."

"We have recently completed a restructure of the business, designed to deliver immediate cost efficiencies."

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

Brent Scrimshaw (Group CEO), Carla Webb-Sear (Group CFO), and Ben Washington (Deputy Group CFO) will be holding a briefing session for investors and analysts at 8:30am AEST / 10:30am NZST today (Wednesday 24 September).

Please attend the meeting by following this link: **www.virtualmeeting.co.nz/kmdfy25**.

You may also dial one of the numbers below and provide the conference ID **3372530** to the operator to listen to the meeting.

- Australia - Toll (Sydney) +61 2 8088 0946
- Australia - Toll Free +611800 571 226
- New Zealand - Toll Free +64800450012
- New Zealand - Auckland +649 887 4636
- USA & Canada - Toll-Free (800) 715-9871
- United Kingdom - Toll-Free +44 800 260 6466
- France - Toll-Free +33 801 238862
- Norway - National +47 57 98 94 30
- Spain - Toll-Free +34 800 906909

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

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

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For further information, whether an investor or media enquiry, please contact:
enquiries@kmdbrands.com