



KMD

BRANDS

Annual Integrated Report 2025

KMD Brands acknowledges Tangata Whenua, the Indigenous Nations, First Peoples and Custodians of the lands and waterways on which our brand head offices reside in New Zealand, Australia and the United States. We pay our respects to their Elders past and present.

About this report

This integrated report outlines our financial, economic, social and environmental performance for the year ending 31 July 2025. It marks our fourth year of integrated reporting.

We have prepared this report using the International <IR> Framework. This communicates the full range of factors affecting our ability to create value over time, and our commitment to transparency and robust disclosure of Environmental, Social and Governance (ESG).

KPMG has audited the financial statements, prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Reporting suite

This report should be read in conjunction with the other documents that comprise the 2025 reporting suite, which can be accessed by visiting: kmdbrands.com/reports



Modern Slavery Statement



Corporate Governance Statement



GRI & SASB Index

Non-financial information is reported with reference to the Global Reporting Initiative (GRI) Universal Standards. External assurance on non-financial data and information has not been obtained.

We will publish our second climate disclosure under the Aotearoa New Zealand Climate Standards (NZ CS) by 30 November 2025 at kmdbrands.com/reports

This report serves as KMD Brands’ 2025 Annual Report to shareholders and meets the requirements of the NZX Corporate Governance Code dated 1 April 2023.



About KMD Brands

KMD Brands is a global outdoor lifestyle and sports company, proudly certified as a B Corporation. The Group consists of three iconic brands: Kathmandu, Oboz and Rip Curl.

Kathmandu, founded in 1987 in Christchurch, New Zealand, equips people for travel and adventure. Outdoor footwear brand Oboz, based in Bozeman, Montana, in the United States, joined our Group in 2018. Bozeman is the gateway to Yellowstone National Park. Rip Curl, a leading global surf brand born in Bells Beach, founded in the Australian state of Victoria in 1969, became part of our family in 2019.

KMD Brands Limited is publicly listed on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX). Initially listing in 2009 as Kathmandu Holdings Limited, we rebranded to KMD Brands Limited in 2022 to reflect our multi-brand nature and future strategy, while still honouring our history.



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1. OVERVIEW

Our Group

KMD Brands is a family of outdoor brands dedicated to designing products for purpose, driven by innovation and committed to being the best for people and the planet. Our products are specifically crafted for the outdoors and rigorously tested by experts in real-world conditions.

As the parent company, KMD Brands provides vision and strategic guidance, making Kathmandu, Oboz and Rip Curl greater than the sum of their parts. By sharing expertise in technology, research and development, and by leveraging operational excellence in sourcing, supply chain and systems, we deliver the best customer experience across our brands.

OUR PURPOSE AND VISION

Our purpose and vision are motivated by our love of the outdoors and a steadfast commitment to protecting our natural environment and the people touched by our brands.

We proudly contribute to a global cultural shift that is redefining success, building a more inclusive and sustainable economy, and uses business as a force for good.

By championing responsible practices across our brands, we protect the experiences and exhilaration offered by the outdoors, which means so much to us and our customers.

PURPOSE

INSPIRING PEOPLE TO EXPLORE AND LOVE THE OUTDOORS.

VISION

TO BE THE LEADING FAMILY OF GLOBAL OUTDOOR BRANDS – DESIGNED FOR PURPOSE, DRIVEN BY INNOVATION, BEST FOR PEOPLE AND PLANET.

Our brands



Kathmandu’s journey began in Aotearoa New Zealand more than 30 years ago. We’re on a mission to improve the wellbeing of the world by getting more people outdoors – because nature has a positive transformative effect on us all. The outdoors makes us happier, more open, free and fun. Our vision at Kathmandu is to be the world’s most loved outdoor brand.



Born in the legendary Greater Yellowstone Ecosystem, just outside our front door, the mountains near Bozeman beckon us. This 10-million-acre laboratory is where we test our designs and draw inspiration for new ideas. It’s where we immerse ourselves in nature’s wonders. It even inspired our name “Oboz” (Outside + Bozeman = Oboz).

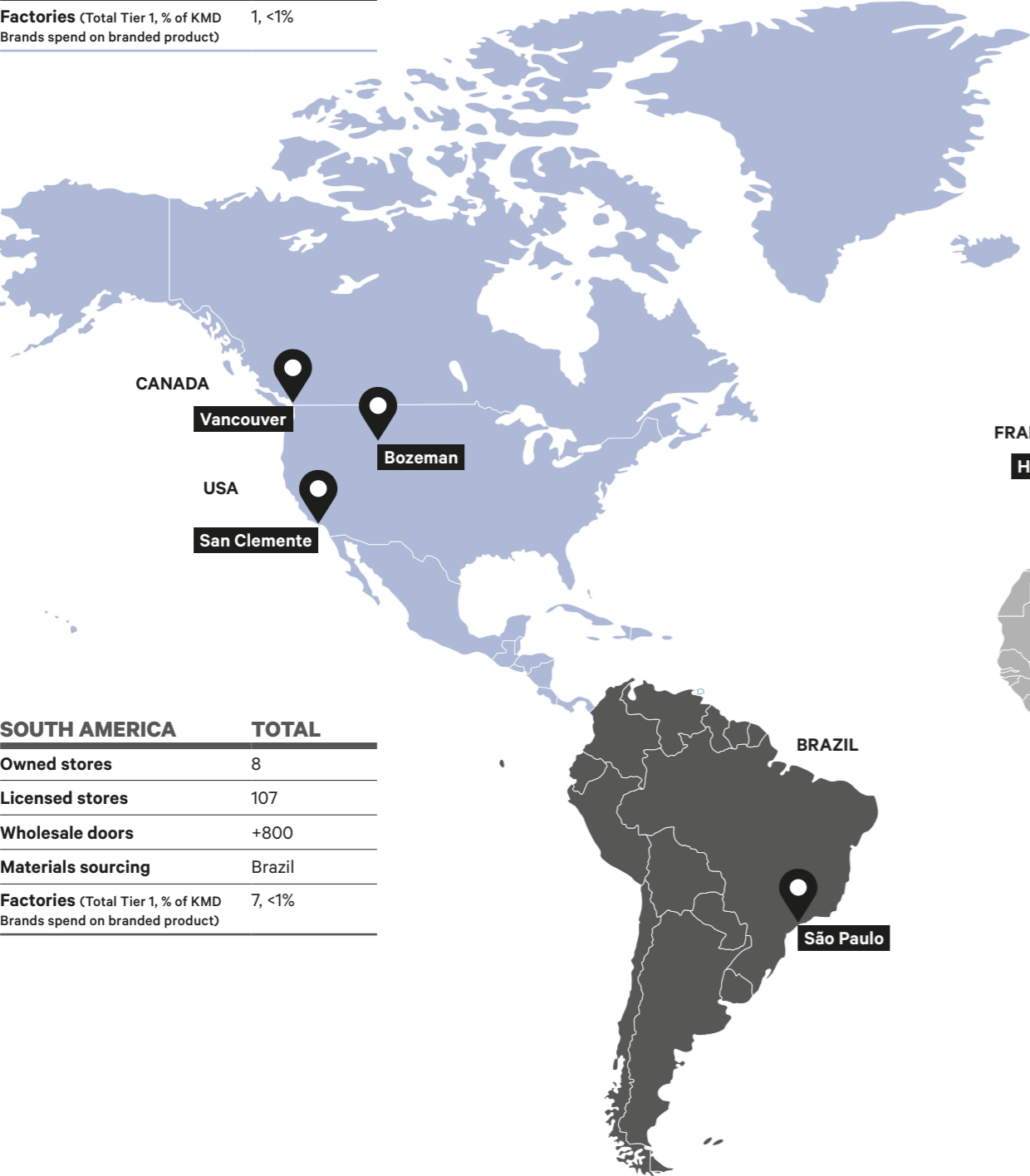


Founded in 1969 in Bells Beach, Australia, Rip Curl is the ultimate surfing company. For more than 50 years, we have led the surfing market and become synonymous with surf culture. ‘The Search’ – the relentless pursuit of the perfect wave – lives in the spirit of everything we do. Our vision is to be the ultimate surfing company in all that we do.

Global footprint

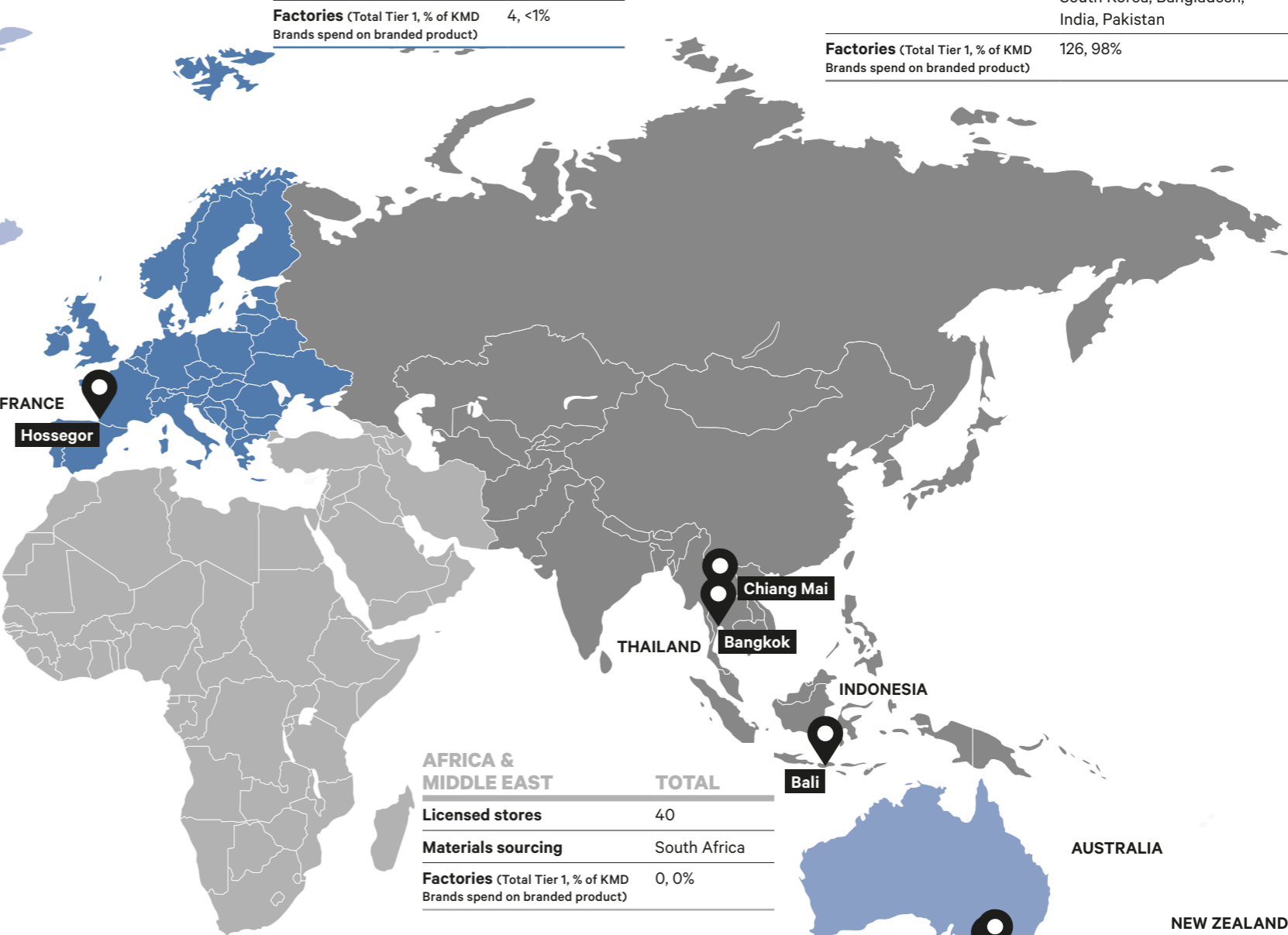

Global Office Locations

NORTH AMERICA	TOTAL
Owned stores	27
Licensed stores	26
Wholesale doors	+3,900
Materials sourcing	USA
Factories (Total Tier 1, % of KMD Brands spend on branded product)	1, <1%



SOUTH AMERICA	TOTAL
Owned stores	8
Licensed stores	107
Wholesale doors	+800
Materials sourcing	Brazil
Factories (Total Tier 1, % of KMD Brands spend on branded product)	7, <1%

EUROPE	TOTAL
Owned stores	29
Licensed stores	10
Wholesale doors	+1,900
Materials sourcing	France
Factories (Total Tier 1, % of KMD Brands spend on branded product)	4, <1%



AFRICA & MIDDLE EAST	TOTAL
Licensed stores	40
Materials sourcing	South Africa
Factories (Total Tier 1, % of KMD Brands spend on branded product)	0, 0%

AUSTRALASIA	TOTAL
Owned stores	264
Licensed stores	19
Wholesale doors	+900
Materials sourcing	Australia, New Zealand
Factories (Total Tier 1, % of KMD Brands spend on branded product)	4, <1%

ASIA	TOTAL
Licensed and JV stores	78
Wholesale doors	+300
Materials sourcing	Vietnam, China, Thailand, Taiwan, Japan, Indonesia, South Korea, Bangladesh, India, Pakistan
Factories (Total Tier 1, % of KMD Brands spend on branded product)	126, 98%



FY25 performance overview

\$989.0m
 Total sales

FY24
 \$979.4m
 Total sales

56.5%
 Gross margin

FY24
 58.4%
 Gross margin

\$17.7m
 Underlying EBITDA¹

FY24
 \$50.0m
 Underlying EBITDA¹

-\$28.3m
 Underlying NPAT¹ loss

FY24
 -\$1.1m
 Underlying NPAT loss

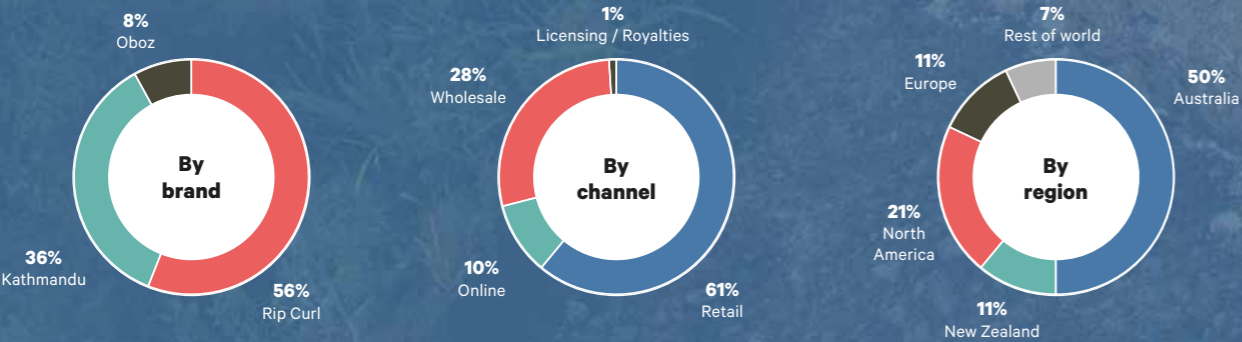
-\$93.6m
 Statutory NPAT loss

FY24
 -\$48.3m
 Statutory NPAT loss

NET DEBT BALANCE
 \$52.8m
 c. \$235m
 Bank facility headroom

NET WORKING CAPITAL
 \$157.7m
 -\$40.6m year-on-year
 Jul 24 \$198.3m

SALES MIX FY25



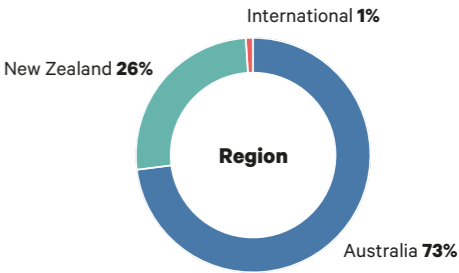
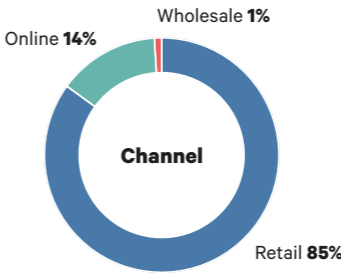
1. Statutory results include the impact of IFRS 16 leases. The impacts of IFRS 16, restructuring, software as a service accounting, the notional amortisation of customer relationships, impairment and onerous contracts have been excluded from Underlying results. Refer to Appendix 1 of the FY25 Results Presentation for a reconciliation of Statutory to Underlying results.

KATHMANDU

TOTAL SALES
 NZD
 \$361.9m

ONLINE SALES
 NZD
 \$52.1m
 representing 14.5% of direct-to-consumer sales

SALES MIX

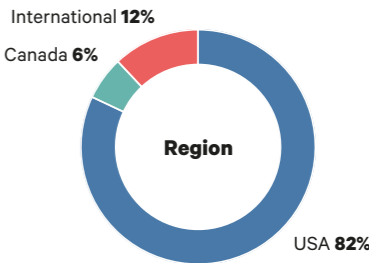
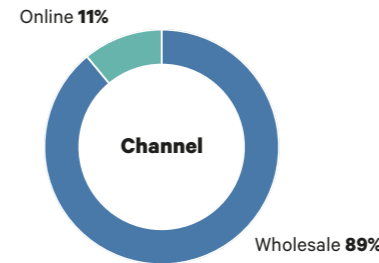


OBOZ

TOTAL SALES
 NZD
 \$76.6m

ONLINE SALES
 NZD
 \$8.8m
 +18.3% above last year

SALES MIX

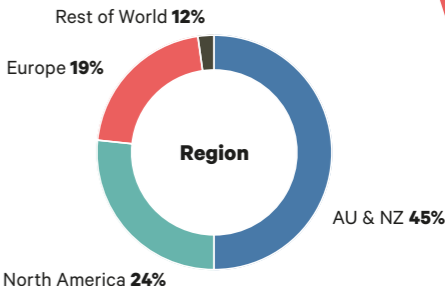
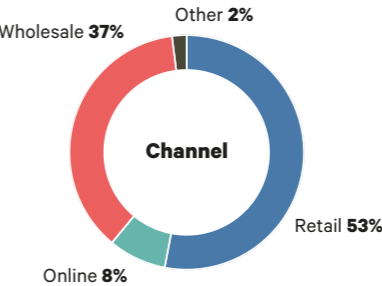


RIP CURL

TOTAL SALES
 NZD
 \$550.4m

ONLINE SALES
 NZD
 \$41.7m
 representing 12.5% of direct-to-consumer sales

SALES MIX



Chair and CEO message

Dear Shareholder,

This report provides a holistic overview of our business, detailing how we create value for our stakeholders, the material issues we have encountered over the year, and the steps we are taking to address these.

FY25 marks our fourth year of integrated reporting and our second year of structuring disclosures around the key resources that underpin long-term value creation.

Like FY24, this year brought a challenging operating environment. In response, we have taken action to reinforce the strength of the Group and our brands, position ourselves to navigate the cyclical downturn and market volatility we are facing, and emerge more resilient and ready for our next phase of growth.

Leadership updates

“In the last quarter of this financial year, the Board welcomed Brent Scrimshaw as Group Chief Executive Officer and Managing Director. Brent had served on the KMD Brands Board since 2017 and brings extensive global experience in building and scaling consumer brands, including an 18-year career with Nike Inc across three continents.”

– David Kirk, Chair of KMD Brands.

As Chair and Group CEO, together we have strengthened and transformed the capability of the Group Executive team. Our first appointment was Ashley Reade, who joined as Chief Executive Officer of Rip Curl after two decades across three continents at Nike Inc, most recently leading the fast-growing Pacific region. Ashley brings both a global business perspective and a deep cultural connection to the world of surf.

In July, we welcomed Carla Webb-Sear as Group Chief Financial Officer following an extensive global search. A seasoned ASX-listed executive, Carla joined KMD Brands from Qantas, where she was Chief Financial and Strategy Officer of the Loyalty division. She brings over two decades of financial leadership across the consumer, media and technology sectors, including at ViacomCBS, Enero Group and Fairfax. Her experience adds critical capability to our leadership team.

We thank Ben Washington for his valuable contributions as Interim CFO. With Carla’s commencement, Ben has resumed his position as Deputy CFO.

A new strategy

In FY25, we reset our Group strategy with the launch of Next Level, a new strategy and operating approach, designed to sharpen our focus, accelerate operating and financial performance and unlock long-term value. The program sets a clear direction for growth by prioritising brand and product distinctiveness, operational excellence and deeper customer connection.

The strategy reflects our ambition to evolve how we operate as a Group, with greater agility, accountability and alignment across teams and markets. Next Level is already guiding key decisions and investments and will continue to shape how we deliver sustainable profitability and value for our stakeholders.

FY25 performance

Group sales were \$989 million, reflecting a modest year-on-year increase. Rip Curl and Kathmandu each delivered slight growth, while Oboz saw a small sales decline. Underlying operating earnings declined significantly year-on-year. This outcome reflects continuing difficult trading conditions and an intensive promotional environment.

Our transformation program, Next Level, is focused on addressing these issues head-on by driving operational improvements, accelerating speed to market, ensuring style complements our technical product credentials, and enhancing customer engagement.

Despite pleasing year-on-year growth across most other product categories, Kathmandu’s insulation range continued to face headwinds due to unseasonably warm weather, with the third quarter in Australia proving particularly challenging. Cooler conditions, intensified promotional efforts and the successful launch of Shopify, the new Group online trading platform, delivered a positive finish to the year which helped lift overall performance.



Rip Curl’s direct-to-consumer sales outperformed the wholesale channel. Supported by new store openings, flagship retail store sales grew strongly in key global regions. Online sales also grew markedly and will be aided further by the transition to Shopify in FY26. Wholesale sales improved incrementally year-on-year.

Oboz online sales grew strongly during key promotional periods, reinforcing the growth opportunity for the brand. Wholesale sales trends improved in the second half of the year, with the launch of new season styles for the North American summer hiking season.

The Group gross margin declined in FY25 reflecting greater promotional activity, which was required to maintain market share in a highly competitive trading environment.

Operating expenses remained tightly controlled in the face of global cost pressures.

Inventory continued to trend down, contributing to a \$40.6 million reduction in net working capital compared to 31 July 2024. Net debt decreased to \$52.8 million in the year. The balance sheet is in good shape with approximately \$235 million in available headroom.

Dividend

Our dividend policy is to pay out 50% to 70% of underlying NPAT. Given FY25 operating performance and continuing challenging market conditions, Directors have not declared a final dividend in FY25.

Outlook

While inflationary pressures are beginning to ease, the global macroeconomic environment remains

uncertain and consumer sentiment cautious. We expect these conditions to persist in the near term and are planning accordingly.

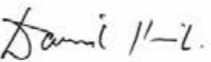
Our focus remains on returning to sales growth and improving profitability. The Board is fully committed to the Next Level strategy and confident in the Group’s ability to self-fund key initiatives, starting with an immediate \$25 million cost-out program.

We recognise the seriousness of the decline in our share price and the impact this has had on shareholder value. The Board is committed to taking decisive and sustained action to improve financial performance.

We thank you for your continued support and we thank our KMD Brands teams for their dedication and resilience during a challenging year. We believe our new strategy, enhanced leadership team and strong brand equity position us well for long-term success.



Brent Scrimshaw LEFT
Group CEO and Managing Director



David Kirk RIGHT
Chairman

Our Board and executive team











The Board provides overall strategic oversight of KMD Brands, including adherence to best-practice governance principles, maintenance of high ethical standards and protection of core values so that the Group is managed effectively and responsibly. A brief biography of each Board member can be found in the “Board and Management” section of the company’s investor website. Our FY25 Corporate Governance Statement, including Director Skills Matrix, is available on the company’s investor website.



Standing (L-R):		
Abby Foote Non-Executive Director Appointed 15 October 2021	David Kirk Chairman Appointed 21 November 2013	Andrea Martens Non-Executive Director Appointed 1 August 2019
Seated (L-R):		
Brent Scrimshaw Group CEO and Managing Director Appointed 2 October 2017	Philip Bowman Non-Executive Director Appointed 2 October 2017	Zion Armstrong Non-Executive Director Appointed 1 December 2022

The management team takes care of the day-to-day management and operation of KMD Brands, regularly reporting to the Board on all aspects of group performance.

A brief biography of each member of the management team can be found in the “Board and Management” section of the company’s investor website.

 Brent Scrimshaw Group CEO and Managing Director Joined KMD Brands in 2025		
 Carla Webb-Sear Group Chief Financial Officer Joined KMD Brands in 2025 (end of FY25)	 Megan Welch Chief Executive Officer, Kathmandu Joined Kathmandu in 2023	 Amy Beck President Oboz & KMD Brands, North America Joined Oboz in 2019
 Ashley Reade Chief Executive Officer, Rip Curl Joined Rip Curl in 2025	 Frances Blundell Chief Legal & ESG Officer Joined Kathmandu in 2017	 Lachlan Farran Chief Commercial Officer Re-joined Rip Curl in 2016
 Mathieu Lefin President KMD Brands, Europe Joined Rip Curl in 2009	 Michael Ross Chief Information Officer Joined KMD Brands in 2024	 Ben Washington Interim Chief Financial Officer Joined KMD Brands in 2020

Governance at KMD Brands

At KMD Brands, our purpose is to inspire people to explore and love the outdoors. This purpose drives our vision to be the leading family of global outdoor brands – designed for purpose, driven by innovation, best for people and planet.

Led by a talented group of non-executive directors and an experienced management team, KMD Brands has a clear purpose and vision, and a defined corporate strategy. Our well-established policies and goals support sustainable development and our commitment to the B Corp movement.

Kathmandu became a certified B Corporation in 2019 and recertified in 2023. Rip Curl and Oboz achieved B Corp Certification for the first time in 2023. B Corp is a governance structure, underpinned by a “benefit mindset”, that balances purpose and profit. As a business, we consider the impact of our decisions on all stakeholders: employees, customers, the community, the environment, shareholders, and workers in our global supply chain. We empower employees to consider the same principles when making decisions.

B Corps are part of a global movement driving a more inclusive, equitable and regenerative economic system. B Corp Certification – and recertification every three years – guides KMD Brands’ Environmental, Social and Governance (ESG) impact strategy and provides a framework for continuous improvement.

The process to become B Corp Certified differs from other ESG reporting frameworks by providing transparent reporting and disclosure, and evaluating and validating company performance. This enhances accountability and transparency, giving us a pathway to reduce our negative impacts and create value for people and the planet.

Our Group Code of Ethics embeds the benefit mindset into employee expectations. ESG responsibilities are included in all job descriptions, employee goal-setting and performance reviews. The benefit mindset is reflected in the Group’s policy commitment to responsible business conduct.

Our culture of innovation is also aligned to ensure new products respond to the needs of our customers and enhance efficiencies in our business, while minimising adverse social and environmental impacts.

KMD Brands is committed to leading the way by considering our impact on people and planet in our business and governance practices. This approach protects the business for the long term, enhancing its value, supporting future financial success and preparing for future regulatory requirements.

These principles align with our fundamental purpose and vision. Getting people outside and enjoying the outdoors is at the heart of all our brands. While we are in business for profit, we aim to be a robust and responsible business for the long term, and B Corp Certification positions us for this.



2. CREATING VALUE



OUR STRATEGY

FY22-25 strategic pillars:

Building Global Brands

Operational Excellence

Elevating Digital

Best for People and Planet

During FY25, KMD Brands continued to operate under the four strategic pillars that have guided our growth as a global, multi-channel business: Building Global Brands, Elevating Digital, Operational Excellence, and Best for People and Planet. These pillars provided a strong framework for navigating a dynamic global landscape and responding to material issues.

While these pillars served the Group well during a period of brand expansion and capability building, they were developed in a different operating context. As FY25 rounded out our three-year strategic cycle, it became clear to the Board that the strategy needed to be recalibrated to meet the demands of a more complex and challenging market environment.

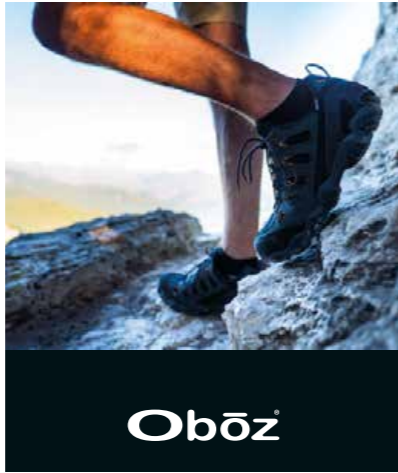
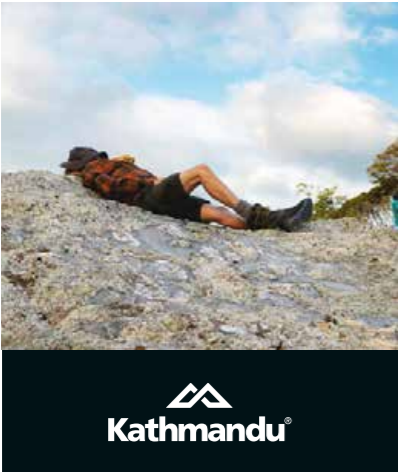
This strategy reset resulted in what we presented at our recent 2025 Investor Day: the KMD Brands Next Level strategy – a Group-wide transformation program designed to unlock the full potential of our iconic brand

portfolio and deliver sustainable, profitable growth. Next Level aims to align the Group behind a brand and product-led, customer-centric growth agenda.

As part of this, our commitment to people and planet remains a foundation and is reflected in our certification as a B Corporation, demonstrating our accountability to high standards of social and environmental performance, transparency and accountability.

This report reflects our performance and progress against the original strategic pillars that have guided our Group in recent years. However, actions aligned to Next Level are already underway, marking a pivotal moment for KMD Brands as we reorient our business toward a more agile, focused and future-ready operating model. Foundations are being laid for a new chapter of sustainable growth and brand leadership.

In the final quarter of FY25, the Board, together with our new CEO and Executive Team, developed KMD Brands Next Level – a strategy to leverage our strengths and tackle structural and operational challenges, with rollout commencing in FY26.



Next Level key priorities

Re-setting for sustainable profitability by addressing operational leverage and unlocking new pathways to greater returns. This includes a minimum \$25 million cost reset, which includes a recently commenced organisational restructure aligned to the new strategy, and a store network portfolio review.

Re-focusing product innovation to continue to ground our brands in technical performance while investing in speed-to-market, design and style. As one example of this, we are consolidating Rip Curl's global product creation to 'centres of excellence' at Rip Curl headquarters in Torquay.

Re-energising our store portfolio including new store segmentation to drive relevant consumer experiences and stronger brand expressions. This includes three Kathmandu concept 'stores of the future' launching in Australia and New Zealand later this calendar year.

Re-imagining digital and data intelligence by bringing in new capabilities to enable the Group to deliver the long-term goals of Next Level. This includes new tools and initiatives that deepen data-led decision-making and enhance supply chain excellence. We are also accelerating our e-commerce platform rollout across our brands with investment in more effective digital marketing to reset our international go-to-market approach.

ESG strategy and performance

In FY25, KMD Brands was proudly recognised for its ESG leadership and continued commitment to excellence within the outdoor and lifestyle apparel industry.

Australian Fashion Industry Awards
Winner
KMD Brands
Sustainability Excellence Award

C&ESG SCORECARD FOR 2024
FORSYTH BARR

Company ticker: **KMD** **A-** Leader

TOP 20% **BAPTIST WORLD AID**

The KMD Brands vision drives our ESG strategy which is focused around three key areas:
Communities, Climate and Circularity. Together, these focus areas support us to act responsibly, transparently, and with purpose.

SUSTAINABLE DEVELOPMENT GOALS

We acknowledge the impact of our business and accept our responsibility to advance the United Nations Sustainable Development Goals (SDGs). We consider the SDGs in our strategy and our reporting, which underpins all our business activities. The goals where we have the most impact are shown below:

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

10 REDUCED INEQUALITIES

SDG 10

Reduce inequality within and among countries.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12

Ensure sustainable consumption and production patterns.

13 CLIMATE ACTION

SDG 13

Take urgent action to combat climate change and its impacts.

COMMUNITIES
Positively impact the wellbeing of people and places touched by our brands

8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

Focus area	FY25 Highlights
Provide a people-centred culture and workplace that fosters health, safety, wellbeing and inclusiveness	<ul style="list-style-type: none"> New health and safety platform rolled out globally Increased representation of minority employees within our teams ‘Elevate’ Leadership Program delivered to senior leaders across the globe
Protect human rights and dignity by addressing modern slavery in our value chain through collaboration and transparency	<ul style="list-style-type: none"> 12,505 factory workers consulted on workplace conditions across Bangladesh, China, Indonesia and Vietnam Participation in Fair Labor Association living wage pilot in Bangladesh Over 1,400 employees globally trained on human rights
Engage, inspire and protect the communities where we operate and impact	<ul style="list-style-type: none"> 18% increase in paid employee volunteer hours from prior year Continued support to key charity partners SurfAid, Surfrider Foundation, Graeme Dingle Foundation, Trees for the Future and Black Folks Camp Too Rip Curl’s Innovate Reconciliation Action Plan endorsed by Reconciliation Australia

CLIMATE
Transition to a low carbon future

13 CLIMATE ACTION

Focus area	FY25 Highlights
Reduce emissions in line with the Paris Agreement goals	<ul style="list-style-type: none"> First NZ Climate-Related Disclosure (CRD) statement published Solar operational across 21 sites 136 factories reporting verified energy data

CIRCULARITY
Eliminate the linear take-make-waste approach to business

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Focus area	FY25 Highlights
Foster and invest in circular business models across our businesses	<ul style="list-style-type: none"> Pop-up launch of Kathmandu’s REDU program in New Zealand Member of circularity schemes Seamless AU and Mindful Fashion NZ Wetsuit repairs offered on-site at the MEO Rip Curl Pro in Peniche, Portugal
Increase responsible material content in our products	<ul style="list-style-type: none"> Kathmandu: Target reached – 100% use of wool from RWS certified sources (FY24: 63%) Rip Curl: 75% apparel and accessories containing preferred fibre materials (target: 100% by 2030) (FY24: 66%) Oboz: 64% of range using a minimum of 20% environmentally preferred materials by weight (FY24: 34%)
Reduce the waste footprint created across our business	<ul style="list-style-type: none"> Waste audits completed at six sites in Australia 36.5 metric tonnes (mt) of textile waste recycled through take-back customer programs 72% operational waste diverted from landfills

(The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.)

Materiality approach

This year, to engage our wider stakeholder groups in our decision-making, we engaged New Zealand-based Churchgate Partners to conduct a comprehensive materiality assessment.

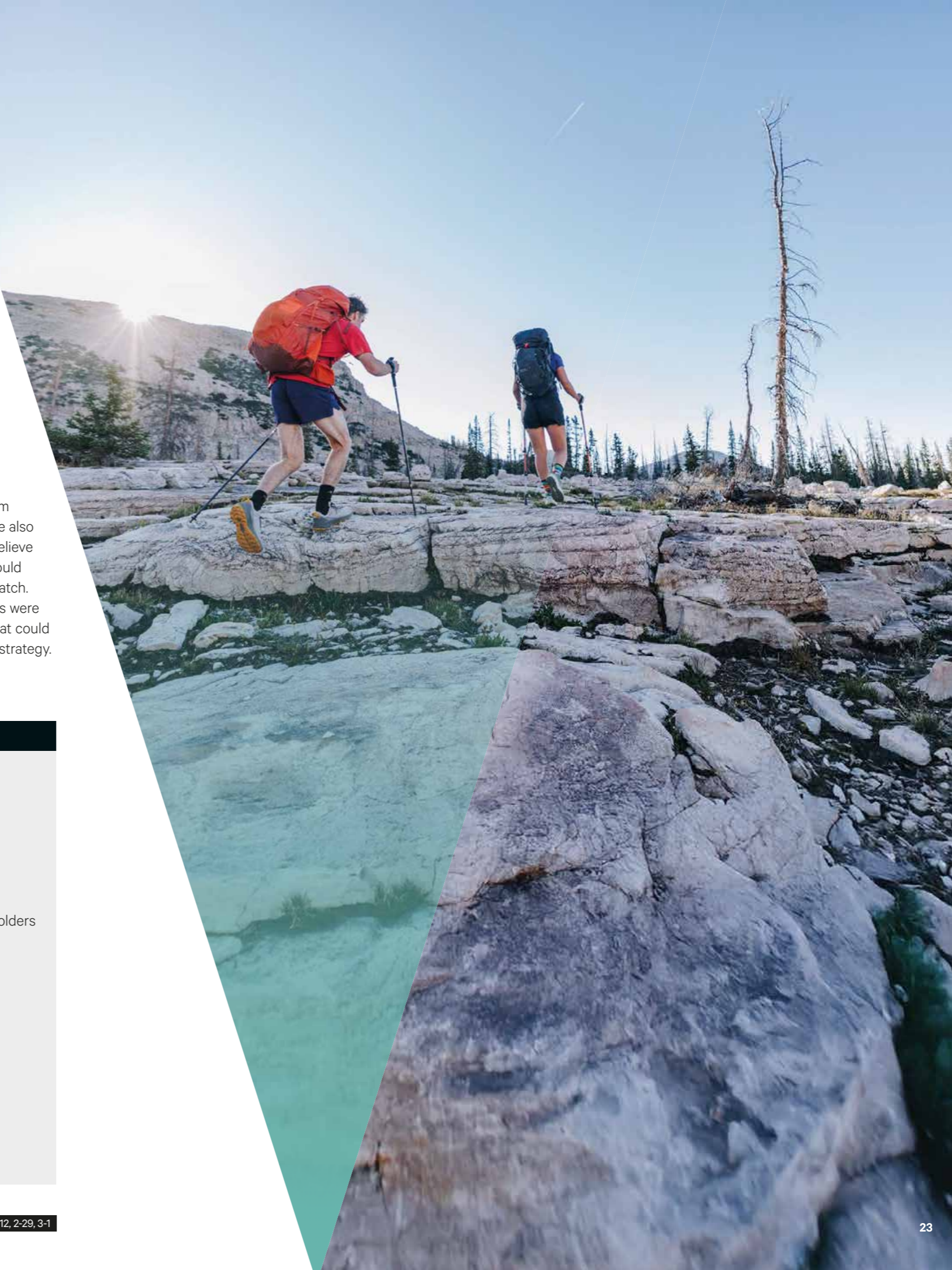
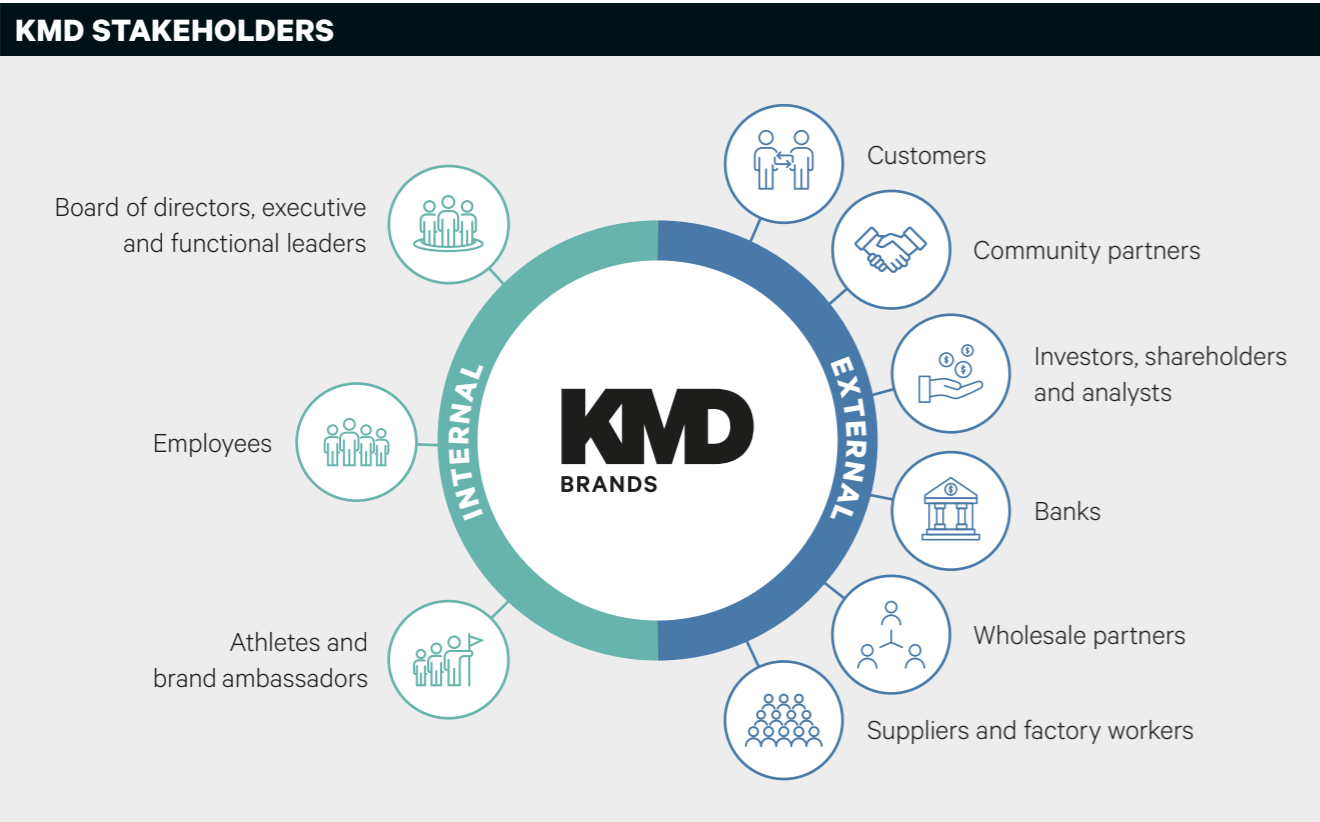
The process involved four steps over a five-month period:

- 1. Desktop materiality review** to compare KMD Brands to other industry peers and against reporting frameworks and disclosures.
- 2. Identifying material topics** for KMD Brands and our industry globally, beyond those that impact us financially.
- 3. Stakeholder engagement**, including sharing our material topics with our stakeholder groups and asking them to rank them in order of importance.
- 4. Developing a materiality matrix** to plot our material issues from highest importance.

As part of our desktop review, we compared KMD Brands with 13 industry peers, assessing their approaches to materiality, priority ESG topics, reporting disclosures and overall ESG credentials. This found KMD Brands is broadly aligned with this peer benchmarking group.

Viewing our material topics through a regulatory and framework lens demonstrates that some issues carry greater weight due to shareholder priorities or compliance requirements. This perspective ensures our ESG strategy remains responsive to external standards as well as our internal values.

We asked our stakeholder community to rank each material topic in order of importance to them personally and to the success of KMD Brands. We also sought feedback on which topics stakeholders believe we are making the most progress in, where we could improve and which emerging issues we should watch. To support meaningful engagement, stakeholders were asked to share concerns, ideas or suggestions that could add value to either the process or our long-term strategy.



Our material issues

We define material issues as those with the most significant impact on our ability to create long-term value for our stakeholders. Our approach is guided by the principle of double materiality, recognising that our business is influenced by external environmental, social and economic factors (outside-in), while also acknowledging the impact our operations have on people and the planet (inside-out).

Each strategic choice to manage our material issues reflects the balancing act KMD Brands undertakes to optimise long-term value while managing short-term financial impacts and stakeholder expectations. Managing these issues often involves trade-offs. While some influencing factors are beyond our direct control, we implement proactive mitigation strategies to reduce risks and amplify positive outcomes. This report outlines how our strategic priorities respond to these material issues and how they align with the resources essential for sustainable value creation. These issues have been reviewed and approved by the Board for the current reporting period.

This year, our stakeholder engagement revealed shifting priorities, with several issues rising in importance. Product design, innovation, responsible materials and the removal of harmful substances all ranked as top concerns. The growing focus on customer experience reinforces our commitment to delivering high-quality interactions in-store and online. These insights continue to inform our strategy to ensure it reflects evolving stakeholder expectations.

A summary of our material issues is set out below:

Harmful substances

Identifying, managing and eliminating harmful substances in the manufacture of our products to protect human health and the environment, complying with international regulations and industry standards.

Responsible design and materials

Creating innovative, industry-leading products that appeal to our customers, build brand recognition globally, and use responsibly sourced materials to minimise waste across our supply chain.

Customer experience

Delivering high-quality products and services, fostering positive customer experiences and addressing customer needs and concerns to cultivate trust and loyalty.

Supply chain human rights and transparency

Implementing and monitoring transparent processes and systems to address modern slavery and other human rights risks, and to uphold workers' rights in our supply chain.

Responsible leadership and ethical conduct

Adhering to high standards of ethical, accountable and transparent corporate governance and public reporting, and actively addressing dishonest and fraudulent conduct.

People and wellbeing

Providing a people-centred workplace and culture that values inclusivity and equity, and that fosters health, safety and wellbeing, and attracts, retains and supports high-performance talent.

Economic performance and operational excellence

Driving long-term value by maximising synergies, streamlining processes and optimising financial and operational performance while keeping pace with global best practice.

Cyber, data security and privacy

Safeguarding information through resilient systems, protecting personal data, and ensuring responsible use of customer and stakeholder information in compliance with global privacy standards.

Supply chain management

Responding to global logistics challenges, including geopolitical tensions, shipping delays, port congestion and freight access, to support access to raw materials, and predictable and consistent movement of products to customers.

Digital transformation

Leveraging digital technology and data-driven insights to enhance decision-making, accelerate growth in our direct-to-consumer business, improve customer experiences, drive operational efficiency and foster organisational innovation.

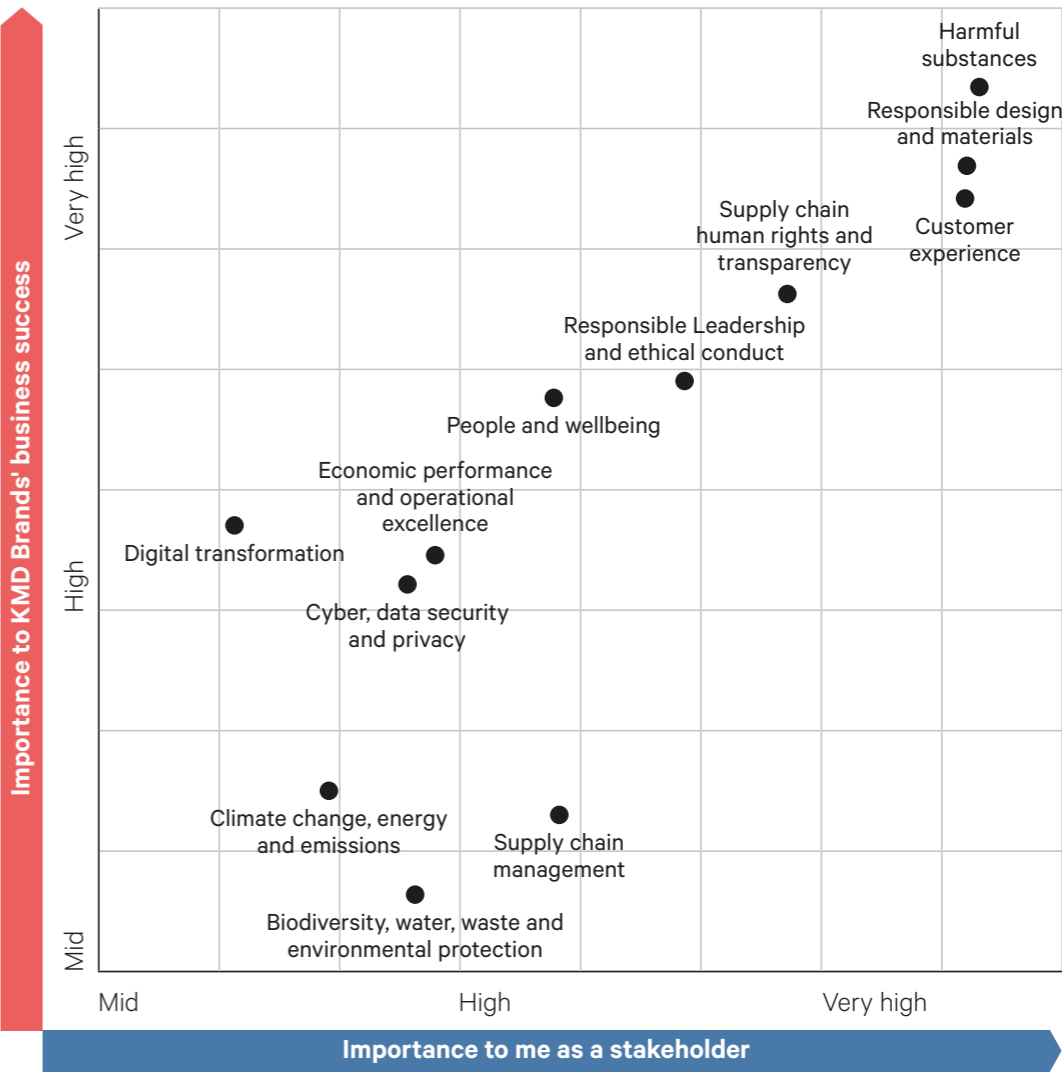
Climate change, energy and emissions

Addressing climate change, improving energy efficiency and reducing emissions by integrating climate resilience into strategy, optimising energy management and reducing our operational and supply chain footprint.

Biodiversity, water, waste and environmental protection

Protecting biodiversity and ecosystem capacity, managing water use and reducing waste by designing for circularity across products and packaging.

MATERIALITY MATRIX



How we create value

THE RESOURCES WE RELY ON ▶▶▶▶▶



OUR CREATIVE POWER

Over 3,000 new styles released to market



OUR PRODUCTS AND CHANNELS

Sold in over 8,000 locations (owned stores, licensed stores, wholesale doorways)



OUR PEOPLE

4,721 employees across 14 countries



OUR PARTNERSHIPS

142 Tier 1 factories making our products



OUR ENVIRONMENT

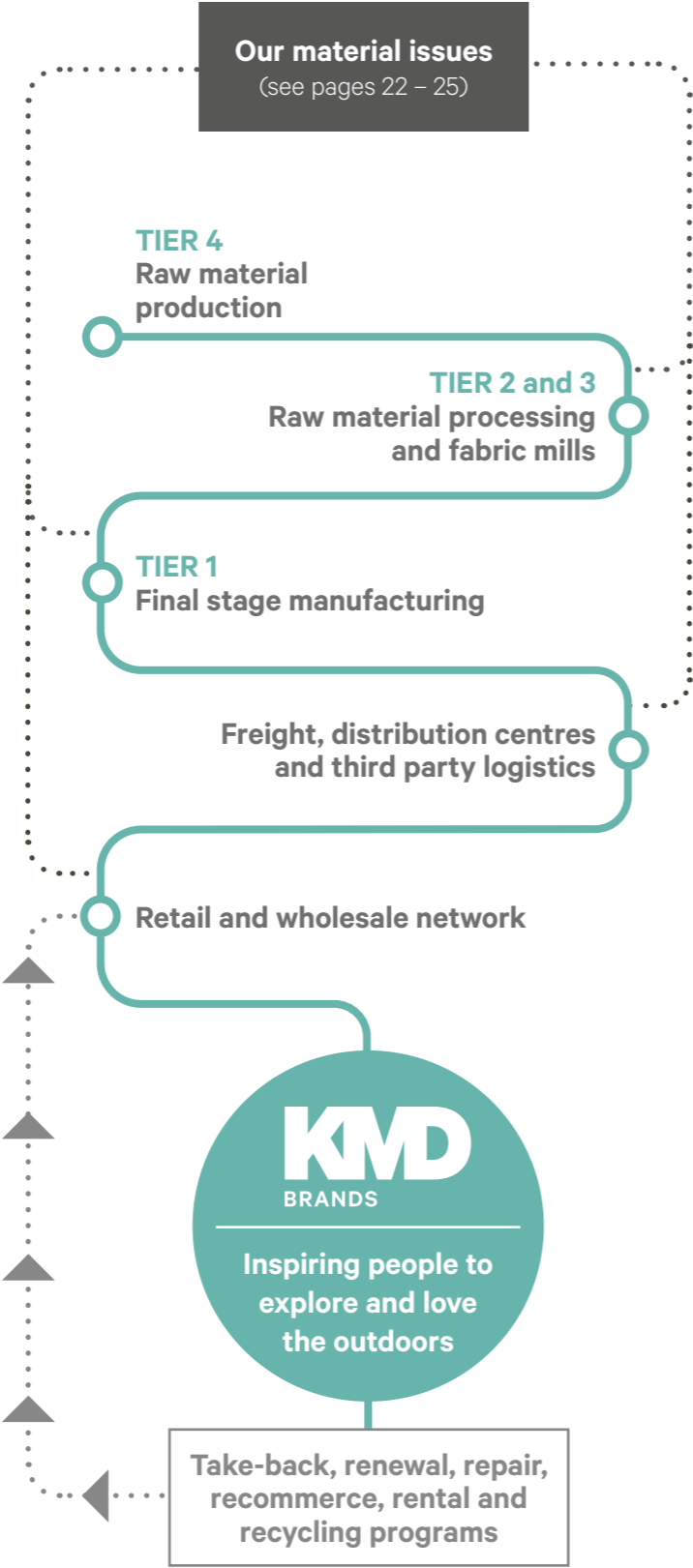
Materials sourced from 16 countries



OUR FUNDING

Over 9,000 shareholders
\$310m syndicated debt facility

OUR VALUE CHAIN ▶▶▶▶▶



FY25 OUTPUTS

OUTCOMES FOR OUR STAKEHOLDERS

\$989.0m total sales	FOR CUSTOMERS Designing innovative, technical outdoor lifestyle and sports products
25,000+ training hours delivered (mix of e-learning and facilitated sessions to over 5,000 employees)	FOR EMPLOYEES Providing a place for all people to realise their full potential
Net working capital at 31 July 2025 reduced year-on-year by: \$40.6m	FOR INVESTORS Net working capital efficiency helps to maintain debt funding headroom
\$832k in financial, product and partnership support of local community projects	FOR THE COMMUNITY Creating positive change in the communities we impact
12,505 individual participants in worker voice surveys, across 31 factories	FOR SUPPLIERS Providing long-term partnerships, supporting strong worker wellbeing through the use of worker voice tools
36.5 metric tonnes of post customer textile waste diverted from landfill through in-store product take-back programs	FOR THE PLANET Striving to make a positive impact on the environment across the whole life cycle of our products

OUR CREATIVE POWER

🎯 MATERIAL ISSUES: RESPONSIBLE DESIGN & MATERIALS • CUSTOMER EXPERIENCE • BIODIVERSITY, WATER, WASTE & ENVIRONMENTAL PROTECTION

In a year shaped by cost-of-living pressures and increased competition for consumer attention, each of our brands made efforts to maintain resilience, through creativity and quality.

For KMD Brands this meant continuing in our efforts to improve brand marketing and expand our product innovation pipeline.

We've listened to the market and are set on making improvements that align our brands more closely with both core and target customers.

Marketing that connects

Marketing teams across the Group reset strategies with renewed commitment to deepen customer connection, build brand equity and activate purpose.

Rip Curl spoke to the next generation of surfers through our refreshed global brand platform, Live the Search. This campaign brought to life the freedom, curiosity and thrill of the surfing lifestyle. Deeper influencer partnerships were activated around key moments, including the Rip Curl Pro Bells Beach and the release of DUNNO, a high-energy surf film featuring the next wave of global talent.

We also explored storytelling through Transports of Delight II, following Canadian surfer Mathea Olin on a remote sailing and surfing adventure. Rip Curl also updated its website to feature ESG messaging and information via a dedicated section, Rip Curl Planet, highlighting the brand's commitment to sustainable practices.

Kathmandu reset its marketing strategy to reassert its outdoors authenticity and reposition for future growth. The refreshed brand platform reconnected Kathmandu with its origins while evolving perceptions of the brand as a modern, purpose-led outdoor leader. Filmed in New Zealand, content featured real outdoor enthusiasts, athletes and Kathmandu team members, demonstrating product performance in authentic environments. The resulting energy and credibility reinforced the brand's relevance with today's adventurers.

Oboz began strengthening its brand identity with the first iteration of its new strategy, Love Hiking. Inspired by the wild landscapes of Yellowstone – the surroundings of our Bozeman headquarters – and grounded in a deep connection to nature, the campaign reflects the



COME FIND US. WE'RE OUT THERE.

Kathmandu's new global campaign, **'Come Find Us. We're Out There.'**, is a bold return to where it all began – in the wild, with nature as the hero. Launched in September 2024, the campaign invites people to reconnect with nature, leaning into Kathmandu's New Zealand roots and showcasing wild places, resilient people, and the thrill of being truly 'out there'. Shot on Aotea Great Barrier Island and created in partnership with local communities, the campaign has had an extraordinary response. Across ANZ, our digital and out-of-home campaigns have been seen over 100 million times. Social engagement grew 285% month-on-month, driving a 25% increase in followers, while PR efforts generated NZD\$3.3 million in earned media in New Zealand and AUD\$162 million in Australia.

RIP CURL GOES BIG

The Eddie Aikau Big Wave Contest, the world's most prestigious Big Wave surfing event, held at Waimea Bay in Hawaii – a strategically important location for Rip Curl – is one of the world's most challenging surf events, celebrating legendary lifeguard and surfer Eddie Aikau. As the ongoing title sponsor, Rip Curl proudly supports this iconic event, which this year drew more than 50,000 spectators and featured 35 men and 10 women competing to honour Eddie's legacy. The event delivered significant marketing and brand value, generating 6.1 million live streaming views, 13-plus million social media impressions (over 50% to a new audience), 400,000 YouTube watches, AUD\$1.6 million in merchandise sales, and over AUD\$60 million in media value.

enriching experience of time spent on the trail. The Oboz Everywhere program expanded into new US regions, partnering with retailers, educators and local guides to deliver authentic hiking experiences, education sessions and product trials. This approach reinforces Oboz's credibility in one of the world's most competitive outdoor markets. The team also proclaimed their passion for hiking to a wide audience on the TODAY Show, hiking through Midtown Manhattan at dawn.

A BOLD STEP FORWARD FOR OBOZ

In FY25, Oboz unveiled refreshed brand guidelines and a powerful new vision: to unify people through hiking. Inspired by our wild Bozeman backyard, our fresh identity reflects the joy, simplicity and connection found on the trail, anchored by our new tagline: Oboz, Love Hiking. Our brand video surpassed 10 million views, with almost 50 million total ad impressions and over 4 million on connected TV. Podcast partnerships reached more than 1 million listeners, and PR coverage delivered 1.4 billion impressions this year. We launched our first billboards in Bozeman, hosted a Strava Challenge with 48,000-plus participants, and deepened our connection with the hiking community like never before.



Innovative new products

Across the Group, we introduced products designed with purpose, performance and with a preference for responsible materials.

Rip Curl launched the Mirage 3DP boardshort, which earned an ISPO Award for its advanced fit, comfort and durability. Engineered using 3D printing technology, the boardshort sets a new standard in surf apparel and reinforces Rip Curl's commitment to innovation in boardshorts.

Kathmandu expanded its core offering with the launch of Outdoor Active – a new category that bridges performance and everyday wear for spontaneous movement outdoors. The Seeker range also evolved, combining sustainability and technical performance with advanced recycled materials and carbon-captured fabric. The range was recognised with an ISPO Award for the Seeker Lined 4" Short – another milestone affirming Kathmandu's leadership in purpose-led innovation. Innovation also extended into travel, with the launch of the Feather Flight Carry-On. At just 1.6 kilograms, this 40-litre suitcase is one of the lightest in its class.

Oboz showcased thoughtful product innovation with the launch of several new hiking boots and trail shoes. The standout was the all-new Katabatic LT – a lightweight shoe blending hiking durability with trail running agility. Designed for fast-and-light adventures, the Katabatic LT Gore-Tex held the top-selling spot on the Oboz North America website for 12 consecutive weeks. As Oboz expands into the trail running-influenced categories, products remain grounded in the brand's core promise: True to the Trail.

Circular progress

Designing for circularity is a key focus across all brands, as we work together to reduce environmental impact and increase customer engagement. Our circular product strategy prioritises durability, repairability, recyclability and recommerce.

Kathmandu's circular business line, REDU, launched in New Zealand at our flagship Tower Junction store in Christchurch. Kathmandu also joined industry collaboration Mindful Fashion New Zealand as its largest member, with CEO Megan Welch stepping onto the Mindful Fashion Board to help accelerate innovative, circular practices across the region.



KMD BRANDS ESG GOAL

Commercialised brand-led circular business models for product take-back, renewal, repair, re-commerce, rental or recycling.



Rip Curl expanded its circularity commitment. A wetsuit repair station was piloted at the MEO Rip Curl Pro in Peniche, Portugal, giving wetsuits a longer life and building awareness of circular options with our global surf community. We also extended the Wetsuit Take-Back program and took part in circularity workshops as a foundational member of Australia's clothing product stewardship scheme, Seamless. (Read more about these activities in Our Environment).

Oboz launched a new footwear take-back initiative in partnership with GotSneakers. This program allows customers to return Oboz warranty footwear – and up to five additional pairs of outdoor or athletic shoes from any brand – for reuse or recycling. This program builds on FY24 circular business model discovery work and supports broader plans for post-consumer take-back and repair. These ongoing investments extend product life and reduce waste.

THREE AWARDS, ONE DIRECTION

KMD Brands was recognised for product innovation with three 2024 ISPO Awards – a global benchmark for excellence in the sporting goods industry, spotlighting the most forward-thinking designs and setting the tone for the future of outdoor gear. Kathmandu's Women's Seeker Shorts were recognised for transforming industrial emissions and end-of-life tyres into breathable, trail-ready apparel. The Feather Flight Carry-On adapts hiking pack technology into an ultra-light 1.6 kilogram travel bag made from 93% recycled nylon. Rip Curl's Mirage3DP Boardshort features a 3D-printed waistband and circular-ready bio-based materials. Together, these awards reflect KMD Brands' commitment to designing for performance and for the planet.



Kathmandu's Women's Seeker Shorts



Rip Curl's Mirage3DP Boardshort

Click or scan to learn more about the Group's progress on circularity in FY25



OUR PRODUCTS AND CHANNELS

🌀 **MATERIAL ISSUES:** CUSTOMER EXPERIENCE • DIGITAL TRANSFORMATION • ECONOMIC PERFORMANCE & OPERATIONAL EXCELLENCE

KMD Brands has a long-term commitment to high-quality, technical products, with increased focus on innovation, speed to market and customer trends.

Following a challenging retail environment, in FY25 we intensified efforts to improve performance across direct-to-consumer and online channels. We focused our efforts on making improvements to our product and channel strategies and strengthened alignment between structure and goals towards the end of the year.

Strengthening our product offerings

All three brands had a mandate to improve their product offering, concentrating on strategic priorities to enhance commercial performance in the short to medium term.

Kathmandu continued to reduce its reliance on outerwear, delivering year-on-year sales growth in key product categories including rainwear, fleece, knits and footwear. Kathmandu also expanded range depth in the Seeker outdoor active line, capturing attention through a new partnership with New Zealand athlete Gemma McCaw.

The brand built greater depth in packs and bags, extending existing lines and introducing new designs such as the award-winning, ultra-lightweight Feather Flight Carry-On.

A partnership with the New Zealand Olympic Team sees Kathmandu become the official apparel brand supplying training, village and official ceremonial kits for New Zealand athletes at the upcoming Milano Cortina 2026 Olympic Winter Games, the 2026 Commonwealth Games, the 2026 Youth Olympics, and the 2028 Los Angeles Olympic Games.

Rip Curl collaborated with iconic athletes Mick Fanning and Stephanie Gilmore to launch new collections, ranging from high-performance gear built for enduring comfort, to revived archival styles. A collaboration with Abrand delivered solid wholesale sales across North America and Australia, attracting a younger audience to the brand through retailers including Urban Outfitters. The collection also sold well in Rip Curl stores. Next generation consumers are a key area of focus for the brand.



THE NEXT WAVE OF SURF TRACKING

Since launching the first Search GPS Surf and Tide Watch in 2014, Rip Curl has helped surfers track 30-plus million waves across 2,500 beaches in 76 countries. Now, Rip Curl's new Search GPS3 Surf and Tide Watch, released in April 2025, offers a lighter, stronger and smarter design for the next generation of performance and connectivity. Paired with the all-new Search GPS iOS app, the GPS3 allows surfers to plan, track, relive, compare and share every session. Since the first release, Rip Curl has sold more than 90,000 Search GPS watches, with 53,000-plus users logging their sessions through earlier versions of the app. With an estimated 1.7 million Apple Watch users now able to access the platform, the global surf community continues to expand.



Oboz collaborated with Blackbird Spyplane to release a limited-edition version of its iconic Sawtooth shoe. The partnership combined Oboz’s outdoor performance with unique design storytelling, sold out quickly, and opened the door to new premium boutique outdoor retailers.

Optimising our store network

We continued to optimise our store fleet in FY25, prioritising profitability and performance. A comprehensive review was conducted to identify underperforming stores for closure towards the end of the financial year, while we also explored new opportunities through selective openings and relocations.

HIGH-FLYING FOOTWEAR

Oboz was excited to collaborate with the tastemakers from online newsletter Blackbird Spyplane to create the Purple Earth Swagtooth Low – a limited-edition boot that merges hiking functionality with streetwear flair. The collaboration, born from Blackbird Spyplane’s keen eye for style and Oboz’s trail-tested expertise, required a design that would resonate with both hardcore hikers and the most aesthetically discerning city dwellers. The result has earned praise from the *New York Times* and *Footwear News* hailed it the “perfect versatile hiking boot”. This collaboration elevates Oboz from trail essentials to cult-status footwear, proving performance and style can coexist at the highest level.



Kathmandu advanced its ‘store of the future’ program, completing concept development, prototype creation and supplier selection to secure competitive pricing. Several lease agreements were finalised for key locations in Australia and New Zealand, with the first new-format stores scheduled to launch in October 2025 and elevate the in-store experience for customers.

Rip Curl continued to expand its retail presence with its first-ever Australian women’s store at Bondi Beach in Sydney. This store has been designed to deliver a tailored brand experience for female surfers and beachgoers. The brand also opened two new international airport locations in Sydney International and Auckland, New Zealand, increasing exposure to global travellers. New stores also opened in key surf locations, including Bilbao near the Sopelana Beach break in Northern Spain, Saint-Jean-de-Luz on the France–Spain border and Marion in South Australia. Rip Curl also established a presence within the URBN Surf Melbourne retail outlet, expanding its access to wave pool enthusiasts.

Rip Curl direct-to-consumer sales outperformed the wholesale channel. Flagship retail store sales grew strongly in key global regions, supported by new store openings. Online sales also grew strongly, and remain a key growth opportunity.

Oboz online sales grew strongly during key promotional periods, reinforcing the growth opportunity for the brand. Wholesale sales remained below last year overall. However, Oboz wholesale sales trends improved in the second half of the year, with the launch of new season styles for the North American summer hiking season.

Driving omnichannel performance

We continued to enhance the omnichannel experience of each brand in FY25. We engaged customers in new ways through targeted e-commerce initiatives, loyalty programs and digital experiences. We also leveraged data-driven insights to inform decisions, personalise customer interactions, accelerate growth in our direct-to-consumer channels, and drive operational efficiency across the business.

In FY25, online sales for all three brands increased year-on-year. Kathmandu’s online sales grew by 9.3%, supported by its migration to Shopify, which delivered a refreshed look and feel alongside improvements to user and customer experience. These enhancements supported stronger engagement, higher conversion and a more seamless customer journey. Online sales accounted for 14.5% of Kathmandu’s direct-to-consumer sales in FY25.

Rip Curl’s online sales also grew, up 10.2% year-on-year, reaching 12.5% of direct-to-consumer sales.

KATHMANDU’S NEXT DIGITAL ADVENTURE

For almost 40 years, Kathmandu has delivered high-quality products and services, created positive customer experiences and responded to consumer needs. These principles remain central to the brand’s success – and were key drivers behind the decision to replatform to Shopify in 2024. Kathmandu’s new site offers a faster, smarter online store that mirrors the brand’s spirit of adventure, with intuitive search, advanced filtering and tailored recommendations. The benefits go deeper than the platform itself. The switch promises to enhance internal workflows and campaign agility, ensuring every customer interaction is seamless and personalised.



Ongoing improvements to trading sites included a user experience overhaul designed to improve navigation, conversion and customer engagement. Targeted digital promotions, including end-of-season discounting, also contributed to increased online volume.

Oboz continued to demonstrate the value of direct-to-consumer online channels, with sales up 18.3% year-on-year. Diversification of sales channels and ongoing improvements to the website’s functionality and customer experience helped the brand reach more consumers directly and strengthen its digital presence.

Loyalty programs that connect with customers

In FY25 we deepened our approach to customer loyalty by creating richer, more personalised experiences. From responsive support to tailored offers and improved interactions, our marketing and digital teams focused on building rewards programs that delivered on – and strived to exceed – customer expectations.

Kathmandu’s Out There Rewards relaunched in FY24 and continues to gain traction, with 1.8 million active members. Club Rip Curl has grown reaching over 600,000 members globally. Across each brand, our loyalty programs go beyond points and promotions. They’re designed to foster community, deepen engagement and reward the passion our customers bring to every adventure.

OUR PEOPLE

🎯 MATERIAL ISSUES: PEOPLE & WELLBEING • CYBER, DATA SECURITY & PRIVACY • RESPONSIBLE LEADERSHIP & ETHICAL CONDUCT

Our people are the foundation of our global outdoor brands. Their skills and commitment help us work towards our vision and respond to the changing needs of customers worldwide.

In FY25, we sharpened our focus on supporting, retaining and developing our teams. This reflects our belief that people, alongside planet, are core to our long-term business success.

More frequent and consistent employee communications, targeted training and emphasis on health and safety standards were focus areas. We also deployed global systems to optimise productivity, including Dayforce and internal social platform, Flip.

Building capability

We expanded learning and development opportunities this year to enhance our culture of continuous improvement. The global online platform RedSeed was complemented with new internal training programs covering everything from leadership to emergency planning and response, B Corp training to media skills, cyber security to intellectual property.

We also supported industry-specific and external training programs, empowering employees to develop skills that contribute to our performance. Our ‘Elevate’ Leadership Program empowers senior leaders to foster innovation, build resilience and coach their teams with real-time feedback.

Our culture of continuous improvement and accountability was enhanced with a new performance review process featuring clearer, more meaningful goals, quarterly check-ins and regular updates.

Organisational alignment

To align capabilities with our new strategy, Next Level, we commenced an organisational restructure towards the end of the year. During the FY, we also relocated Rip Curl’s Torquay warehouse and operations to our Group facility in Truganina, offering permanent Crew roles at the new site, trial options, or redundancy.

The People team provided job-readiness and support. Where appropriate, we offer transition assistance programs to support career changes due to retirement or employment termination.

Fostering an inclusive and connected workplace

We launched a new company intranet in multiple languages to support inclusive communications. Key announcements are translated and subtitles added to video updates, for instance.

We launched an Engagement and DEI survey to gain deeper insights into our workforce, exploring five areas – engagement, connection, leadership, career and enablement – while also building a clearer picture of our people’s demographic and cultural backgrounds. We maintained a strong overall engagement score, with connection and leadership our top strengths.

We also continued our commitment to reconciliation with Australian Indigenous Peoples through cultural learning experiences delivered as part of our Innovate Reconciliation Action Plan (RAP). More information on our RAP is found in ‘Our Partnerships’.

AN AWARD-WINNING TEAM

Despite a challenging year, our teams continued to bring creativity and purpose to advance sustainability, product innovation and technology aspirations. In 2025, this collective effort was recognised at the Ragtrader Australian Fashion Industry Awards, winning the Sustainability Excellence Award for our Group-wide B Corp certification efforts.

We were also finalists in several other categories: Team of the Year for our Global ESG team; Best Use of Technology for Kathmandu’s AI search optimisation and Rip Curl’s GPS3 Watch and iOS app. Two of our product leaders, Milan Thompson (Rip Curl) and Karinda Robinson (Kathmandu), were named in Ragtrader’s *THE TECH 20* – which recognised the top technological innovators in Australian fashion. The broadcast created from the Eddie Aikau Big Wave Invitational, sponsored by Rip Curl, also won two Emmy Awards for Outstanding Achievement in Television.



PERFORMANCE AND DEVELOPMENT REVIEWS COMPLETED IN FY25

Category	Male	Female	Another gender	Total
Group executive	100%	100%	N/A	100%
Brand executive	100%	100%	N/A	100%
Senior management	84%	84%	N/A	84%
Management	88%	88%	100%	88%
Non-management	82%	82%	100%	82%
TOTAL	84%	84%	100%	84%

Prioritising health and safety

We’re committed to fostering a culture where physical and psychosocial safety is actively supported.

We completed the global rollout of our new workplace health and safety platform, Safety Champion, to 12 countries in which we operate. Delivered through a mix of online, face-to-face and recorded training sessions in multiple languages, the system aligns our workplaces globally and sets new benchmarks for best practice.

We refreshed our suite of safety training across Australia, New Zealand and US sites including inductions, site hazards, emergency planning and response, occupational violence and aggression. As part of our skilled driver program, we delivered advanced driver training to all team members with a fleet vehicle. The first course uses virtual reality, allowing employees to complete the training from their desktop while experiencing a realistic drive through Australian or New Zealand cities, with more modules planned to follow.

Recognising the rise in customer aggression in our retail stores, we launched a de-escalation and boundary setting framework that supports our teams.

We also recognised Skin Cancer Awareness Month in May, with complimentary skin checks at our Rip Curl support office in Torquay – an initiative we hope to expand Group-wide.

Despite our best efforts to protect the health and safety of our employees, there were 45 recordable work-related injuries in FY25. The main types of injuries were contusions, cuts, sprains, strains and

soft tissue injuries. None were high- consequence, but we take each injury seriously. We also had 20 cases of work-related ill health (FY24: 13 cases). Work-related ill health cases included musculoskeletal, anxiety and post-traumatic stress disorder.

To complement Safety Champion, we developed a critical incident response plan for Australia and New Zealand. This framework offers a clear, coordinated approach in the event of serious workplace incidents and will be adapted and rolled out globally in FY26.

We are committed to customer health and safety, and any incidents are treated as high priority, investigated and the appropriate corrective action taken to prevent recurrence. We also have quality assurance processes and systems in place to ensure our products are safe.

The Group has also implemented an occupational health and safety management system (HSMS) in line with legal requirements in all the countries where we operate. Our manufacturing facility in Thailand holds ISO 45001 (workplace health & safety (WHS)) accreditation. We continue to align our HSMS to ISO 45001 and ISO 45003 (psychosocial WHS) across the group.

The HSMS covers all workers – full-time, part-time, casual and fixed-term – across support offices, distribution centres, retail stores, showrooms, manufacturing and offsite activities, such as events. Activities include warehousing, logistics, administration, customer service, sales, marketing, event management, staff management and product management.

KMD BRANDS ESG GOAL

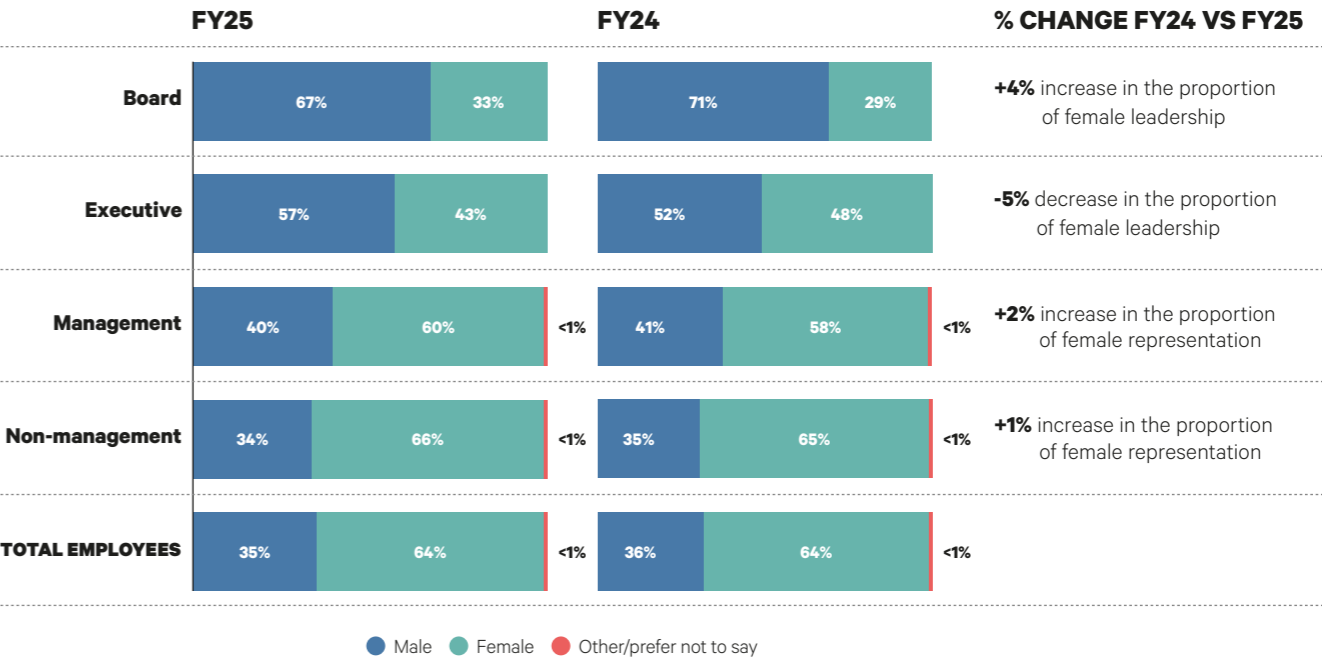
An equitable, inclusive workplace representative of the diversity within our communities including:

- 40:40:20 gender representation in leadership positions (Board, executive and management).
- Increased representation in employment of local Indigenous Peoples and people from ethnic or racial minorities.





GENDER DIVERSITY BY CATEGORY



MINORITY REPRESENTATION IN OUR TEAM

9.6% of our team identify as belonging to an ethnic minority

4.9% of our team identify as belonging to a local Indigenous group

11.2% of our team identify as LGBTQIA+

7% of our team are living with a health condition or disability

*Results based on 2,175 survey responses received from employees as part of the KMD Brands Global FY25 Engagement and DEI Pulse Survey.

Hazards are identified through reporting, risk registers, risk assessments and inspections, with corrective actions guided by the hierarchy of controls and overseen by our safety team. These processes are carried out by trained personnel and overseen by qualified safety representatives to ensure competency and consistency.

Workers can report hazards through our safety software system, including anonymously to protect against any concerns about potential reprisals. Workers in our warehouses across Australia and New Zealand are empowered to stop unsafe work, supported by trained Health and Safety Representatives (HSRs). All incidents are investigated with a review of controls and corrective actions. Findings from investigations are used to identify systemic risks and feed into continuous improvements to the HSMS.

Health and safety committees operate in Australia, New Zealand and North America, providing forums for participation and consultation between management and workers. These committees meet regularly and make decisions under formal constitutions. Casual workers are not represented due to rostering, higher turnover and budget limitations. Information is shared through intranet, newsletters, emails and toolbox talks.

Training provided includes health and safety induction, site-specific hazards, ladder safety, manual handling,

slips, trips and falls, occupational violence and aggression, workstation ergonomics, bullying and harassment, emergency response, first aid, wardens, mental health first aiders and advanced driver training.

We support worker health through public healthcare systems (Australia, New Zealand, Europe, Brazil and Thailand) and health benefits in the US. All workers have access to an employee assistance program covering work and non-work issues such as mental health, lifestyle, career and family. We provide clear guidance on access to entitlements.

Our HSMS also applies to contractors, subcontractors, agency workers, visitors, customers and other members of the public. Controls include inductions, permits to work, and incident and hazard reporting. We are strengthening contractor and supplier engagement processes to ensure health and safety is prioritised across service, maintenance and transport contracts.

The Group continued to focus on privacy improvements in FY25, with no substantiated reportable complaints concerning breaches of customer privacy or losses of customer data. No worker groups or activities are excluded.

By continuing to strengthen our systems, training and culture, we build safer workplaces across all our brands.



TRAINING HOURS IN FY25



Average hours of online training per employee*

Male	4.1 hours
Female	4.4 hours
Another gender	5.6 hours

* Based on training modules completed through RedSeed learning platform



3,283 hrs
additional training hours delivered in person*

* Participant attendance is determined by accepted calendar invitations or attendance record. Total training hours calculated based on average training session length of 1 hour.

Industry leaders, local contributors



Across Rip Curl, Kathmandu and Oboz, our people step up as leaders, advocates and volunteers to shape industry, strengthen communities and protect the wild places we all depend on.

Neil Ridgway

Head of International Licensing, Rip Curl

"I'm stoked to use my experience and contacts to bring surfing to new communities, whether it's through Indigenous programs and athletic excellence as a Board Director for Surfing Victoria, or by building connections with Latin America's surf and skiing culture by working with ambassadors and embassies in the region."

Jo O'Sullivan

General Manager Marketing, Kathmandu

"I serve as an Advisory Board Member of Tātai Whetū Waitaha, an organisation that uses sport to open doors to education, leadership and community, inspiring young Māori and Pasifika people to reach for the stars."

Manu Rastogi

Head of Product Innovation & Product Sustainability, Kathmandu

"Through my roles with the Textile Exchange, EcoChoice Aotearoa, the Sustainable Business Network NZ and Mindful Fashion NZ, I focus on one goal: helping the textile industry move to materials that do more good, not just less bad."

Fiona Harrington

Product Compliance Manager, Kathmandu

"By contributing to Standards Australia and the Textile Exchange, I am helping to shape global standards for textile labelling, making sure consumers get clear, honest information. This transparency matters."

Martijn Linden

Head of Brand and Product Strategy, Oboz

"As secretary of the Southwest Montana Mountain Bike Association, I'm committed to enhancing trail access and advancing the future of mountain biking in my community. I also serve on advisory boards for the University of Oregon and the local chapter of the American Marketing Association, helping students prepare for careers in outdoor product creation and marketing."

Frances Blundell

Chief Legal & ESG Officer, KMD Brands


"Being on the Board of Seamless is an opportunity to help shape the future of apparel and clothing in Australia. Contributing to the circular economy transformation in our industry means driving real change – reducing waste, rethinking design, and creating more sustainable value chains for the long term."

Abigail Cook

Brand Marketing and ESG Manager, Oboz

"I'm part of the Conservation Alliance 2025 Business Advocacy Network, which empowers brands to become powerful advocates for the outdoors by bridging the gap between business and conservation impact. I'm excited to be collaborating on priority campaigns to protect public lands and strengthen conservation policy."

OUR PARTNERSHIPS


MATERIAL ISSUES: SUPPLY CHAIN HUMAN RIGHTS & TRANSPARENCY • PEOPLE & WELLBEING • BIODIVERSITY, WATER, WASTE & ENVIRONMENTAL PROTECTION

In FY25, KMD Brands focused on enhancing worker engagement, supply chain transparency and support for the communities where we operate.

Our approach to human rights due diligence, including forced and child labour, is detailed in the Group’s annual Modern Slavery Statement.

We reinforced our commitment to sustainability and responsible business practices through strategic partnerships and our commitment to environmental and social standards. See ‘Our Partners’ section on pages 120 to 126 for more detail.

Enhancing supply chain integrity

In FY25, we deepened our assessment of the risks presented by input and raw material suppliers, using the Higg Index tools to measure social and environmental performance and to reduce supplier audit fatigue.

Using the platform Our Supply Chain (OSC), we reviewed 277 social assessments and identified 1,173 non-compliances across our supply chain in FY25. The most common findings were excessive overtime, insurance underpayment and unsafe machinery.

Of the input suppliers traced in OSC, 41% of Tier 2 suppliers and 20% of Tier 3 suppliers were monitored for corrective action improvements.

KMD BRANDS ESG GOAL:

Genuine transparency of, and effective worker voice communications with, strategic suppliers for each brand.



Accountability to KMD Brands Code of Conduct

- Tier 1:**
 Suppliers are 100% accountable
- Tier 2:**
 Increase by at least one Tier 2 supplier for each brand per year

Transparency

- Tier 1:**
 Increase year-on-year where worker voice survey tools are in place
- Tier 2:**
 Trace and publish the input suppliers of our strategic Tier 1 suppliers

All Tier 1 manufacturers and traced input and raw material suppliers are listed on [Open Supply Hub](#) to enhance visibility and stakeholder trust.

KATHMANDU X NEW ZEALAND OLYMPIC TEAM

In FY25, Kathmandu proudly became the official apparel partner of the New Zealand Olympic Team in a landmark four-year agreement. Kathmandu will supply performance-driven and responsibly made gear for athletes at major events including the Milano Cortina Olympic Winter Games 2026, the Glasgow Commonwealth Games and the Los Angeles Olympic Games. The partnership also extends to emerging athletes at the Pre-Elite and Pacific Games. “This partnership brings together our shared values of performance, innovation and national pride,” noted Kathmandu CEO Megan Welch during the launch. The first Kathmandu-designed NZ team kit will debut in 2026, reflecting a bold new step in the brand’s journey to champion outdoor performance on the global stage.

ACCOUNTABILITY	FY25	FY24
Tier 1:	100% (142)	100% (149)
Tier 2:	115	91
TRANSPARENCY		
Worker voice surveys conducted		
Tier 1:	30	11
Tier 2:	1	2
Workers interviewed (Tiers 1 and 2):	12,505	5,947
Traced on Open Supply Hub		
Tier 1:	100% (142)	100% (149)
Tier 2:	161	158
Worker sentiment surveys conducted		
Tier 1:	4	4
Tier 2:	0	1

Listening to workers

Our worker voice program expanded to Bangladesh and Indonesia. We continued our work with AskYourTeam, a New Zealand-based tech company, to survey factory workers who are employed by our manufacturing partners to create our products. This tool enhances our ability to directly engage with workers and address concerns effectively.

AskYourTeam’s tool allowed us to collect anonymous feedback from 12,505 workers across manufacturing facilities in Bangladesh, China, Indonesia and Vietnam. This included 21 key factory partners in China, where workers were asked about workplace health and safety, remuneration and equality. These insights have highlighted facility best practices and areas to improve, including gender sensitivity training, workforce policy training and better grievance procedures.

Promoting gender equality

We completed the women’s empowerment program in Bangladesh, which commenced in FY24. This was a program facilitated by labour rights organisation, Awaj Foundation, in collaboration with long-term trading agent Toads and manufacturer Astex Garments. The program focused on enhancing female garment workers’ skills in financial management, leadership, health and nutrition. 240 women participated in the program and

the impact was formally measured. Workers reported improvement in their negotiating and bargaining skills in relation to household decisions, improved understanding of health and nutrition indicators and improved confidence in their ability to solve problems in their home and workplace. This program will be offered in a second factory in Bangladesh in FY26.

Strategic brand partnerships

Each of our brands partnered with organisations that reflect our values and extend our reach. Rip Curl continued its long-standing partnership with the World Surf League (WSL), headlining iconic events like MEO Rip Curl Pro Portugal and Rip Curl Pro Bells Beach, and offering exclusive event merchandise that elevated brand engagement and commercial success.

We proudly supported the Eddie Aikau Big Wave Invitational, where our tribute collection celebrating Hawaiian surf heritage was in high demand. The Rip Curl Cup Padang Padang 2024 also returned with a women’s division. This one-day, best-conditions-only event brought together the world’s premier tuberiders and reinforced Rip Curl’s commitment to authentic, progressive surf experiences.

We also teamed up with Australian denim icon Abrand to launch a nostalgic streetwear capsule inspired by ‘80s

and ‘90s surf culture, which was well received by media and influencers.

Kathmandu launched a new partnership with the New Zealand Olympic Team, encouraging Kiwis to embrace the outdoors through the unifying power of sport. We continued our work with Her Trails, a global platform empowering women to pursue transformative outdoor experiences.

Kathmandu celebrated its ninth year as title sponsor of the iconic Kathmandu Coast to Coast, supporting athletes including Longest Day race winner Alex Hunt and Her Trails’ Sam Gash, who completed the two-day tandem. Thousands joined us at New Brighton Beach to cheer competitors to the finish line, where a Kathmandu pop-up store, virtual reality mountain run and family-friendly activations were waiting.

In Melbourne we hosted a one-off Trail Run Club event to launch our Cold Weather Outdoor Active collection. This connected with 65+ runners and generated over five million organic social impressions.

Oboz strengthened its strategic brand partnerships to uplift performance innovation and cultural relevance. One highlight was the collaboration with creative studio and taste-maker Blackbird Spyplane to reimagine the iconic Sawtooth II trail shoe. The sold-out Swagtooth Purple Earth shoe was lauded in the *New York Times*.

Oboz also continued its long-standing partnership with GORE-TEX, integrating Invisible Fit technology into the Katabatic range to deliver waterproof performance and breathability without compromising comfort.

Supporting our communities

During the reporting period, each brand made meaningful contributions to the communities where we live and work, reflecting our shared purpose and mission. While we were mindful of costs and reduced the overall amount of donations given economic pressures and trading conditions, we maintained strong partnerships and increased staff volunteer hours through Planet Day activities.

Kathmandu continued its support for Australian mental health charity, Beyond Blue, and New Zealand youth development charity, the Graeme Dingle Foundation. Kathmandu sponsors Project K to inspire high school students through outdoor activities.

DEEPENING OUR COMMITMENT TO RECONCILIATION

In early 2025, Rip Curl’s Innovate Reconciliation Action Plan (RAP) was formally endorsed by Reconciliation Australia. Building on our 2023 Reflect RAP, this Innovate RAP sets a clear framework to strengthen relationships with Aboriginal and Torres Strait Islander Peoples. We marked the occasion during Reconciliation Week and at the opening of the Australian Indigenous Surfing Titles event held at Djarrak on Wadawurrung Country. Key actions for our new RAP include cultural immersions for new staff, store-based Acknowledgement of Country plaques, and greater use of our platforms to promote inclusion, respect and opportunity.



Kathmandu’s CEO Megan Welch also took part in the Foundation’s annual ‘Drop Your Boss’ challenge, jumping off the Auckland Sky Tower to raise funds for New Zealand’s future leaders. Kathmandu’s Planet Day also returned for its third year, with team members removing invasive plant species and helping care for native flora in Christchurch.

Oboz’ One Tree program has now planted more than six million trees worldwide. This year we partnered with tree planting organisation veritree to enhance transparency and tracking.

We also partnered with Wild Montana to sponsor the popular Trail of the Week microcast series, and with Black Folks Camp Too to help dismantle barriers to the outdoors. We backed long-distance hikers through THRU-r, a platform offering free planning tools and community connection. As a member of The Conservation Alliance, we joined peers in Washington, D.C to lobby for stronger protections for public lands.



RAISING THE BAR FOR WORKER RIGHTS

KMD Brands joined a Fair Labor Association (FLA) roundtable in Bangladesh in February 2025 as part of our ongoing commitment to responsible sourcing practices and fair wages. Since Kathmandu became the first Australasian brand accredited by the FLA in 2018, we have continued to strengthen labour standards across our supply chain by implementing grievance mechanisms, monitoring corrective actions and reviewing compensation data. At the Dhaka roundtable, we collaborated with suppliers and industry leaders to champion systemic change. We continue to support union rights, fair wages and shared accountability, advocating for a future where every worker is respected and fairly compensated.

Rip Curl crew around the world participated in Planet Day for the 24th consecutive year. We partnered with local community organisations to restore habitat and remove invasive weeds and rubbish.

Rip Curl continued its support for Surfrider in North America and Australia, contributing all profits from the sale of paper bags and Surf Organics wax instore to support coastal conservation. As the primary partner of the SurfAid 2024 'Make-A-Wave' campaign, we helped to raise more than AU\$678,000 for remote surfing communities. Head of ESG, Shasta O'Loughlin, visited SurfAid's program site in Rote, Indonesia, to see firsthand how the organisation is improving health, nutrition and parenting outcomes.

In this same spirit of giving, we've also stepped in to support those impacted by wildfires in Los Angeles and Lahaina, Maui. To date, more than USD\$50,000 has been raised, including Rip Curl's donation which went towards non-profits working in the L.A. region. This is part of the wider Surf Industry Members Association (SIMA) Humanitarian Fund, which has distributed more than USD\$1.5 million to social and humanitarian organisations worldwide.

KMD BRANDS ESG GOAL:

Supported local community projects, through donations, fundraising and paid employee time, to create a positive impact for the wellbeing of people and planet.



FY25 PERFORMANCE



NZD \$832k*

invested with our local community partners in FY25

5,777

volunteer hours (FY24: 4,860 hours)


*includes company financial donations, product donations, employee donations and partnership fees.



TRACKING IMPACT, TREE BY TREE

In FY25, Oboz Footwear took the next step in our long-standing tree-planting commitment by partnering with veritree, a data-driven platform that brings greater transparency and accountability to restoration projects around the world. Since 2007, we've planted a tree for every pair of shoes sold, now totalling more than six million trees. Through veritree, we're now able to track planting progress, verify impact through blockchain technology and expand our reach to new regions, including Oregon, British Columbia and Senegal. Together with Trees for the Future and veritree, we're helping reforest land, revitalise ecosystems and support communities through nature-based climate solutions.

OUR ENVIRONMENT

 **MATERIAL ISSUES:** HARMFUL SUBSTANCES • RESPONSIBLE DESIGN & MATERIALS • CLIMATE CHANGE, ENERGY & EMISSIONS
• BIODIVERSITY, WATER, WASTE & ENVIRONMENTAL PROTECTION

We balance our commitments as a responsible B Corp with a focus on customer and shareholder value to ensure our business is competitive and resilient over the long-term.

KMD Brands aligns our ESG commitments with the need to maintain competitive and commercial strength. By exploring and testing innovative practices, and by applying lessons from pilot projects across the Group, we find effective, pragmatic solutions that support operational efficiency and responsible practices, while addressing the material issues that matter most to our stakeholders.

We are actively identifying, managing and working to reduce harmful substances in our products to protect human health and the environment, complying with international regulations and industry standards. Through responsible design, we are creating innovative, industry-leading products that appeal to customers, build global brand recognition and use responsibly-sourced materials to minimise waste across our supply chain.

Our climate strategy integrates resilience planning and emissions reduction, while operational initiatives aim to optimise energy management and minimise our supply chain footprint. We also consider the potential impacts of our products, packaging and broader business on biodiversity, water stewardship, waste reduction and circularity.

Responding to regulation and climate reporting requirements

In FY25, on behalf of the Board of Directors, we presented our first Climate-Related Disclosure (CRD) statement, prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CS 1, 2 and 3). This milestone builds on years of tracking, reporting and setting emissions targets as part of our wider ESG commitments and B Corporation certification.

Preparing our first CRD statement was a comprehensive, global effort involving all our brands, regions, internal specialists and expert external advisors. It reflects our growing understanding of the potential risks and opportunities climate change presents to our business, and our strategies for adaptation and response. We are focused on improving data quality, access and

accuracy; expanding renewable energy use across our supply chain; and collaborating with industry peers to address systemic challenges.

While we are proud of our progress towards emissions reduction targets, we recognise that decoupling emissions from economic growth is a significant challenge with many factors outside our direct control. We remain committed to enhancing our climate strategy and building long-term resilience, while monitoring developments in other global reporting frameworks such as the European Corporate Sustainability Reporting Directive and the Australian climate-related financial disclosure regime.

FOOTPRINT IN FOCUS

Knowing our footprint is the first step to reducing it, KMD Brands has expanded our partnership with Worldly by adopting the new Product Impact Calculator – a tool that tracks the carbon footprint of individual products using real data from our supply chain. Scope 3 emissions, which make up the majority of our impact, are inherently difficult to measure. Now, with the greater transparency this tool provides, we can identify targeted improvements. We’re starting with our apparel range – from boardshorts and puffer jackets to swimwear and wetsuits – with footwear to follow. The calculator helps us shift away from assumptions and averages, instead digging into the detail to reduce our emissions and design for a lower-carbon future.



KMD BRANDS ESG GOAL:

Dedicated to our own brand products being responsibly sourced.



FY25 PERFORMANCE



 **81%**
responsibly sourced cotton against
our target of 100% by 2026
(FY24: 72%)




75%
apparel and accessories containing preferred fibre materials against our target of 100% by 2030 (FY24: 66%)



47% of wetsuit range containing responsibly sourced materials against our target of 75% by 2030 **(FY24: 25%)**



 **64%** of our range using a minimum of 20% environmentally preferred materials by weight against our target of 100% of range by 2030 (**FY24:** 34%)



100%

We have achieved our goal to source 100% of our wool from RWS certified sources by 2025 (**FY24: 63%**)



72%
of polyester used in apparel is from recycled sources against our target of 100% by 2030 (**FY24: 64%**)



45%
of polyester used in equipment is from recycled sources against a target of 100% by 2030 (**FY24: 53%**)



Responsible products, built together

From concept to customer, creating our products takes passion, perseverance and strong partnerships. In FY25, we advanced our use of responsible materials through thoughtful choices in fabrics, production methods and finishes. Collaboration with suppliers is key to our success, especially at our wholly-owned OnSmooth factory in Thailand, where we produce most of our wetsuits.

Our brands were recognised for their progress, taking home several of the world's most prestigious sporting and outdoor gear honours at the ISPO Awards. These awards are a testament to our work to enhance innovation, performance and sustainability, and increasing the use of responsible materials across ranges.

In FY25, Rip Curl increased its indicative rating on the Textile Exchange's Material Change Index to 'Scaling (Level 3)', recognising its progress in mainstreaming responsible materials program. The Index is the world's largest peer benchmarking initiative for responsible materials in the textile industry, assessing companies on their use of preferred fibres and progress toward more sustainable practices.



58 Tier 1

78 Tier 2

factories reporting
verified environmental
performance data



**Click or scan to
learn more about the
Group's progress
on responsible
materials in FY25**



Improving our data

In FY25, KMD Brands became the first outdoor apparel brand globally to adopt Worldly’s new Product Impact Calculator – giving our teams sharper insights to reduce the carbon footprint of individual products.

FULL TRACEABILITY FROM FARM TO FINISHED GARMENT

Kathmandu has achieved 100% certification to the Responsible Wool Standard (RWS) across all merino products – a milestone nearly a decade in the making. As a founding partner of the RWS in 2016, we helped launch the first on-farm pilot and became the first Southern Hemisphere brand to put RWS-certified merino on the shelf. Developed by Textile Exchange, the RWS ensures high standards of animal welfare, land stewardship and supply chain traceability. “Wool is renewable, durable and biodegradable, but how we source it matters,” says Manu Rastogi, KMD Brands Head of Product Innovation & Product Sustainability. “We want every customer who wears our merino to know it came from a place of care – for animals, for land and for the future of our industry.”



As Scope 3 emissions make up the largest share of our footprint, better data means better decisions. The Product Impact Calculator builds on our use of Worldly’s Higg Facility Environmental Module (FEM), Brand and Retail Module (BRM), and Facility Social Labor Module (FSLM) to track environmental and social performance across our supply chain.

Twelve new Tier 1 suppliers, accounting for 67%, were screened using environmental criteria, including assessment of FEM data, site visits and internal qualitative assessment including investment in green technology and preferred fibres, product and facility certifications. 4 suppliers were identified as having significant actual or potential negative environmental impacts. Impacts identified were the lack of an environmental license or permit, and waste disposal practices not in line with legal requirements. Improvements were agreed upon with 75% (3) of suppliers and are under discussion with the remaining 25% (1). No supplier relationships were terminated as a result of an environmental assessment.

In FY25, 136 facilities completed verified environmental assessments using the FEM. The average module score increased by 21% on the previous module and was 25% above the platform’s benchmark score. 72% of facilities that completed the FEM have an implementation plan to improve energy use and/or greenhouse gas emissions, and 69% have reduced energy use compared with baselines.

The average facility module score for waste improved 14% on the previous module and was 14% above the platform’s benchmark score. 77% of facilities that completed the FEM are part of an industry program that addresses waste.

The average facility module score for water improved 16% on the previous module, and 74% of facilities are part of an industry program that addresses water.

These efforts improve our transparency and compliance readiness – especially in fast-evolving markets like Europe – and strengthen supplier collaboration, support low-carbon product design and advance our climate goals.

Reducing and reimagining waste

KMD Brands has set ambitious 2030 targets to cut operational waste to landfill by 90%. This year, we partnered with resource recovery experts at Reground to audit waste across six key sites in Australia, including

distribution centres, offices and retail stores. The audit revealed opportunities to improve recycling, streamline waste separation and reduce unnecessary disposal. Distribution centres achieved 84–87% recycling rates. Retail stores, which face the additional challenge of customer waste, reached 67–69%. Using these insights, we implemented and educated our teams to rethink how we sort, pack and educate our crew and customers about recycling. Our focus is on embedding circular practices and rethinking waste as a resource to drive systemic change.

As a signatory of the Australian Packaging Covenant Organisation (APCO), we submit an annual report and action plan to support our packaging and waste strategies for Kathmandu and Rip Curl. In FY25, Rip Curl achieved a 'Leading' rating – recognising strong, measurable progress in packaging sustainability. Key actions included switching all swing tags to recycled FSC-certified paper, use of recycled plastic kimbles and trialling a glassine paper bag. Rip Curl’s wetsuit factory in Thailand also commenced recycled cardboard carton trials. Kathmandu received an 'Advanced' rating, reflecting tangible action to improve packaging and waste practices. Measures reported included Kathmandu’s

RIP CURL REACHES RESPONSIBLE RUBBER MILESTONE

In FY25, Rip Curl began using OCENA® rubber, a bio-based alternative to neoprene, in its wetsuit range. From July 2025, Rip Curl’s bestselling E-Bomb and Dawn Patrol wetsuit models are made with OCENA®, which was developed by SHEICO Group and is certified by the United States Department of Agriculture for containing 74% renewable biomass. OCENA® uses natural rubber certified by the Forest Stewardship Council, oyster shell powder, soybean oils, lower-impact carbon black made from scrap tyres and water-based adhesives. This product milestone is a significant step towards Rip Curl’s goal of 75% of wetsuits made from responsibly sourced, plant-based neoprene by 2030. Coupled with in-house repair centres and a take-back recycling program diverting more than 60,000 wetsuits from landfill, the initiative highlights Rip Curl’s commitment to sustainable, high-performance products.



partnership with Upparel to offer textile recycling in 16 Victorian stores and soft plastics recycling in 15 more. Looking ahead, textile and footwear circularity remains a complex global challenge. A single product may have 50 different technical components that are difficult to separate during recycling. Limited infrastructure and technology further constrain efforts to recycle waste, with large-scale investment from governments required to help businesses meet national landfill reduction goals.





KMD BRANDS ESG GOAL:

Reduced operational and packaging waste including:

- Diversion of 90% of waste to landfill from our direct operations by 2030.
- All primary and secondary packaging and promotional material is recyclable or made using recycled materials.



OPERATIONAL WASTE GENERATED FOR FY25 (metric tonnes)

Soft plastics recycled	38.0
Mixed plastic recycled	243.4
Paper and cardboard recycled	870.7
Glass and aluminium recycled	0.9
Neoprene offcuts recycled	142.1
Organic composting	1.7
TOTAL OPERATIONAL WASTE DIVERTED¹	1,296.7
Store/warehouses/offices/factory waste to landfill	511.6
TOTAL OPERATIONAL WASTE¹	1,808.3

72%¹



total operational waste diverted from landfill during FY25, including paper and cardboard, mixed recycling, soft plastics, neoprene offcuts and composting.

FY24: 55%

1. FY25 reported figures are based on pre-verified data for our own operations across 340 sites in Australia, New Zealand, Indonesia, Thailand, Brazil, Europe, USA and Canada. Where primary data was not available, estimates have been used based on similar sites from our own operations or industry average figures.

POST CUSTOMER WASTE RECOVERY (metric tonnes)	FY25	FY24	TOTAL FY22 to FY25
Recycle My Rubber	29.1	23.6	77.3
Upparel	7.0	2.6	9.8
ImpacTex	0.4	0.4	0.8
TOTAL TEXTILE WASTE RECOVERY	36.5	26.6	87.9



Kathmandu®

100%

of swing tags made from recycled materials

Obōz®

100%

of footwear boxes made from responsibly sourced wood paper


RIP CURL

100%

of swing tags made from materials that can be recycled

Third-party waste service providers operate under local regulations and must report accordingly. We aggregate monthly and annual reports from waste service providers, including types and quantities of waste. We use this data to track performance and identify opportunities for improvement.

OUR FUNDING

 **MATERIAL ISSUES:** ECONOMIC PERFORMANCE & OPERATIONAL EXCELLENCE • SUPPLY CHAIN MANAGEMENT
• DIGITAL TRANSFORMATION • CLIMATE CHANGE, ENERGY & EMISSIONS

FY25 was a challenging year for both our Group and the wider industry. This was due to both market conditions and disappointing sales performance, particularly from Kathmandu, which continued to impact the overall result.

Persistent cost-of-living pressures and heightened geopolitical uncertainty continued to weigh heavily on global consumer sentiment. In addition, the introduction of new US tariffs created further cost pressures and uncertainty for our Rip Curl and Oboz businesses.

While the first half of the year was subdued, performance strengthened as conditions improved in the second half.

Our performance

Group sales increased slightly above last year, despite challenging market conditions globally. The sales result was underpinned by an improved trend in the direct-to-consumer channel (including online).

Rip Curl's direct-to-consumer sales outperformed the wholesale channel. Flagship retail store sales grew strongly in key global regions, supported by new store openings. Online sales also grew markedly.

Kathmandu total sales increased slightly above last year. Most product categories achieved sales growth, including Rainwear, Fleece, Baselayer, Knits and Footwear. This decreased reliance on insulation, which achieved lower sales year-on-year, especially during a warm third quarter. Cooler conditions, intensified promotional efforts and the successful launch of Shopify, the new Group online trading platform, delivered a positive finish to the year which helped lift overall performance.

Oboz online sales grew strongly during key promotional periods, reinforcing the growth opportunity for the brand. Wholesale sales remained below last year overall. However, wholesale sales trends improved in the second half of the year, with the launch of new season styles for the North American summer hiking season.

The Group gross margin declined in FY25 reflecting greater promotional activity, which was required to maintain market share in a highly competitive trading environment. Operating expenses were tightly managed while facing global cost pressure.

Inventory continued to trend down, contributing to a significant reduction in net working capital year-on-year at balance date.

Managing our debt with support from our banking group

The Group continues to have a strong active working relationship with, and support from, its banking syndicate. 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. During the year, in response to the difficult trading environment, we took pre-emptive action with the support of our banking group to lower the FCCR covenant ratio and provide increased flexibility in the event that leverage exceeded 2.5x EBITDA. All banking covenants were complied with at 31 July 2025.

Our sustainability performance targets (SPTs) include:

SPT 1: Scope 3 emissions
Reduction in specified Scope 3 emissions categories of the Group in line with the validated Science-based Target trajectory (aligned with a 'well below 2 degrees' scenario) and increasing measurement and reporting of the Group's Scope 3 emissions from purchased goods and services by influencing and supporting the Group's suppliers to disclose emissions data.
SPT 2: Scope 1 and 2 emissions
Reduction in absolute Scope 1 and Scope 2 emissions of the Group in line with the validated Science-based Target trajectory.
SPT 3: B Corp certification
Maintaining certification and re-certifying the Group as a B Corporation by 31 July 2026.
SPT 4: Supply chain accountability and transparency
Increasing accountability and facilitating transparent disclosure for Tier 1 and Tier 2 suppliers through encouraging adoption of, and progression towards, verification by Higg Index Facility Social & Labor Module and Facility Environment Module.

Each SPT has an annual defined performance threshold for a discount to the overall interest rate we pay across our debt facilities (except for SPT 3 in year 3, being the period ending 31 July 2025). The thresholds are structured to be ambitious in nature and incentivise progressive improvement compared to the respective baselines. Each SPT also has a 'premium' threshold, which if triggered will generate a premium payable on the interest rate overall.

Performance against targets for FY24 was measured at end of October 2024. We met three of the four targets resulting in an overall sustainability discount and interest savings across our syndicated debt facility. Our next performance measurement milestone (for FY25) is due at end of October 2025.

Operational transformation and integration

In the first three quarters of FY25, we focused on foundational improvements to streamline operations and enhance efficiency across the Group. A key milestone was the consolidation of our warehousing and distribution centres in Victoria, where we retired the Rip Curl warehouse and transitioned operations to the KMD Brands facility in Truganina. This move enables greater scale and efficiency across our supply chain. We worked closely with impacted team members and offered redeployment opportunities within the Group.

We also strengthened our technology infrastructure, continuing the rollout of Microsoft Dynamics 365 to unify finance, planning and retail operations, and progressing our transition to Dayforce for workforce management. Towards the end of the financial year we launched Flip, our new internal communications platform, replacing Workplace and enabling more connected, real-time collaboration across teams. To support these systems, we established a 24/7 IT service desk in the Philippines and introduced a global IT Service Portal, improving accessibility and responsiveness for our teams worldwide. This team consists of 10 full-time contract workers: seven supporting IT resourcing and three general finance tasks.

In parallel, Kathmandu successfully migrated to Shopify, laying the foundation for a more agile and scalable e-commerce experience, aligned with our ambition to accelerate digital performance across the Group. At the time of writing this report, Rip Curl had also commenced the journey to transition to this platform.

In September 2025, we began activating our Next Level transformation strategy. This included resetting for sustainable profitability by addressing operational leverage and unlocking new pathways to greater returns. A minimum \$25 million cost reset was initiated, supported by a Group-wide organisational restructure and a store network portfolio review. These changes are designed to create a leaner, more agile operating model that supports brand-led growth and long-term value creation.

Outlook

FY26 marks a pivotal year as we activate our Next Level transformation strategy across the Group. We are aligning behind a brand and product-led, customer-centric growth agenda designed to unlock the full potential of our portfolio and deliver sustainable, profitable growth.

Our focus is on executing with precision – resetting our cost base, streamlining operations and enhancing margin discipline. We are investing in product innovation, digital capability and store experience to drive relevance and impact in every market.

While macroeconomic conditions remain fluid, we are confident in our strategy and the strength of our brands. With a sharper marketplace vision and a more agile operating model, we are well-positioned to return to growth and deliver stronger returns in FY26 and beyond.

During the reporting period there were no instances of significant non-compliance with laws or regulations across the Group and no monetary fines (FY24: NZD \$0). KMD Brands defines a significant instance of non-compliance to be a fine or sanction of \$100,000 or more.



3. FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS 31 JULY 2025

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IN THIS SECTION...

The consolidated financial statements have been presented in a style which attempts to make them less complex and more relevant to shareholders. We have grouped the note disclosures into six sections: 'Basis of Preparation', 'Results for the Year', 'Operating Assets and Liabilities', 'Capital Structure and Financing Costs', 'Group Structure' and 'Other Notes'. Each section sets out the accounting policies applied in producing the relevant notes. The purpose of this format is to provide readers with a clearer understanding of what drives financial performance of the Group. The aim of the text boxes is to provide commentary on each section or note, in plain English.



KEEPING IT SIMPLE ...



Notes to the consolidated financial statements provide information required by accounting standards or, New Zealand Exchange (NZX) Listing Rules to explain a particular feature of the consolidated financial statements. The notes that follow will also provide explanations and additional disclosures to assist readers' understanding and interpretation of the annual integrated report and the consolidated financial statements.

Directors’ Approval of Consolidated Financial Statements

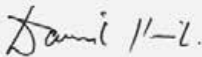
For the Year Ended 31 July 2025

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 24 September 2025.

Approval by Directors

The Directors present the Consolidated Financial Statements of KMD Brands Limited for the year ended 31 July 2025 on pages 61 to 107.



David Kirk

Date

24 September 2025



Brent Scrimshaw

Date

24 September 2025

For and on behalf of the Board of Directors

Consolidated Statement of Comprehensive Income

For the Year Ended 31 July 2025

	Section	2025 NZ\$'000	2024 NZ\$'000
			<i>Restated</i>
Sales	2.2	989,015	979,415
Cost of sales		(429,755)	(407,880)
Gross profit		559,260	571,535
Other income	2.2	3,169	2,831
Selling and marketing expenses		(283,884)	(255,313)
Administration and general expenses		(182,636)	(171,487)
Intangible asset impairment expense	3.3	(45,363)	(40,331)
		(508,714)	(464,300)
Earnings before interest, tax, depreciation, and amortisation		50,546	107,235
Depreciation and amortisation	3.2-3.4	(131,077)	(128,303)
Earnings before interest and tax		(80,531)	(21,068)
Finance income		2,772	1,322
Finance expenses		(26,901)	(26,966)
Finance costs (net)	4.1.1	(24,129)	(25,644)
(Loss) before income tax		(104,660)	(46,712)
Income tax benefit / (expense)	2.3	11,081	(1,611)
(Loss) after income tax		(93,579)	(48,323)
(Loss) for the year attributable to:			
Shareholders of the Company		(95,058)	(49,760)
Non-controlling interest		1,479	1,437
Other comprehensive income that may be reclassified subsequently to (loss):			
Movement in cash flow hedge reserve	4.3.2	2,116	8,231
Movement in foreign currency translation reserve	4.3.2	1,022	13,433
Other comprehensive income for the year, net of tax		3,138	21,664
Total comprehensive (loss) for the year		(90,441)	(26,659)
Total comprehensive (loss) for the year attributable to:			
Shareholders of the Company		(91,875)	(28,201)
Non-controlling interest		1,434	1,542
Basic earnings per share	2.4	(13.4cps)	(7.0cps)
Diluted earnings per share	2.4	(13.4cps)	(7.0cps)
Weighted average basic ordinary shares outstanding ('000)	2.4	711,667	711,548
Weighted average diluted ordinary shares outstanding ('000)	2.4	730,386	723,784

Consolidated Statement of Changes in Equity

For the Year Ended 31 July 2025

	Share capital NZ\$'000	Cash flow hedge reserve NZ\$'000	Foreign currency translation reserve NZ\$'000	Share-based payments reserve NZ\$'000	Other reserves NZ\$'000	Retained earnings NZ\$'000	Non- controlling interest NZ\$'000	Total equity NZ\$'000
Balance as at 31 July 2023	629,079	274	9,691	1,286	(47)	195,983	5,371	841,637
(Loss) 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 4.3.2	–	(6,821)	–	–	–	–	–	(6,821)
Dividends paid to non-controlling interest	–	–	–	–	–	–	(1,165)	(1,165)
Balance as at 31 July 2024	629,383	1,684	23,019	824	(47)	125,067	5,748	785,678
(Loss) after tax	–	–	–	–	–	(95,058)	1,479	(93,579)
Other comprehensive income	–	2,116	1,067	–	–	–	(45)	3,138
Dividends paid	–	–	–	–	–	–	–	–
Issue of share capital	–	–	–	–	–	–	–	–
Share based payment expense	–	–	–	391	–	–	–	391
Deferred tax on share-based payment transactions	–	–	–	45	–	–	–	45
Lapsed share options	–	–	–	(154)	–	154	–	–
Amounts transferred to initial carrying amount of hedged items 4.3.2	–	(4,450)	–	–	–	–	–	(4,450)
Dividends paid to non-controlling interest	–	–	–	–	–	–	(1,281)	(1,281)
Balance as at 31 July 2025	629,383	(650)	24,086	1,106	(47)	30,163	5,901	689,942

Consolidated Balance Sheet

As at 31 July 2025

Section	2025 NZ\$'000	2024 NZ\$'000
ASSETS		
Current assets		
Cash and cash equivalents	3.1.2 34,284	33,948
Trade and other receivables	3.1.3 92,291	88,992
Inventories	3.1.1 254,039	266,877
Derivative financial instruments	4.2 2,217	3,638
Current tax assets	3,594	9,330
Other current assets	3.1.5 1,263	2,036
Total current assets	387,688	404,821
Non-current assets		
Trade and other receivables	3.1.3 2,614	2,196
Property, plant and equipment	3.2 75,254	86,461
Intangible assets	3.3 626,099	666,859
Derivative financial instruments	4.2 123	-
Deferred tax assets	2.3 15,849	14,692
Right-of-use assets	3.4.1 243,025	262,571
Total non-current assets	962,964	1,032,779
Total assets	1,350,652	1,437,600
LIABILITIES		
Current liabilities		
Trade and other payables	3.1.6 188,670	157,556
Derivative financial instruments	4.2 2,225	140
Current tax liabilities	588	845
Lease liabilities	3.4.2 88,157	84,776
Total current liabilities	279,640	243,317
Non-current liabilities		
Trade and other payables	3.1.6 23,488	16,141
Interest bearing liabilities	4.1 87,085	93,600
Deferred tax liabilities	2.3 70,864	89,464
Lease liabilities	3.4.2 199,633	209,400
Total non-current liabilities	381,070	408,605
Total liabilities	660,710	651,922
Net assets	689,942	785,678
EQUITY		
Contributed equity - ordinary shares	4.3.1 629,383	629,383
Reserves	4.3.2 24,495	25,480
Retained earnings	30,163	125,067
Non-controlling interest	5,901	5,748
Total equity	689,942	785,678

Consolidated Statement of Cash Flows

For the Year Ended 31 July 2025

	Section	2025 NZ\$'000	2024 NZ\$'000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		986,964	996,327
Government grants received		2	140
Interest received		948	1,322
Income tax received		8,279	6,641
		996,193	1,004,430
Cash was applied to:			
Payments to suppliers and employees		832,950	824,489
Income tax paid		9,990	11,181
Interest paid		27,091	24,107
		870,031	859,777
Net cash inflow from operating activities		126,162	144,653
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		120	-
		120	-
Cash was applied to:			
Purchase of property, plant and equipment	3.2	13,132	24,314
Purchase of intangible assets	3.3	11,446	8,207
		24,578	32,521
Net cash (outflow) from investing activities		(24,458)	(32,521)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		260,332	220,419
		260,332	220,419
Cash was applied to:			
Dividends paid		1,281	22,506
Repayment of borrowings		266,909	235,080
Repayment of lease liabilities		93,284	91,208
		361,474	348,794
Net cash (outflow) from financing activities		(101,142)	(128,375)
Net increase / (decrease) in cash and cash equivalents held		562	(16,243)
Opening cash and cash equivalents		33,948	49,488
Effect of foreign exchange differences		(226)	703
Closing cash and cash equivalents	3.1.2	34,284	33,948

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

	Section	2025 NZ\$'000	2024 NZ\$'000
(Loss) after taxation		(93,579)	(48,323)
<i>Movement in working capital:</i>			
(Increase) / decrease in trade and other receivables		(3,506)	16,049
Decrease in inventories		11,359	28,751
(Increase) / decrease in other current assets		764	(144)
Increase / (decrease) in trade and other payables		28,509	(19,114)
Increase in current tax liabilities		5,490	3,203
		42,616	28,745
<i>Add non-cash items:</i>			
Depreciation of property, plant and equipment	3.2	23,346	22,940
Amortisation of intangibles	3.3	16,027	16,348
Depreciation of right-of-use assets	3.4.1	91,704	89,015
Impairment of assets	3.2, 3.3, 3.4.1	60,812	41,872
Foreign currency translation of working capital balances		2,977	(461)
(Decrease) in deferred taxation		(18,282)	(6,131)
Employee share-based remuneration	6.3	391	291
Loss on sale or disposal of property, plant and equipment and intangibles	3.2, 3.3	150	357
		177,125	164,231
Cash inflow from operating activities		126,162	144,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section 1: Basis of Preparation

IN THIS SECTION...

This section sets out the Group’s accounting policies that relate to the consolidated financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

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1.1 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, Southeast Asia, Brazil and Japan.

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 a Financial Markets Authority 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.

The Company is listed on the New Zealand Exchange (NZX) and Australian Securities Exchange (ASX).

The consolidated financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules.

These audited consolidated financial statements have been approved for issue by the Board of Directors on 24 September 2025.

1.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with the Tier 1 New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in New Zealand dollars, which is the Group’s presentation currency.

1.2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements reported are for the consolidated Group, which is the economic entity comprising KMD Brands Limited and its subsidiaries.

The Group is designated as a for-profit entity for financial reporting purposes.

Subsidiaries are consolidated from the date on which control is obtained to the date on which control is lost.

Non-controlling interests are measured at their proportionate share of the acquiree’s identified net assets at the acquisition date. Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

In preparing the consolidated financial statements, all material intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group’s accounting policies.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in the specific accounting policies provided below.

Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment

to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Further explanation as to estimates and assumptions made by the Group can be found in the following notes to the consolidated financial statements:

Area of estimation	Section
Goodwill and brand	3.3
– assumptions underlying recoverable value	

Foreign currency translation

The results and financial position of all the Group entities (none of which have the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders’ equity.

Changes in accounting policies

Details about changes in accounting policies applied during the period are included in the following notes to the consolidated financial statements:

	Section
New standards and interpretations first applied in the period	6.8

Prior period restatement

During the year the Group identified an error in the Rip Curl cost of sales and expense classification in the previously reported consolidated financial statements for the year ended 31 July 2024. Following an accounting system change at the Group’s wetsuit manufacturer a mapping error was identified whereby certain production labour and overhead costs were mapped to operating expenses rather than cost of sales. As a result, the prior period cost of sales increased by \$4,926,000 with a corresponding decrease in gross profit, \$214,000 decrease in selling and marketing expenses and \$4,712,000 decrease in administration and general expenses. The error was rectified and corrected during the year. There was no impact on the consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and earnings per share. Further, there was no impact on the Group’s EBITDA or net profit. The employee entitlements note in section 2.2 has also been updated to correct the classification error.

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) represent earnings before income taxes excluding interest income, interest expense, depreciation, and amortisation, as reported in the consolidated 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 audit.

1.3 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. During the year ended 31 July 2025 the Group completed climate-related risk assessments and modelling to inform its Climate-Related Disclosure under the Aotearoa New Zealand Climate Standards (NZ CS). As part of this assessment, we have not identified any significant impacts requiring specific disclosure in the consolidated financial statements. Specific consideration has been given in these consolidated financial statements to insurance proceeds received in relation to climate related insurance claims (note 2.2), the impact of future climate change on the useful lives of the Group's property, plant, and equipment (note 3.2), the inclusion of expected renewals in the lease term for right-of-use assets (note 3.4) and sustainability linked loans (note 4.1). 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. The Group will publish its second set of Climate-Related Disclosure under NZ CS in November 2025.

Section 2: Results for the Year

IN THIS SECTION...

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, taxation and earnings per share.



2.1 SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities that earns revenue and incurs expenses and where the chief decision maker reviews the operating results on a regular basis and makes decisions on resource allocation.

The Group has three operating segments, representing three brands owned by the Group and a Corporate segment. These 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 July 2025	Rip Curl NZ\$'000	Kathmandu NZ\$'000	Oboz NZ\$'000	Corporate NZ\$'000	Total NZ\$'000
Total segment sales	550,444	362,107	79,997	–	992,548
Sales to internal customers	–	(167)	(3,366)	–	(3,533)
Sales to external customers	550,444	361,940	76,631	–	989,015
Intangible impairment expense	–	–	(45,363)	–	(45,363)
EBITDA	65,116	48,961	(48,821)	(14,710)	50,546
Depreciation and amortisation	(60,892)	(68,297)	(1,711)	(177)	(131,077)
EBIT	4,224	(19,336)	(50,532)	(14,887)	(80,531)
Income tax benefit / (expense)	(1,897)	3,572	1,124	8,282	11,081
Total segment assets	715,272	542,218	76,887	16,275	1,350,652
<i>Total assets include:</i>					
Non-current assets	487,977	435,830	35,453	3,704	962,964
Additions to non-current assets	53,764	53,356	2,084	12,807	122,011
Total segment liabilities	298,299	225,966	34,420	102,025	660,710

31 July 2024	Rip Curl NZ\$'000	Kathmandu NZ\$'000	Oboz NZ\$'000	Corporate NZ\$'000	Total NZ\$'000
Total segment sales	538,910	361,308	82,640	–	982,858
Sales to internal customers	–	(227)	(3,216)	–	(3,443)
Sales to external customers	538,910	361,081	79,424	–	979,415
Intangible impairment expense	–	–	(40,331)	–	(40,331)
EBITDA	82,634	72,913	(40,065)	(8,247)	107,235
Depreciation and amortisation	(56,900)	(69,538)	(1,704)	(161)	(128,303)
EBIT	25,734	3,375	(41,769)	(8,408)	(21,068)
Income tax benefit / (expense)	(5,819)	(2,280)	269	6,219	(1,611)
Total segment assets	732,670	571,408	120,543	12,979	1,437,600
<i>Total assets include:</i>					
Non-current assets	496,876	452,853	80,898	2,152	1,032,779
Additions to non-current assets	57,329	51,288	361	1,542	110,520
Total segment liabilities	293,679	231,863	26,514	99,866	651,922

Sales to external customers by region

	2025 NZ\$'000	2024 NZ\$'000
Australia	501,518	493,929
New Zealand	108,442	110,867
North America	207,085	206,473
Europe	104,804	101,246
Rest of world	67,166	66,900
	989,015	979,415

Non-current assets by region

	2025 NZ\$'000	2024 NZ\$'000
Australia	661,888	686,545
New Zealand	157,096	145,878
North America	84,132	140,449
Europe	35,304	34,811
Rest of world	24,544	25,096
	962,964	1,032,779

Sales to external customers by channel

	2025 NZ\$'000	2024 NZ\$'000
Retail	599,440	591,232
Online	102,663	92,988
Wholesale	272,977	284,011
Licensing	12,740	10,873
Other	1,195	311
	989,015	979,415

2.2 PROFIT BEFORE TAX

Revenue recognition

The Group recognises revenue from the sale of apparel, footwear and equipment for surfing and the outdoors, and brand licencing arrangements. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and brand licences, excluding goods and services tax and discounts, and after eliminating sales within the Group.

Retail sales

For sales of goods to retail customers, revenue is recognised when control of the goods has been transferred to the customer, at the point the customer purchases the goods at a retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Online sales

For online sales, revenue is recognised when control of the goods has been transferred to the customer, at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Wholesale sales

For sales to the wholesale market, revenue is recognised when control of the goods has been transferred to the wholesaler, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Sales returns

Under the Group's standard contract terms, customers have a right of return, typically within 30 days. At the point of sale, a returns liability and a corresponding

adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. Given the consistent level of returns over previous years, it is considered highly unlikely that a significant reversal in the cumulative revenue recognised will occur.

Royalty revenue

Royalty revenue from brand license arrangements is related to the provision of a right to access the license. Revenue from sales-based royalties is recognised when subsequent sales occur.

	2025 NZ\$'000	2024 NZ\$'000
Sale of goods	978,805	971,055
Royalty revenue	9,326	7,626
Commission revenue	884	734
	989,015	979,415

A breakdown of revenue by operating segment, sales channel and geographical area is provided in note 2.1.

Cost of sales

Cost of sales in the consolidated statement of comprehensive income represents the cost of inventory recognised as an expense during the period.

Other income

	2025 NZ\$'000	2024 NZ\$'000
Government grants	2	140
Insurance proceeds	1,892	931
Other	1,275	1,760
	3,169	2,831

Government grants are not recognised until there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attached to them. Government grants that compensate the Group for expenses incurred are recognised as revenue in the consolidated statement of comprehensive income on a systematic basis in the same period in which the expenses are recognised. In both periods Government grants relate to Apprenticeship Boost payments and grants to support sustainability initiatives.

In the current period insurance proceeds relate to claims for the Onsmooth factory flood in Thailand, the Queensland cyclone and the loss of the Maui store in the 2023 wildfires.

Employee entitlements

	2025 NZ\$'000	2024 NZ\$'000
Wages, salaries, and other short-term benefits	221,069	209,719
Post-employment benefits	14,580	13,391
Employee share-based remuneration	391	291
	236,040	223,401

Lease expense

The Group is a lessee. Refer to note 3.4 for further details around the Group’s leases and lease accounting policies.

Lease amounts recognised in the consolidated statement of comprehensive income:

	2025 NZ\$'000	2024 NZ\$'000
Short-term lease expense	4,894	3,038
Low-value lease expense	1,149	1,150
Variable lease expense	866	1,847
Rent concessions and abatements	(830)	(920)
Lease outgoings	20,685	19,765
Depreciation right-of-use asset (3.4.1)	91,704	89,015
Interest expense related to lease liabilities (3.4.2)	13,585	12,217
	132,053	126,112

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost.

Overall, the variable lease expense constitutes up to 0.7% (2024: 1.5%) of the Group's entire lease expense. The variable lease expense depends on sales and consequently on the overall economic development over the next few years. Considering the development of sales expected over the next three years, variable rent expenses are expected to continue to present a similar proportion of store sales in future years.

The total cash outflow for leases amounts to \$130,345,000 (2024: \$132,177,000).

Administration and general expenses

Administration and general expenses represent the overhead costs of managing and supporting the operations of the Group and therefore are not directly attributable to specific revenue-generating activities.

2.3 TAXATION

KEEPING IT SIMPLE...

This section lays out the tax accounting policies, the current and deferred tax benefit or expense in the year (which together make up the total tax benefit or expense in the consolidated statement of comprehensive income), a reconciliation of profit before tax to the tax benefit or expense and the movements in deferred tax assets and liabilities. The Group is subject to income taxes in multiple jurisdictions. As a result there is complexity and judgement involved in determining the worldwide provision for income taxes.

Accounting policies

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax benefit / expense is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and the Company’s subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax liability is not recognised if it arises from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Goods and Services Tax (GST)

The consolidated statement of comprehensive income and the consolidated statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the consolidated balance sheet are stated net of GST, except for receivables and payables, which include GST invoiced.

Taxation – Consolidated statement of comprehensive income

The total taxation benefit / expense in the consolidated statement of comprehensive income is analysed as follows:

	2025 NZ\$'000	2024 NZ\$'000
Current income tax expense	7,231	7,869
Deferred income tax (benefit)	(18,312)	(6,258)
Income tax (benefit) / expense reported in the consolidated statement of comprehensive income	(11,081)	1,611

To understand how, in the consolidated statement of comprehensive income, a tax (benefit) / expense of (\$11,081,000) (2024: \$1,611,000) arises on (loss) before income tax of \$(104,660,000) (2024: \$(46,712,000)), the taxation (benefit) / expense that would arise at the standard rate of New Zealand corporate tax is reconciled to the actual tax (benefit) / expense as follows:

	2025 NZ\$'000	2024 NZ\$'000
(Loss) before income tax	(104,660)	(46,712)
Income tax calculated at 28%	(29,305)	(13,079)
<i>Adjustments to taxation:</i>		
Adjustments due to different rate in different jurisdictions	(11)	(308)
Non-taxable income	(1,124)	(3,099)
Expenses not deductible for tax purposes	10,809	14,119
Utilisation of tax losses by group companies	1,411	11
Forfeited foreign tax credits	3,593	1,145
Adjustments in respect of prior years	(293)	1,857
Tax losses not recognised	545	965
Deferred tax assets derecognised	3,294	–
Income tax (benefit) / expense reported in the consolidated statement of comprehensive income	(11,081)	1,611

Adjustments for prior periods primarily arise where an outcome is obtained on certain tax matters which differs from expectations held when the related provision was made. Where the outcome is more favourable than the provision made, the difference is released, lowering the current year tax expense. Where the outcome is less favourable than the provision, an additional expense to the current year tax will occur.

During the year the Group did not recognise any new previously unrecognised tax losses (2024: nil).

The tax benefit / (expense) relating to components of other comprehensive income is as follows:

	2025 NZ\$'000	2024 NZ\$'000
Movement in cash flow hedge reserve before tax	1,126	8,815
Tax benefit / (expense) relating to cash flow hedge reserve	990	(584)
Movement in cash flow hedge reserve after tax	2,116	8,231
Foreign currency translation reserve before tax	1,022	13,433
Tax benefit / (expense) relating to foreign currency translation reserve	–	–
Movement in foreign currency translation reserve after tax	1,022	13,433
Other reserves before tax	–	–
Tax benefit / (expense) relating to other reserves	–	–
Movement in other reserves after tax	–	–
Total other comprehensive income before tax	2,148	22,248
Total tax benefit / (expense) on other comprehensive income	990	(584)
Total other comprehensive income after tax	3,138	21,664
Current tax	–	–
Deferred tax	990	(584)
Total tax benefit / (expense) on other comprehensive income	990	(584)

Taxation – Consolidated balance sheet

The following are the major deferred taxation (liabilities) and assets recognised by the Group and movements thereon during the current and prior year:

	Employee obligations NZ\$'000	Intangibles NZ\$'000	Leases NZ\$'000	Other temporary differences NZ\$'000	Reserves NZ\$'000	Tax losses NZ\$'000	Total NZ\$'000
As at 31 July 2023	5,422	(112,400)	11,396	7,287	(402)	10,072	(78,625)
Recognised in the consolidated statement of comprehensive income	(828)	2,003	(476)	8,047	–	(2,488)	6,258
Recognised in other comprehensive income	–	–	–	–	(584)	–	(584)
Recognised directly in equity	(265)	–	–	–	–	–	(265)
Foreign exchange	72	(2,099)	162	206	(13)	116	(1,556)
As at 31 July 2024	4,401	(112,496)	11,082	15,540	(999)	7,700	(74,772)
Recognised in the consolidated statement of comprehensive income	(9)	2,952	3,742	4,749	–	6,878	18,312
Recognised in other comprehensive income	–	–	–	–	990	–	990
Recognised directly in equity	45	–	–	–	–	–	45
Foreign exchange	(29)	660	(76)	(86)	3	(62)	410
As at 31 July 2025	4,408	(108,884)	14,748	20,203	(6)	14,516	(55,015)

The deferred tax balance relates to:

- Property, plant and equipment temporary differences arising on differences in accounting and tax depreciation rates
- Employee benefit accruals
- Brands and customer relationships
- Unrealised foreign exchange gain / loss on intercompany loans
- Realised gain / loss on foreign exchange contracts not yet charged in the consolidated statement of comprehensive income
- Lease accounting
- Inventory provisioning
- Temporary differences on the unrealised gain / loss in hedge reserve
- Employee share schemes
- Historic tax losses recognised
- Thin capitalisation interest denial
- Other temporary differences on miscellaneous items

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2025 NZ\$'000	2024 NZ\$'000
Deductible temporary differences	3,105	–
Tax losses	6,759	6,912
	9,864	6,912

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of overseas subsidiaries where it is not yet probable that future taxable profit will be generated in those territories to utilise these benefits.

Imputation credits

	2025 NZ\$'000	2024 NZ\$'000
Imputation credits available for use in subsequent reporting periods based on a tax rate of 28%	251	119

The above amounts represent the balance of the imputation account as at 31 July 2025, adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax.
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date.
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The balance of Australian franking credits able to be used by the Group in subsequent periods as at 31 July 2025 is nil (2024: A\$138,000).

2.4 EARNINGS PER SHARE

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Earnings per share (‘EPS’) is the amount of post-tax (loss) attributable to each share.

Basic EPS is calculated by dividing the (loss) after tax attributable to equity holders of the Company of \$(95,058,000) (2024: \$(49,760,000)) by the weighted average number of ordinary shares in issue during the year of 711,667,484 (2024: 711,547,792).

Diluted EPS reflects any commitments the Group has to issue shares in the future that would decrease EPS. In the current year, these are in the form of share options / performance rights. To calculate the impact, it is assumed that all share options are exercised / performance rights taken, and therefore, adjusting the weighted average number of shares.

	2025 '000	2024 '000
Weighted average number of basic ordinary shares outstanding	711,667	711,548
<i>Adjustment for:</i>		
Share options / performance rights	18,719	12,236
Weighted average diluted ordinary shares outstanding	730,386	723,784

Section 3: Operating Assets and Liabilities

IN THIS SECTION...

This section shows the assets used to generate the Group’s trading performance and the liabilities incurred as a result. Liabilities relating to the Group’s financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in note 2.3.

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KEEPING IT SIMPLE...

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as inventory, cash, trade and other receivables, other financial assets, other current assets, trade and other payables and other financial liabilities.

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3.1 WORKING CAPITAL

3.1.1 Inventories

Accounting policies

Inventories are stated at the lower of cost and net realisable value. The Group uses the weighted average cost, first in first out and standard cost methods to determine cost. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is considered in transit when the risk and rewards of ownership have transferred to the Group.

The Group assesses the likely residual value of inventory. Inventory provisions are recognised for inventory that is expected to sell for less than cost, and for the value of inventory likely to have been lost to the business through shrinkage between the date of the last applicable stocktake and balance sheet date. In recognising the provision for inventory, judgement has been applied by considering a range of factors including historical results, stock shrinkage trends and product lifecycle.

Inventory is broken down into trading stock and goods in transit below:

	2025 NZ\$'000	2024 NZ\$'000
Raw materials and consumables	7,751	5,950
Work in progress	698	830
Trading inventory	216,800	243,547
Goods in transit	28,790	16,550
	254,039	266,877

Inventory has been reviewed for obsolescence and a provision of \$5,832,000 (2024: \$4,747,000) has been made.

3.1.2 Cash and cash equivalents

	2025 NZ\$'000	2024 NZ\$'000
Cash on hand	472	496
Cash at bank	32,200	31,915
Short term investments convertible to cash	1,612	1,537
	34,284	33,948

The carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:

	2025 NZ\$'000	2024 NZ\$'000
EUR	7,889	5,646
USD	5,780	9,387
THB	5,744	7,926
AUD	5,590	3,762
IDR	2,420	2,091
BRL	1,725	1,609
GBP	1,489	990
NZD	1,370	378
JPY	786	565
CAD	712	1,169
Other currencies	779	425
	34,284	33,948

3.1.3 Trade and other receivables

Accounting policies

Trade and other receivables are recognised initially at the value of the invoice sent to the customer (fair value) and subsequently at the amounts considered recoverable (amortised cost). The collectability of trade and other receivables is reviewed on an on-going basis.

An allowance for lifetime expected credit losses is recognised for trade and other receivables based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

	2025 NZ\$'000	2024 NZ\$'000
Current		
Trade receivables	67,624	68,107
Allowance for expected credit losses	(3,954)	(5,973)
Prepayments	17,434	18,299
Other receivables	11,187	8,559
	92,291	88,992
Non-current		
Other debtors	2,614	2,196
	2,614	2,196

Other non-current debtors include security deposits paid in relation to store leases.

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	2025 NZ\$'000	2024 NZ\$'000
USD	34,956	28,897
AUD	15,136	14,530
THB	9,836	9,879
GBP	7,479	6,160
EUR	7,489	8,804
NZD	6,947	8,075
CAD	5,282	5,155
BRL	4,504	6,651
IDR	1,801	1,162
Other currencies	1,475	1,875
	94,905	91,188

Allowance for expected credit losses

	2025 NZ\$'000	2024 NZ\$'000
Opening balance	(5,973)	(5,620)
Additional allowance recognised in the consolidated statement of comprehensive income	(697)	(2,290)
Receivables written off during the year	1,638	698
Unused provision released to the consolidated statement of comprehensive income during the year	1,102	1,180
Foreign exchange	(24)	59
Closing balance	(3,954)	(5,973)

3.1.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Risk	Exposure arising from	Monitoring	Management
Credit risk	Cash and cash equivalents	Credit ratings	Obtaining customer credit rating information
	Trade and other receivables	Ageing analysis	Confirming references
	Derivative financial instruments	Review of exposure with regular terms of trade	Setting appropriate credit limits

Exposure to credit risk

The below balances are recorded at their carrying amount after any allowance for expected credit loss on these financial instruments. The maximum exposure to credit risk at reporting date was (carrying amount):

	2025 NZ\$'000	2024 NZ\$'000
Cash and cash equivalents	33,812	33,452
Net trade receivables	63,670	62,134
Other receivables	12,512	9,357
Derivative financial instruments	2,340	3,498
	112,334	108,441

As at balance sheet date the carrying amount is considered to approximate fair value for each of the financial instruments.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings, such as Standard & Poors or Moody's (if available) or to historical information about counterparty default rates:

	2025 NZ\$'000	2024 NZ\$'000
<i>Cash and cash equivalents:</i>		
Standard & Poors – AA-	16,441	6,236
Standard & Poors – A+	7,526	2,995
Standard & Poors – A	–	560
Standard & Poors – A-	–	8,578
Standard & Poors – BBB+	4,223	6,243
Standard & Poors – BBB	3,735	7,540
Istandard & Poors – BB+	1,452	1,203
Standard & Poors – BB	435	30
Standard & Poors – BB-	–	67
	33,812	33,452

Trade and other receivables consist of a large number of customers spread across diverse geographical regions, which reduces credit risk.

As at balance sheet date, trade and other receivables of \$23,775,000 (2024: \$24,771,000) were past due. A provision of \$3,954,000 (2024: \$5,973,000) is held against these overdue amounts. This provision is based on expected lifetime credit losses, taking into account historic loss rates, age of the outstanding balances, customer payment history and any arrangements, leverage or security in place with the customer. Interest is charged on overdue debtors in some instances.

The ageing analysis of these past due trade receivables is:

	2025 NZ\$'000	2024 NZ\$'000
Receivables past due		
1 to 30 days	8,947	6,419
30 to 60 days	4,626	5,059
60 to 90 days	2,586	3,232
90 days and over	7,616	10,061
	23,775	24,771

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations in full, without recourse by the Group. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.1.5 Other assets

Accounting policies

Other assets relate to right of return assets. Right of return recognises the estimated returned sales under the Group's returns policies. Management estimates the returned sales based on historical sales return information and any recent trends that may suggest future claims could differ from historical amounts. For sales that are expected to be returned, the Group recognises a returns provision as disclosed in note 3.1.6. The associated inventory value for sales that are expected to be returned is recognised as a right of return asset. The costs to recover the products are not material because the customers usually return them in a saleable condition.

	2025 NZ\$'000	2024 NZ\$'000
Right of return assets		
Opening balance	2,036	1,860
Additional amounts recognised	10,081	2,804
Amounts incurred and charged	(10,673)	(2,668)
Foreign exchange	(181)	40
	1,263	2,036

3.1.6 Trade and other payables

Accounting policies

Trade payables, sundry creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. The carrying value of trade payables is considered to approximate fair value as amounts are unsecured and are usually paid by the 30th of the month following recognition.

Employee entitlements relate to benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

	2025 NZ\$'000	2024 NZ\$'000
Current		
Trade payables	109,591	85,138
Employee entitlements	28,077	24,925
Sundry creditors and accruals	45,014	39,539
Provisions	5,686	7,453
Revenue received in advance	302	501
	188,670	157,556
Non-current		
Employee entitlements	2,926	3,600
Provisions	12,979	12,541
Sundry creditors and accruals	7,583	–
	23,488	16,141

The carrying amount of the Group's trade and other payables are denominated in the following currencies:

	2025 NZ\$'000	2024 NZ\$'000
USD	88,785	58,843
AUD	66,867	65,521
NZD	24,511	18,121
EUR	17,927	11,140
THB	6,357	6,819
BRL	2,634	2,531
IDR	2,294	2,860
CAD	2,140	2,194
GBP	597	3,805
Other currencies	46	1,863
	212,158	173,697

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The warranties provision represents the present value of the estimated future outflow of economic benefits that will be required under the Group’s obligations for warranties under local sale of goods legislation. The provision relates to wetsuits, watches and footwear and is based on estimates made from historical warranty data associated with similar products and services.

A restructuring provision is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly at balance date.

Lease restoration provision represents the present value of the estimated cost to restore leased properties to their original condition upon expiry of the lease.

Where a customer has a right to return a product within a given period, the Group recognises a returns provision for the consideration received that will be required to be refunded to customers on return of the product. The Group also recognises a right to the returned goods as disclosed in note 3.1.5.

Other provisions relate to miscellaneous amounts that meet the definition of a provision and do not relate to the other categories.

	Warranties NZ\$'000	Restructuring NZ\$'000	Lease restoration NZ\$'000	Sales returns NZ\$'000	Other NZ\$'000	Total NZ\$'000
Year ended 31 July 2024						
Opening balance	1,570	1,947	11,832	4,345	–	19,694
Additional provisions recognised	456	984	939	6,820	–	9,199
Provisions used during the year	(494)	(1,553)	(423)	(6,497)	–	(8,967)
Provisions remeasured during the year	(73)	(209)	–	(44)	–	(326)
Foreign exchange	36	18	193	147	–	394
Closing balance	1,495	1,187	12,541	4,771	–	19,994
As at 31 July 2024						
Current	1,495	1,187	–	4,771	–	7,453
Non-current	–	–	12,541	–	–	12,541
	1,495	1,187	12,541	4,771	–	19,994
Year ended 31 July 2025						
Opening balance	1,495	1,187	12,541	4,771	–	19,994
Additional provisions recognised	773	(120)	1,256	23,919	1,060	26,888
Provisions used during the year	(818)	(944)	(704)	(24,271)	–	(26,737)
Provisions remeasured during the year	25	(125)	(147)	(1,243)	–	(1,490)
Foreign exchange	(8)	2	33	(17)	–	10
Closing balance	1,467	–	12,979	3,159	1,060	18,665
As at 31 July 2025						
Current	1,467	–	–	3,159	1,060	5,686
Non-current	–	–	12,979	–	–	12,979
	1,467	–	12,979	3,159	1,060	18,665

3.2 PROPERTY, PLANT AND EQUIPMENT

KEEPING IT SIMPLE...

The following section shows the physical assets used by the Group to operate the business, generating revenues and profits. These assets include store and office fit-out, as well as equipment used in sales and support activities.

Assets are recognised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Accounting policies

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets inclusive of directly attributable costs incurred to bring the assets to the location and condition necessary for their intended use. Cost may also include transfers from equity of any gains / losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The assets’ residual value and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Capital work in progress is not depreciated until available for use.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Depreciation

Depreciation of property, plant and equipment is calculated using straight line and diminishing value methods to expense the cost of the assets over their useful lives. Store and office fitouts are typically depreciated over the expected primary lease term. The rates are as follows:

Buildings	5 – 10%
Leasehold improvements	5 – 50%
Office, plant and equipment	5 – 50%
Furniture and fittings	10 – 50%
Computer equipment	10 – 50%

The useful lives of the Group’s property, plant and equipment including store and office fitouts and wetsuit manufacturing facilities are reviewed annually to determine whether there have been any changes due to operational or external factors, including climate change considerations, and updated as appropriate. There have been no such changes identified during the financial year.

Impairment of assets

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

Property, plant and equipment

Property, plant and equipment can be analysed as follows:

	Land & buildings NZ\$'000	Leasehold improvements NZ\$'000	Office, plant & equipment NZ\$'000	Furniture & fittings NZ\$'000	Computer equipment NZ\$'000	Total NZ\$'000
As at 31 July 2023						
Cost	10,382	108,370	32,325	97,762	17,879	266,718
Accumulated depreciation	(4,994)	(80,520)	(19,259)	(64,695)	(14,308)	(183,776)
Closing net book value	5,388	27,850	13,066	33,067	3,571	82,942
Year ended 31 July 2024						
Opening net book value	5,388	27,850	13,066	33,067	3,571	82,942
Additions	2,099	8,859	1,145	10,971	1,240	24,314
Disposals	-	(68)	(15)	(113)	(45)	(241)
Depreciation	(408)	(8,366)	(1,642)	(10,961)	(1,563)	(22,940)
Transfers between categories and to intangibles	85	288	(78)	751	30	1,076
Foreign exchange	100	498	163	518	31	1,310
Closing net book value	7,264	29,061	12,639	34,233	3,264	86,461
As at 31 July 2024						
Cost	12,435	117,305	33,499	109,017	18,875	291,131
Accumulated depreciation	(5,171)	(88,244)	(20,860)	(74,784)	(15,611)	(204,670)
Closing net book value	7,264	29,061	12,639	34,233	3,264	86,461
Year ended 31 July 2025						
Opening net book value	7,264	29,061	12,639	34,233	3,264	86,461
Additions	1,037	4,174	398	6,599	924	13,132
Disposals	(1)	(50)	(36)	(167)	(2)	(256)
Depreciation	(343)	(8,778)	(1,990)	(10,805)	(1,430)	(23,346)
Impairment	-	(584)	-	-	-	(584)
Transfers between categories and to intangibles	3,311	(1,326)	(3,226)	244	(95)	(1,092)
Foreign exchange	642	(138)	249	167	19	939
Closing net book value	11,910	22,359	8,034	30,271	2,680	75,254
As at 31 July 2025						
Cost	20,728	114,073	28,286	114,244	18,716	296,047
Accumulated depreciation	(8,818)	(91,714)	(20,252)	(83,973)	(16,036)	(220,793)
Closing net book value	11,910	22,359	8,034	30,271	2,680	75,254

Depreciation expense is excluded from administration and general expenses in the consolidated statement of comprehensive income.

Sale and disposal of property, plant and equipment

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

	2025 NZ\$'000	2024 NZ\$'000
Loss on sale and disposal of property, plant and equipment	136	240

Capital commitments

Capital commitments contracted for at balance sheet date include property, plant and equipment of \$4,405,000 (2024: \$654,000).

3.3 INTANGIBLE ASSETS

KEEPING IT SIMPLE...

The following section shows the non-physical assets used by the Group to operate the business, generating revenues and profits. These assets include brands, customer relationship, software development and goodwill.

This section explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

Accounting policies

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the assets and liabilities of the acquiree. Separately recognised goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. It is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Brand

Acquired brands are carried at original cost based on independent valuation obtained at the date of acquisition. The brand represents the price paid to acquire the rights to use the Kathmandu, Oboz or Rip Curl brand. The brand is not amortised. Instead, the brand is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Customer relationships

Acquired customer relationships are carried at original cost based on independent valuation obtained at the date of acquisition less accumulated amortisation and impairment. They are amortised on a straight-line basis over a useful life of five to 10 years. The estimated useful life is reviewed at the end of each annual reporting period.

Software costs

Costs incurred in developing systems and costs incurred in acquiring software and licences that will contribute to economic benefits exceeding one year, are recognised.

Costs capitalised include external direct costs of materials and service, direct employee costs and an appropriate portion of relevant overheads. Software development costs include only those costs directly attributable to the development phase and are recognised only following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Software is amortised over the estimated useful economic life of the asset ranging from two to ten years.

Software-as-a Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Group does not control the underlying software used in the arrangement.

Where implementation costs for SaaS arrangements result in the creation of an identifiable software asset, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis.

Where costs incurred to configure or customise SaaS arrangements do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to access to the SaaS software) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are recognised as expenses over the duration of the expected renewable term of the arrangement.

Other intangibles

Other intangibles relate to lease rights expenditure associated with acquiring existing lease agreements for stores where there is an active market for key money. They are carried at original cost less accumulated impairment losses. Other intangibles have an indefinite useful life and are tested annually for impairment.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life, including goodwill, are

not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, ‘cash generating units’ (CGU).

Intangible assets

	Goodwill NZ\$'000	Brand NZ\$'000	Customer relationship NZ\$'000	Software NZ\$'000	Other intangibles NZ\$'000	Total NZ\$'000
As at 31 July 2023						
Cost	289,151	360,921	41,739	95,109	4,582	791,502
Accumulated amortisation and impairment	(1,271)	–	(20,018)	(64,181)	(1,630)	(87,100)
Closing net book value	287,880	360,921	21,721	30,928	2,952	704,402
Year ended 31 July 2024						
Opening net book value	287,880	360,921	21,721	30,928	2,952	704,402
Additions	–	–	–	8,178	29	8,207
Disposals	–	–	–	(117)	–	(117)
Amortisation	–	–	(5,269)	(11,079)	–	(16,348)
Impairment	(40,331)	–	–	–	–	(40,331)
Transfers from property, plant and equipment	–	–	–	(1,076)	–	(1,076)
Foreign exchange	4,578	6,825	341	302	76	12,122
Closing net book value	252,127	367,746	16,793	27,136	3,057	666,859
As at 31 July 2024						
Cost	294,684	367,746	42,570	104,119	4,728	813,847
Accumulated amortisation and impairment	(42,557)	–	(25,777)	(76,983)	(1,671)	(146,988)
Closing net book value	252,127	367,746	16,793	27,136	3,057	666,859
Year ended 31 July 2025						
Opening net book value	252,127	367,746	16,793	27,136	3,057	666,859
Additions	–	–	–	22,477	28	22,505
Disposals	–	–	–	(14)	–	(14)
Amortisation	–	–	(3,692)	(12,335)	–	(16,027)
Impairment	(36,075)	(9,288)	–	–	–	(45,363)
Transfers from property, plant and equipment	–	–	–	1,092	–	1,092
Foreign exchange	(945)	(2,095)	(110)	26	171	(2,953)
Closing net book value	215,107	356,363	12,991	38,382	3,256	626,099
As at 31 July 2025						
Cost	293,739	365,651	42,261	127,775	5,020	834,446
Accumulated amortisation and impairment	(78,632)	(9,288)	(29,270)	(89,393)	(1,764)	(208,347)
Closing net book value	215,107	356,363	12,991	38,382	3,256	626,099

Sale and disposal of intangibles

Gains and losses on sale and disposal of intangibles are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

	2025 NZ\$'000	2024 NZ\$'000
Loss on sale and disposal of intangibles	14	117

Capital commitments

Capital commitments contracted for at balance sheet date include intangible assets of \$8,800,000 (2024: \$ 2,635,000).

Impairment tests for goodwill and brand

The aggregate carrying amounts of goodwill and brand allocated to each unit for impairment testing are as follows:

	Goodwill		Brand	
	2025 NZ\$'000	2024 NZ\$'000	2025 NZ\$'000	2024 NZ\$'000
Kathmandu	122,367	122,599	151,437	152,210
Oboz	–	36,075	33,201	42,489
Rip Curl	92,740	93,453	171,725	173,047
	215,107	252,127	356,363	367,746

For the purposes of goodwill and brand impairment testing, the Group operates as three cash generating units, Kathmandu, Rip Curl and Oboz, which are aligned to the Group’s operating segments as outlined in note 2.1. Impairment testing for the Oboz CGU has been considered in a separate section below.

The recoverable amount of the Kathmandu and Rip Curl CGU’s have been determined based on the fair value less cost of disposal (FVLCOD). Five-year projected cash flows are used to determine the FVLCOD.

The discounted cash flow valuations were calculated using post tax cash flow projections based on financial budgets prepared by management and approved by the Directors for the year ended 31 July 2026. Cash flows beyond July 2026 are based on three-year strategy plans presented to the Directors.

Assumptions used:

	2025		2024	
	Kathmandu	Rip Curl	Kathmandu	Rip Curl
Pre-tax WACC rate	14.4%	14.4%	14.6%	14.5%
Post-tax WACC rate	10.1%	10.1%	10.3%	10.2%
Terminal growth rate	2.9%	3.0%	2.9%	3.0%

The terminal growth rate assumptions are based on current inflation targets and do not exceed the historical long-term average growth rate for each CGU. Pre-tax discount rates are calculated based on a market participant expected capital structure and cost of debt to derive a weighted average cost of capital.

The expected continued promotion and marketing of the Kathmandu and Rip Curl brands support the assumption that the brands have an indefinite life.

The Group has considered the impact of climate change on the key assumptions included in its impairment testing and has concluded that it will not have a material impact on the key assumptions.

The FVLCOD calculations for Kathmandu and Rip Curl confirmed that the recoverable amount exceeds the carrying value and as a result there was no impairment of goodwill and brand during the year (2024: nil).

Impairment of Oboz CGU

The recoverable amount of the Oboz CGU has been determined based on the higher of fair value less cost of disposal and value in use, using five-year projected cashflows.

The discounted cash flow valuations were calculated using post tax cash flow projections based on FY26 financial budgets and the three-year strategic plan prepared by management and approved by the Directors for the year ended 31 July 2026. Subsequent to presenting these plans the US tariff rate on purchases from Vietnam increased from 10% to 20% and as a result the budget and three-year plan were updated accordingly. The valuation cash flows beyond the three-year plan are based on future growth ambitions and long-term historic revenue growth and gross margin percentages.

For the purposes of the impairment assessment, given the current volatility of the US market, management have reduced the planned revenue over the five-year period to reflect ongoing market uncertainty.

The key assumptions used within the Oboz impairment model include:

- Compound annual revenue growth rate of 6.6% for the next five years including a specific reduction from the revenue plan to reflect the volatility and uncertainty in the US market (2024: 12.4%)
- Terminal growth rate of 2.5% (2024: 2.5%)
- Post-tax discount rate of 10.9% (2024: 11.0%), (pre-tax discount rate of 15.1% (2024: 15.2%))

The calculation indicated the carrying value of the Oboz CGU exceeded its recoverable value and therefore an intangible asset impairment of \$45,363,000 (USD \$26,809,000) has been recognised in the current period.

In the prior year the Oboz CGU was impaired by \$40,331,000. The incremental impairment in the current year has been driven by the following key changes in assumptions;

- Forecast five-year revenue growth has reduced from 12.4% to 6.6%. This reduction is a combination of lower expected revenue over the forecast period due to US tariffs and a further level of conservatism applied by management to account for the current market volatility.
- The forecast gross margin percentage has also reduced in the short term due to the impact of US tariffs, and we expect this to recover to historic rates over the five-year period. The short-term outlook for gross margin is based on the current known US tariff which has had an impact on the valuation.

These changes in assumptions were not known in the prior year and are directly related to the US tariff announcements in April 2025.

The impairment model remains sensitive to changes in key assumptions and estimates. The sensitivities below illustrate the range of the potential impacts to the recoverable amount from changes in key assumptions with all other factors remaining unchanged.

- A revenue change of +/- 10.0% per annum results in a change in the impairment loss of approximately \$7,000,000.
- An increase in the terminal growth rate of 0.5% results in a reduction in the impairment loss of approximately \$2,100,000. A decrease in the terminal growth rate of 0.5% results in an increase in the impairment loss of approximately \$1,900,000.

- An increase in the discount rate by 1.0% results in an increase in the impairment loss of approximately \$5,500,000. A decrease in the discount rate by 1.0% results in decrease in the impairment loss of approximately \$7,100,000.

The Group will continue to complete annual impairment testing of the Oboz CGU, however, impairment losses on goodwill are not reversed.

The expected continued promotion and marketing of the Oboz brand supports the assumption that the brand has an indefinite life.

3.4 LEASES

KEEPING IT SIMPLE...

The following section shows the assets leased by the Group to operate the business, generating revenues and profits. These assets include the lease of retail stores.

This section explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the carrying value of these assets and the corresponding lease liability.

Accounting policies

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing

rate. The Group’s incremental borrowing rate has been determined as the rate of interest that the Group would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the

condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the lease term and include expected renewals. The depreciation starts at the commencement date. Changes due to operational or external factors, including climate change are considered when assessing the inclusion of expected renewals in the lease term.

The Group applies NZ IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the selling and marketing expenses line in the consolidated statement of comprehensive income.

Group as a lessee

The Group leases several assets including buildings and motor vehicles. Some of the existing lease arrangements have right of renewal options for varying terms. Renewal options are included within the lease if the Group is reasonably certain to take up the option. The average lease term for property leases, including expected rights of renewal, is ten years (2024: nine years). The average lease term for vehicle leases is four years (2024: four years).

3.4.1 Right-of-use assets

The movements in right-of-use assets were as follows:

	2025 NZ\$'000	2024 NZ\$'000
Opening net book value	262,571	270,327
Additions and modifications to right-of-use asset	86,318	77,999
Depreciation for the period	(91,704)	(89,015)
Impairment for the period	(14,865)	(1,541)
Foreign exchange	705	4,801
Closing net book value	243,025	262,571
Cost	617,472	598,218
Accumulated amortisation and impairment	(374,447)	(335,647)
Closing net book value	243,025	262,571

3.4.2 Lease liabilities

The movements in lease liabilities were as follows:

	2025 NZ\$'000	2024 NZ\$'000
Opening lease liabilities	294,176	302,100
Additions and modifications to lease liability	85,881	78,289
Interest expense on lease liabilities	13,585	12,217
Repayment of lease liabilities (including interest)	(106,431)	(103,716)
Foreign exchange	579	5,286
Closing lease liabilities	287,790	294,176

Lease liability maturity analysis

	Gross lease payments NZ\$'000	Interest NZ\$'000	Carrying amount NZ\$'000
As at 31 July 2024			
Within 1 year	95,544	(10,768)	84,776
1 to 5 years	197,279	(16,206)	181,073
Beyond 5 years	29,550	(1,223)	28,327
	322,373	(28,197)	294,176
Current			84,776
Non-current			209,400
			294,176
As at 31 July 2025			
Within 1 year	99,139	(10,982)	88,157
1 to 5 years	190,638	(16,098)	174,540
Beyond 5 years	26,172	(1,079)	25,093
	315,949	(28,159)	287,790
Current			88,157
Non-current			199,633
			287,790

Section 4: Capital Structure and Financing Costs

IN THIS SECTION...

This section outlines how the Group manages its capital structure and related financing costs, including its consolidated balance sheet liquidity and access to capital markets.

Capital structure is how an entity finances its overall operations and growth by using different sources of funds. The Directors determine and monitor the appropriate capital structure of the Group, specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) to finance the Group’s activities both now and in the future.

The Directors consider the Group’s capital structure and dividend policy at least twice a year ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute strategy and to deliver its business plan.

4.1 INTEREST BEARING LIABILITIES

Accounting policies

Interest bearing liabilities are the Group’s borrowings. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the balance sheet date.

The table below separates borrowings into current and non-current liabilities:

	2025 NZ\$'000	2024 NZ\$'000
Current portion	–	–
Non-current portion	87,085	93,600
	87,085	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 1.05% - 1.31%. 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 \$1,276,966,000 (2024: \$1,351,957,000).

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 half year and year end reporting periods. EBITDA must be no less than a specified proportion of total net debt at half year and year end reporting periods. The calculations of these covenants are specified in the bank facility agreement dated 25 October 2019 as amended and restated on 12 May 2023.

During the year the Group obtained the following covenant amendments:

- A reduction of the fixed charge cover ratio for both measurement points.
- A total net debt cap was added to the leverage ratio covenant as at July 2025, which provided allowance on the leverage ratio to exceed 2.5x EBITDA provided net debt at July 2025 was below \$110,000,000.
- A reduction in the guarantor coverage covenant.

The Group has complied with the revised banking covenants at all measurement points during the period.

The Groups syndicated facility expires in November 2026, it is anticipated that the Group will extend the facility or refinance before March 2026 with a revised covenant package for the 31 July 2026 measurement point.

The current interest rate, prior to hedging, on the term loans is 5.23% (2024: 5.54%).

Reconciliation of movement in borrowings

	2025 NZ\$'000	2024 NZ\$'000
Opening balance	93,600	105,209
Net cash flow movement	(6,577)	(14,661)
Capitalised borrowing costs	755	712
Foreign exchange movement	(693)	2,340
Closing balance	87,085	93,600

Borrowings maturity analysis

	2025 NZ\$'000	2024 NZ\$'000
<i>Principal of interest-bearing liabilities:</i>		
Payable within 1 year	-	-
Payable 1 to 2 years	87,085	-
Payable 2 to 3 years	-	93,600
Payable 3 to 4 years	-	-
	87,085	93,600

4.1.1 Finance costs

	2025 NZ\$'000	2024 NZ\$'000
Interest income	(948)	(1,322)
Interest expense on interest bearing liabilities	9,665	10,373
Interest on lease liabilities	13,585	12,217
Other finance costs	3,651	3,711
Net exchange (gain) / loss on foreign currency	(1,824)	665
	24,129	25,644

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

4.1.2 Cash flow and fair value interest rate risk

Interest rate risk is the risk that fluctuations in interest rates impact the Group’s financial performance.

Risk	Exposure arising from	Monitoring	Management
Interest rate risk	Interest bearing liabilities at floating interest rates	Cash flow forecasting Sensitivity analysis	Interest rate swaps

Refer to note 4.2 for notional principal amounts and valuations of interest rate swaps outstanding at balance sheet date. A sensitivity analysis of interest rate risk on the Group’s financial assets and liabilities is provided in the table below.

At the reporting date the interest rate profile of the Group’s banking facilities was (carrying amount):

	2025 NZ\$'000	2024 NZ\$'000
Total secured borrowings	87,085	93,600
Less principal covered by interest rate swaps	-	-
Net principal subject to floating interest rates	87,085	93,600

Interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. The cash flow hedge loss on interest rate swaps at balance sheet date was nil (2024: nil).

Interest rate sensitivity analysis

The following table summarises the sensitivity of the Group’s financial assets and financial liabilities to interest rate risk.

A sensitivity of 1% (2024: 1%) has been selected for interest rate risk. The 1% is based on reasonably possible changes over a financial year, using the observed range of historical data for the preceding five-year period.

Amounts are shown net of income tax. All variables other than applicable interest rates are held constant. The impact on equity is presented exclusive of the impact on retained earnings.

	-1%			+1%	
	Carrying amount NZ\$'000	Profit NZ\$'000	Equity NZ\$'000	Profit NZ\$'000	Equity NZ\$'000
As at 31 July 2025					
Financial assets					
Cash and cash equivalents	34,284	(247)	–	247	–
Financial liabilities					
Interest bearing liabilities	87,085	627	–	(627)	–
Net increase / (decrease)		380	–	(380)	–

	-1%			+1%	
	Carrying amount NZ\$'000	Profit NZ\$'000	Equity NZ\$'000	Profit NZ\$'000	Equity NZ\$'000
As at 31 July 2024					
Financial assets					
Cash and cash equivalents	33,948	(244)	–	244	–
Financial liabilities					
Interest bearing liabilities	93,600	674	–	(674)	–
Net increase / (decrease)		430	–	(430)	–

4.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Risk	Exposure arising from	Monitoring	Management
Liquidity risk	Trade and other payables Interest bearing liabilities	Cash flow forecasting	Active working capital management Flexibility in funding arrangements

The Group has borrowing facilities of \$316,008,000 (2024: \$318,026,000) and operates well within this facility. This includes short term bank overdraft requirements, and at balance sheet date no bank accounts were in overdraft. Of this total facility \$25,834,000 is available for instruments including letters of credit and bank guarantees.

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The table below analyses the Group’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, so will not always reconcile with the amounts disclosed on the consolidated balance sheet.

	Less than 1 year NZ\$'000	Between 1 - 2 years NZ\$'000	Between 2 - 5 years NZ\$'000	Over 5 years NZ\$'000
As at 31 July 2024				
Trade payables and accrued expenses	119,308	–	–	–
Interest bearing liabilities	5,237	5,237	95,121	–
	124,545	5,237	95,121	–
As at 31 July 2025				
Trade payables and accrued expenses	148,682	2,019	5,564	–
Interest bearing liabilities	4,565	88,411	–	–
	153,247	90,430	5,564	–

The Group enters into forward exchange contracts to manage the risks associated with the purchase of foreign currency denominated products.

The table below analyses the Group’s derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. They are expected to occur and affect the profit or loss at various dates between balance sheet dates and the following five years.

	Less than 1 year NZ\$'000	Between 1 - 2 years NZ\$'000	Between 2 - 5 years NZ\$'000	Over 5 years NZ\$'000
As at 31 July 2024				
Forward foreign exchange contracts				
Inflow	207,492	–	–	–
Outflow	(203,994)	–	–	–
Net inflow	3,498	–	–	–
As at 31 July 2025				
Forward foreign exchange contracts				
Inflow	173,146	4,964	–	–
Outflow	(173,143)	(4,852)	–	–
Net inflow	3	112	–	–

4.2 DERIVATIVE FINANCIAL INSTRUMENTS

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A derivative is a type of financial instrument typically used to manage risk. A derivative’s value changes over time in response to underlying variables such as exchange rates or interest rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure.

The Group is exposed to changes in interest rates on its borrowings and to changes in foreign exchange rates on its foreign currency (largely USD) purchases. The Group uses derivatives to hedge these underlying exposures.

Derivative financial instruments are initially included in the consolidated balance sheet at their fair value, either as assets or liabilities, and are subsequently remeasured at fair value at each reporting date.

An interest rate swap is an instrument to exchange a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another.

Accounting policies

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

At inception of the hedging relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items. The Group also documents its risk management objectives and strategy for undertaking its hedge transactions.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income.

Amounts accumulated in equity are recycled in the consolidated statement of comprehensive income in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged

results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in other comprehensive income. Translation differences on monetary financial assets and liabilities are reported as part of the foreign exchange gain or loss.

Derivative financial instruments

	2025 NZ\$'000	2024 NZ\$'000
Foreign exchange contracts		
Current asset	2,217	3,638
Current liability	(2,225)	(140)
Non-current asset	123	–
Net foreign exchange contracts – cash flow hedge asset	115	3,498
Interest rate swaps		
Current liability	–	–
Non-current liability	–	–
Net interest rate swaps – cash flow hedge (asset / (liability))	–	–
Total derivative financial instruments	115	3,498

The above table shows the Group's financial derivative holdings at year end.

Interest rate swaps – cash flow hedge

Interest rate swaps are to exchange a floating rate of interest for a fixed rate of interest. The objective of the transaction is to hedge the core floating rate borrowings of the business to minimise the impact of interest rate volatility within acceptable levels of risk thereby limiting the volatility on the Group's financial results. The notional amount of interest rate swaps at balance sheet date was nil (2024: nil). The fixed interest rate is nil (2024: nil). Refer to note 4.1.3 for timing of contractual cash flows relating to interest rate swaps.

Foreign exchange contracts – cash flow hedge

The objective of these contracts is to hedge highly probable anticipated foreign currency purchases against currency fluctuations. These contracts are timed to mature when import purchases are scheduled for payment. The notional amount of foreign exchange contracts amounts to US\$98,300,500 / NZ\$166,089,000 (2024: US\$112,850,000 / NZ\$185,976,000).

No material hedge ineffectiveness for interest rate swaps or foreign exchange contracts exists as at balance sheet date (2024: nil).

Refer to note 4.2.1 for a sensitivity analysis of foreign exchange risk associated with derivative financial instruments.

4.2.1 Foreign exchange risk

Foreign exchange risk is the risk that fluctuations in exchange rates will impact the Group's financial performance. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar, US dollar and Euro.

Risk	Exposure arising from	Monitoring	Management
Foreign exchange risk	Foreign currency purchases (over 90% of purchases in USD)	Forecast purchases Reviewing exchange rate movements	USD foreign exchange derivatives

The Group is exposed to currency risk on any cash remitted between entities in different jurisdictions. The Group does not hedge for such remittances. Interest on borrowings is typically denominated in either New Zealand, Australian or US dollars and is paid for out of surplus operating cashflows generated in New Zealand, Australia and the US.

Foreign currency sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange risk.

A sensitivity of -10% / +10% (2024: -10% / +10%) for foreign exchange risk has been selected. While it is unlikely that an equal movement of the New Zealand dollar would be observed against all currencies, an overall sensitivity of -10% / +10% (2024: -10% / +10%) is reasonable given the exchange rate volatility observed on a historic basis for the preceding five-year period and market expectation for potential future movements.

Amounts are shown net of income tax. All variables other than applicable exchange rates are held constant. The impact on equity is presented exclusive of the impact on retained earnings.

	-10%			+10%	
	Carrying amount NZ\$'000	Profit NZ\$'000	Equity NZ\$'000	Profit NZ\$'000	Equity NZ\$'000
As at 31 July 2025					
Financial assets					
Cash and cash equivalents	34,284	1,896	–	(1,551)	–
Trade and other receivables	76,182	6,065	–	(4,962)	–
Foreign exchange contracts – cash flow hedge	2,340	–	(8,898)	–	7,280
Financial liabilities					
Trade and other payables	(212,158)	(15,012)	–	12,282	–
Interest bearing liabilities	(87,085)	(6,967)	–	5,700	–
Foreign exchange contracts – cash flow hedge	(2,225)	–	(10,326)	–	8,449
Net increase / (decrease)		(14,018)	(19,224)	11,469	15,729

		-10%		+10%	
	Carrying amount NZ\$'000	Profit NZ\$'000	Equity NZ\$'000	Profit NZ\$'000	Equity NZ\$'000
As at 31 July 2024					
Financial assets					
Cash and cash equivalents	33,948	1,934	–	(1,582)	–
Trade and other receivables	71,491	5,528	–	(4,523)	–
Foreign exchange contracts – cash flow hedge	3,638	–	(19,812)	–	16,209
Financial liabilities					
Trade and other payables	(173,697)	(12,446)	–	10,183	–
Interest bearing liabilities	(93,600)	(7,488)	–	6,127	–
Foreign exchange contracts – cash flow hedge	(140)	–	(2,699)	–	2,208
Net increase / (decrease)		(12,472)	(22,511)	10,205	18,417

4.3 EQUITY

KEEPING IT SIMPLE...

This section explains material movements recorded in shareholders’ equity that are not explained elsewhere in the consolidated financial statements. The movements in equity and the balance at 31 July 2025 are presented in the consolidated statement of changes in equity.

✓

Accounting policies

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised through equity following the approval by the Company’s Directors.

4.3.1 Contributed equity – ordinary shares

	2025 NZ\$’000	2024 NZ\$’000
Ordinary shares fully paid	629,383	629,383
Opening balance	629,383	629,079
Shares issued under Executive and Senior Management Long-Term Incentive Plan	–	304
Shares issued under share entitlement offers and share placement	–	–
Closing balance	629,383	629,383

Number of issued shares

	2025 ’000	2024 ’000
Opening balance	711,667	711,347
Shares issued under Executive and Senior Management Long Term Incentive Plan	–	320
Shares issued under share entitlement offers and share placement	–	–
Closing balance	711,667	711,667

As at 31 July 2025 there were 711,667,484 (2024: 711,667,484) ordinary issued shares in KMD Brands Limited and these are classified as equity.

No shares (2024: 319,762) were issued under the ‘Executive and Senior Management Long Term Incentive Plan 24 November 2010’ during the year.

All ordinary shares carry equal rights in respect of voting and the receipt of dividends. Ordinary shares do not have a par value.

Refer to note 6.3 for employee share-based remuneration plans.

4.3.2 Reserves and retained earnings

Cash flow hedging reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described in the accounting policy in note 4.2. The amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency translation differences arising on the translation of the Group entities results and financial position. The amounts are accumulated in other comprehensive income and recognised in profit or loss when the foreign operation is partially disposed of or sold.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of share options and performance rights granted but not exercised or lapsed. Amounts are transferred to share capital when vested options are exercised by the employee or performance rights are vested.

Reserves

	2025 NZ\$’000	2024 NZ\$’000
<i>Cash flow hedging reserve</i>		
Opening balance	1,684	274
Realised (gains) transferred to hedged asset	(4,450)	(6,821)
Revaluation movement	1,126	8,815
Deferred taxation movement	2.3 990	(584)
Closing balance	(650)	1,684
<i>Foreign currency translation reserve</i>		
Opening balance	23,019	9,691
Currency translation differences – gross	1,067	13,328
Currency translation differences – taxation	2.3 –	–
Closing balance	24,086	23,019
<i>Share-based payments reserve</i>		
Opening balance	824	1,286
Change during the year	391	291
Deferred taxation movement	2.3 45	(265)
Transfer to share capital on vesting of shares to employees	–	(304)
Share options / performance rights lapsed	(154)	(184)
Closing balance	1,106	824
<i>Other reserves</i>		
Opening balance	(47)	(47)
Current year expense recognised in other comprehensive income	–	–
Deferred taxation movement	2.3 –	–
Closing balance	(47)	(47)
Total reserves	24,495	25,480

4.3.3 Dividends

	2025 NZ\$’000	2024 NZ\$’000
Prior year final dividend paid	–	21,340
Current year interim dividend paid	–	–
Dividends paid	–	21,340

Dividends paid in 2024 represent NZ\$0.03 per share.

4.3.4 Capital risk management

The Group’s capital includes contributed equity, reserves and retained earnings.


The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or draw down more debt.

Section 5: Group Structure

KEEPING IT SIMPLE...

This section provides information about the entities that make up the KMD Brands Limited Group and how they affect the financial performance and position of the Group.



5.1 SUBSIDIARY COMPANIES

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group:

- has power over the entity;
- is exposed to, or has rights to, variable returns from its involvement with the entity; and
- can use its power to affect returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All subsidiaries in the Group have a balance date of 31 July.

The following entities comprise the significant trading and holding companies of the Group:

Companies	Parties to Deed of Cross Guarantee	Country of incorporation	Parent % holding	
			2025	2024
Parent entity:				
KMD Brands Limited	✓	New Zealand		
Subsidiaries:				
Kathmandu Group Limited	✓	New Zealand	100%	100%
KMD Brands Investments Limited	✓	New Zealand	100%	100%
KMD Brands Finance (NZ) Limited		New Zealand	100%	100%
KMD Brands Finance (AU) Pty Limited	✓	Australia	100%	100%
KMD Brands Managed Services (NZ) Limited	✓	New Zealand	100%	100%
KMD Brands Managed Services (AU) Pty Ltd	✓	Australia	100%	100%
Kathmandu Limited		New Zealand	100%	100%
Kathmandu Pty Ltd	✓	Australia	100%	100%
Kathmandu (U.K.) Limited		United Kingdom	100%	100%
Kathmandu US Holdings LLC		United States of America	100%	100%
Oboz Footwear LLC		United States of America	100%	100%
Barrel Wave Holdings Pty Ltd	✓	Australia	100%	100%
Rip Curl Group Pty Ltd	✓	Australia	100%	100%
Rip Curl International Pty Ltd	✓	Australia	100%	100%
PT Jarosite		Indonesia	100%	100%
Rip Curl Pty Ltd	✓	Australia	100%	100%
Onsmooth Thai Co Ltd		Thailand	100%	100%
Rip Curl (Thailand) Ltd		Thailand	50%	50%
Ozmosis Pty Ltd	✓	Australia	100%	100%
Rip Curl Japan Co., Ltd		Japan	100%	100%
Curl Retail No 1. Pty Ltd		Australia	100%	100%
RC Surf NZ Limited		New Zealand	100%	100%
Rip Curl Finance Pty Ltd	✓	Australia	100%	100%
Rip Curl Europe S.A.S		France	100%	100%
Rip Curl Spain S.A.U		Spain	100%	100%
Rip Curl Suisse S.A.R.L		Switzerland	100%	100%
Rip Surf – Artigos De Desporto, Unipessoal, LDA		Portugal	100%	100%
Rip Curl UK Ltd		United Kingdom	100%	100%
KMD Brands Germany GmbH		Germany	100%	100%
Rip Curl Nordic AB		Sweden	100%	100%
KMD Brands Italy SRL		Italy	100%	100%
Rip Curl Inc		United States of America	100%	100%
Rip Curl Canada Inc		Canada	100%	100%
Rip Curl Brazil LTDA		Brazil	100%	100%

5.2 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (wholly owned Companies) Instrument 2016/785, the Australian-incorporated wholly owned subsidiaries listed in note 5.1 as parties to the Deed of Cross Guarantee are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors’ reports in Australia.

It is a condition of the ASIC Corporations Instrument that the Company and each of the subsidiaries listed enter a Deed of Cross Guarantee. The effect of the Deed is that each party guarantees to each creditor of each other party payment in full of any debt in the event of winding up of the other party under certain provisions of the

Corporations Act 2001. If a winding up occurs under other provisions of the Act, the guarantee will only apply if after six months after a resolution or order winding up any creditor has not been paid in full.

A Cross Guarantee entities consolidated statement of comprehensive income and retained earnings and consolidated balance sheet are prepared for the Company and controlled entities that are parties to the Deed of Cross Guarantee, which eliminate all transactions between parties to the Deed of Cross Guarantee. These consolidated financial statements are included as a separate disclosure within the consolidated financial statements in order to meet the Group’s Australian statutory reporting obligations.

Cross Guarantee entities Consolidated Statement of Comprehensive Income and Retained Earnings for the year ended 31 July 2025		
	2025 NZ\$'000	2024 NZ\$'000
Sales	514,853	512,713
Expenses	(529,354)	(494,776)
Finance costs – net	(27,883)	(17,228)
(Loss) / profit before income tax	(42,384)	709
Income tax benefit / (expense)	9,229	(1,950)
(Loss) after income tax	(33,155)	(1,241)
Other comprehensive (loss) / income	(5,108)	6,904
Total comprehensive (loss) / income for the year	(38,263)	5,663
Opening retained earnings	(109,308)	(86,911)
(Loss) for the year after income tax	(33,155)	(1,241)
Dividends paid	–	(21,340)
Share options / performance rights lapsed	154	184
Closing retained earnings	(142,309)	(109,308)

Note 5.2 Deed of Cross Guarantee continued

Cross Guarantee entities Consolidated Balance Sheet as at 31 July 2025

	2025 NZ\$'000	2024 NZ\$'000
ASSETS		
Current assets		
Cash and cash equivalents	5,879	5,334
Trade and other receivables	30,537	24,104
Inventories	108,632	111,640
Derivative financial instruments	1,623	2,456
Current tax assets	410	4,843
Other current assets	–	113
Total current assets	147,081	148,490
Non-current assets		
Trade and other receivables	202,635	156,252
Investments	352,530	353,435
Property, plant and equipment	39,267	46,627
Intangible assets	486,995	478,092
Right-of-use assets	143,764	153,244
Total non-current assets	1,225,191	1,187,650
Total assets	1,372,272	1,336,140
LIABILITIES		
Current liabilities		
Trade and other payables	87,061	75,614
Derivative financial instruments	860	57
Current tax liabilities	615	–
Current lease liabilities	58,754	56,443
Total current liabilities	147,290	132,114
Non-current liabilities		
Non-current trade and other payables	15,858	7,998
Interest bearing liabilities	87,190	94,014
Loans with related parties	473,245	390,939
Deferred tax	58,560	72,392
Non-current lease liabilities	108,125	115,593
Total non-current liabilities	742,978	680,936
Total liabilities	890,268	813,050
Net assets	482,004	523,090
EQUITY		
Contributed equity – ordinary shares	629,383	629,383
Reserves	(5,070)	3,015
Retained earnings	(142,309)	(109,308)
Total equity	482,004	523,090

Section 6: Other Notes

6.1 RELATED PARTIES

All transactions with related parties were in the normal course of business and provided on commercial terms. No amounts owed to related parties have been written off or forgiven during the period.

During the year, legal fees of \$79,000 (2024: \$44,000) were paid to Chapman Tripp for services provided to the Group (largely related to corporate governance). Abby Foote is a Director of KMD Brands and is married to a partner of Chapman Tripp. As at 31 July 2025, the Group owed outstanding legal fees of \$19,000 (2024: \$22,000) to Chapman Tripp.

Key management personnel compensation

	2025 NZ\$'000	2024 NZ\$'000
Salaries	6,664	6,534
Other short-term employee benefits	1,909	120
Post-employment benefits	422	163
Termination benefits	356	–
Share-based payments expense	234	152
	9,585	6,969

6.2 FAIR VALUES

The following methods and assumptions were used to estimate the fair values for each class of financial instrument:

Trade receivables, trade payables & cash and cash equivalents

The carrying value of these items are equivalent to their fair value.

Interest bearing liabilities

The fair value of the Group's interest bearing liabilities are estimated based on current market rates available to the Group for debt of similar maturity. The fair value of interest bearing liabilities equates to their current carrying value.

Foreign exchange contracts and interest rate swaps

The fair value of these instruments is determined using valuation techniques (as they are not traded in an active market). These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include the fair value of interest rate swaps. These are calculated at the present value of the estimated future cash flows, based on observable yield curves and the fair value of forward foreign exchange contracts, as determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

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.

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 are approximately nil. All guarantees are payable on demand.

6.3 EMPLOYEE SHARE-BASED REMUNERATION

Accounting policy

Equity settled long term incentive plan

The Executive and Senior Management Long Term Incentive plan grants Group employee's performance rights subject to performance hurdles being met. The fair value of rights granted is recognised as an employee expense in the consolidated statement of comprehensive income with a corresponding increase in the employee share-based payments reserve. The fair value is measured at grant date and amortised over the vesting periods. The fair value of the rights granted is measured using the KMD Brands Limited share price as at the grant date less the present value of the dividends forecast to be paid prior to each vesting date. At each balance sheet date, the Company revises its estimates of the number of shares expected to be distributed. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

Executive and Senior Management Long Term Incentive Plan

On 20 November 2013, shareholders approved at the Annual General Meeting the continuation of an Employee Long Term Incentive Plan (LTI) (previously established 24 November 2010) to grant performance rights to Executive Directors, Senior Managers and Other Key Management Personnel.

Long Term Performance Rights

Performance rights granted to Executive Directors and Senior Managers are summarised below:

	Opening balance	Granted during the year	Vested during the year	Lapsed during the year	Closing balance
Grant date					
7 Apr 2025	–	3,836,782	–	–	3,836,782
12 Dec 2024	–	10,246,680	–	–	10,246,680
20 Dec 2023	8,641,283	–	–	(3,380,423)	5,260,860
20 Dec 2022	2,999,988	–	–	(1,659,535)	1,340,453
20 Dec 2021	1,197,585	–	–	(1,197,585)	–
	12,838,856	14,083,462	–	(6,237,543)	20,684,775

Long Term Incentive performance rights vest in equal tranches. In each tranche the rights are subject to a combination of a relative Total Shareholder Return (TSR) hurdle and / or an EPS growth hurdle. The relative weighting and number of tranches for each grant date are shown in the table below:

Grant date	Tranche	EPS weighting	TSR weighting
7 Apr 2025	Tranche 1	50%	50%
12 Dec 2024	Tranche 1	50%	50%
20 Dec 2023	Tranche 1	50%	50%
20 Dec 2022	Tranche 1	50%	50%
20 Dec 2021	Tranche 1	50%	50%

The proportion of rights subject to the relative TSR hurdle is dependent on KMD Brands Limited's TSR performance relative to a defined comparable group of companies in New Zealand and Australia listed on either the ASX or NZX. The percentage of TSR related rights vest according to the following performance criteria, provided the TSR is positive:

KMD Brands Limited relative TSR ranking	% vesting
Below 50th percentile	0%
50th percentile	50%
51st – 74th percentile	50% + 2% for each percentile above the 50th
75th percentile or above	100%

The TSR performance is calculated for the following performance periods:

Tranche	2025	2024
Tranche 1	36 months to 31 July 2027	36 months to 31 July 2026

The fair value of the TSR rights have been valued under a Monte Carlo simulation approach predicting KMD Brands Limited's TSR relative to the comparable group of companies at the respective vesting dates for each tranche. The fair value of TSR rights, along with the assumptions used to simulate the future share prices using a random-walk process are shown below:

	2025	2024
Fair value of TSR rights	\$0.20	\$0.18
Current price at grant date	\$0.41	\$0.73
Risk free interest rate	3.80%	4.38%
Expected life (years)	3	3
Expected share volatility	25.4%	25.8%

The estimated fair value for each tranche of rights issued is amortised over the vesting period from the grant date.

The proportion of rights subject to the EPS growth hurdle is dependent on the compound average annual growth in KMD Brands Limited's EPS relative to the year ending 31 July 2024 (2024: 31 July 2023). The applicable performance periods are:

Tranche	2025	2024
Tranche 1	FY27 EPS relative to FY24 EPS	FY26 EPS relative to FY23 EPS

The percentage of the December 2024 EPS growth related rights scales according to the compound average annual EPS growth over three years. Each year's target is set annually, and an average is taken over the three years to determine overall achievement.

The fair values of the EPS rights have been assessed as the KMD Brands Limited share price as at the grant date less the present value of the dividends forecast to be paid prior to each vesting date. The estimated fair value for each tranche of options issued is amortised over the vesting period from the grant date.

Vesting of Long Term Incentive performance rights also require remaining in employment with the Company during the performance period.

Short Term Performance Rights

Transitional performance rights granted to Senior Managers are all Short Term Incentives under the shareholder approved Employee Long Term Incentive Plan, and are summarised below:

	Opening balance	Granted during the year	Vested during the year	Lapsed during the year	Closing balance
Grant date					
20 Dec 2023	1,073,757	–	–	(1,073,757)	–
	1,073,757	–	–	(1,073,757)	–

Short Term Incentive performance rights vest:

- upon the Company achieving non-market performance hurdles; and
- the employee remaining in employment with the Company until the vesting date.

The performance period and vesting dates are summarised below:

	2025	2024
Grant date	–	20 Dec 2023
Performance period (year ending)	–	31 July 2024
Vesting date	–	31 July 2025

The fair values of the rights were assessed as the KMD Brands Limited share price at the grant date, less the present value of the dividends forecast to be paid prior to the vesting date.

The non-market performance hurdles set for the year ending 31 July 2025 were not met and accordingly no expense (2024: nil) was recognised in the consolidated statement of comprehensive income in respect of Short Term Incentive performance rights granted 20 December 2024 and 20 December 2023.

Expenses arising from equity settled share-based payments transactions

	2025 NZ\$'000	2024 NZ\$'000
Long term performance rights	391	291
Short term performance rights	–	–
	391	291

6.4 CONTINGENT LIABILITIES

The Group is subject to litigation incidental to its business, none of which is expected to be material. No material provision has been made in the Group's consolidated 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 financial position, results of operations or cash flows. There are \$2,659,000 of contingent liabilities as at 31 July 2025 (2024: \$513,000).

The most material contingent liability relates to ongoing discussions with the French customs duty authority in relation to the customs value of imported goods. Based on legal advice a provision of €150,000 has been recognised in relation to this matter. Management has assessed further aspects of this matter and believes that the likelihood of any additional significant outflow of resources is possible but not probable, and accordingly, no additional provision has been recognised. Based on currently available information, the potential financial impact of this contingent liability could be in the range of zero to €1,200,000. The timing of any potential outflow is uncertain and dependent on the resolution. The Group continues to monitor the matter as additional information becomes available.

6.5 CONTINGENT ASSETS

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

6.6 EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to balance date the group announced a transformation program called ‘Next Level’ to drive organisational change and improve financial performance. In August 2025, a certain number of roles were restructured to align with the organisational change. The associated restructuring costs will be recognised in the 2026 financial year.

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

6.7 SUPPLEMENTARY INFORMATION

Directors’ fees

	2025 NZ\$’000	2024 NZ\$’000
Directors’ fees	1,039	1,077

Directors’ fees for the Company were paid to the following:

- David Kirk (Chairman)
- Abby Foote
- Andrea Martens
- Brent Scrimshaw
(until March 2025 when Brent became Group CEO)
- Philip Bowman
- Zion Armstrong

Audit fees

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and other network audit firms:

	2025 NZ\$’000	2024 NZ\$’000
Audit services – Group auditor		
Group audit	559	538
– KPMG New Zealand		
France statutory audit	159	69
– KPMG France		
Thailand statutory audit	52	39
– KPMG Thailand		
	770	646
Audit services – other audit firms	60	117
Total fees for audit services	830	763
Non-audit services – Group auditor		
Taxation services	–	223
– KPMG US		
Greenhouse Gasses (GHG) Assurance	48	–
– KPMG New Zealand		
Revenue certificates	1	1
– KPMG New Zealand		
Banking compliance certificates	6	6
– KPMG New Zealand		
	55	230

6.8 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New standards and interpretations first applied in the period

There are no new or amended accounting standards or interpretations first applied in the period that have had a material impact on the Group.

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

No new and amended accounting standards and interpretations issued but not yet effective have been early adopted.

New Accounting Standard	Effective Date Applicable to the Group	Summary of Changes
NZ IFRS 18 Presentation and Disclosure in Financial Statements	1 August 2027	<p>NZ IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> will supersede NZ IAS 1 <i>Presentation of Financial Statements</i> and is intended to improve comparability and transparency in the presentation of financial statements.</p> <p>NZ IFRS 18 introduces three key new requirements (among others):</p> <ul style="list-style-type: none">• A change in the structure of the statement of profit or loss – requires the presentation of profit and loss items by operating, investing and financing activities and specified subtotals including operating profit or loss• Management defined performance measures to be included in a note in the financial statements• Enhanced aggregation/ disaggregation clarification <p>The new standard also amends the classification in the statement of cash flows.</p> <p>The Group’s assessment of the impact remains ongoing.</p>

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

Independent Auditor's Report

To the shareholders of KMD Brands Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated balance sheet as at 31 July 2025;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

- In our opinion, the accompanying consolidated financial statements of KMD Brands Limited (the Company) and its subsidiaries (the Group) on pages 61 to 107 present fairly in all material respects:
- the Group's financial position as at 31 July 2025 and its financial performance and cash flows for the year ended on that date;
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of KMD Brands Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to reasonable assurance engagements for Greenhouse gas emissions and bank covenant compliance, and agreed upon procedures for store revenue certificates. 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.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$3.0 million determined with reference to a benchmark of the Group's EBITDA. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Impairment assessment of indefinite life intangible assets - Goodwill and Brands

Refer to Note 3.3 to the financial statements.

The group has goodwill and brand assets of \$215.1 million and \$356.4 million respectively.

An impairment of \$45.4 million was recognised on the Oboz goodwill.

These assets are a result of the historical acquisitions of the Kathmandu, Oboz and Rip Curl businesses.

Impairment assessment of goodwill and brand assets is considered to be a key audit matter due to the significance of these assets to the group's financial position and the level of management judgement involved in the impairment assessment.

These judgements include:

- Determination of cash generating units (CGUs), or group of CGUs, to consider for testing
- Forecast future performance for each CGU, or group of CGUs; and
- Assessment of discount and terminal growth rates.

Our audit procedures included:

- Assessing the consistency of management's approach against the requirements of the accounting standards, including assessment of the CGU level at which to test the intangible assets;
- Utilising our corporate finance specialists to challenge and assess management's assumptions, including the external expert support for terminal growth rates and discount rates. This involved independently developing a range for terminal growth and discount rates based on market data to challenge the rates determined by the external expert;
- Assessing the integrity and mechanical accuracy of the impairment models;
- Challenging the forecast cash flows in light of current market conditions and past performance of the group; and
- Considering the sensitivity of key assumptions to changes within a reasonably possible range and associated financial statement disclosures.

We did not identify any material misstatements in relation to the impairment assessment of indefinite life intangible assets or associated disclosures.

Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Annual Integrated Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit 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 report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the consolidated financial statements

The directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Peter Taylor.

For and on behalf of:

KPMG

Christchurch

24 September 2025

4.

ADDITIONAL DISCLOSURES



Statutory information

DISCLOSURE OF INTERESTS BY DIRECTORS

In accordance with section 140(2) of the Companies Act 1993, the Directors named below have made a general disclosure of interest, by a general notice disclosed to the Board and entered in the Company’s interests register, during the reporting period:

DAVID KIRK

<i>NZ Rugby Players Association**</i>	Chairperson
Forsyth Barr Group Limited and Forsyth Barr Limited	Chairperson / Director
Bailador Investment Management Pty Limited	Managing Partner
Bailador Technology Investments Limited (including investee companies)	Chairperson
New Zealand Performance Horses Limited	Director
Kiwi Harvest Limited	Chairperson
<i>New Zealand Food Network Limited**</i>	Chairperson
New Zealand Food Rescue Trust	Director
New Zealand Rugby Union Incorporated*	Chairperson
New Zealand Rugby Commercial*	Director

ABIGAIL FOOTE

Freightways Group Limited	Director
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ANDREA MARTENS

Australian Data Driven Marketing Association (ADMA)	CEO
HYG Holdco Pty Limited	Director
Kennards Hire Pty Limited	Director

PHILIP BOWMAN

Sky Network Television Limited	Chairperson
<i>Majid Al Futtaim Properties LLC**</i>	Chairperson
Tegel Group Holdings Limited	Chairperson
Ferrovial SE	Director
Vinula Pty Ltd	Director
Vinula Superfund Pty Ltd	Director
Tom Tom Holdings Inc	Director
<i>Majid Al Futtaim Capital LLC**</i>	Director
<i>Majid Al Futtaim Holding LLC**</i>	Director

ZION ARMSTRONG

Cosmostar Limited	Director
<i>Kavier Trust Limited</i>	Director
Kavier Capital Limited	Director
Jamie Kay Group Holding Limited (including subsidiary companies)	Director and CEO

* Commenced appointment during the year ended 31 July 2025. ** Ceased to hold office during the period ending 31 July 2025

DIRECTORS’ DETAILS, REMUNERATION AND OTHER BENEFITS

During the year ended 31 July 2025, the Directors and former directors of the Company received the following remuneration and other benefits, which were approved by the Board:

Director	Total Remuneration	Committee Chair Remuneration	Other benefits	Role
David Kirk	NZD \$276,619		None	Chairperson, Non-Executive Director
Abigail Foote	NZD \$149,501	NZD \$33,996	None	Non-Executive Director, Chairperson of Audit and Risk Committee
Andrea Martens	NZD \$149,501	NZD \$32,899	None	Non-Executive Director, Chairperson of People and Remuneration Committee
Brentley Scrimshaw	NZD \$97,057 AUD \$977,618		None \$25,021 (AUD Super)	Non-Executive Director* Managing Director and Group Chief Executive Officer**
Philip Bowman	NZD \$149,501		None	Non-Executive Director
Zion Armstrong	NZD \$149,501		None	Non-Executive Director
Michael Daly	AUD \$1,574,985		\$27,526 (AUD Super)	Managing Director and Group Chief Executive Officer***

*From 1 August 2024 until 23 March 2025. **Commenced 24 March 2025. ***From 1 August 2024 until 2 July 2025.

EMPLOYEE REMUNERATION

During the year ended 31 July 2025, a number of employees or former employees, not being Directors of the Company, received remuneration and other benefits that exceeded NZ\$100,000 in value as follows:

Remuneration (NZD \$)			Number of Employees	Remuneration (NZD \$)			Number of Employees
\$100,000	–	\$110,000	72	\$340,000	–	\$350,000	2
\$110,000	–	\$120,000	47	\$350,000	–	\$360,000	1
\$120,000	–	\$130,000	43	\$360,000	–	\$370,000	1
\$130,000	–	\$140,000	44	\$370,000	–	\$380,000	4
\$140,000	–	\$150,000	29	\$380,000	–	\$390,000	2
\$150,000	–	\$160,000	19	\$400,000	–	\$410,000	2
\$160,000	–	\$170,000	13	\$420,000	–	\$430,000	1
\$170,000	–	\$180,000	14	\$450,000	–	\$460,000	1
\$180,000	–	\$190,000	26	\$460,000	–	\$470,000	1
\$190,000	–	\$200,000	13	\$470,000	–	\$480,000	1
\$200,000	–	\$210,000	10	\$540,000	–	\$550,000	1
\$210,000	–	\$220,000	8	\$560,000	–	\$570,000	1
\$220,000	–	\$230,000	7	\$580,000	–	\$590,000	1
\$230,000	–	\$240,000	6	\$590,000	–	\$600,000	1
\$240,000	–	\$250,000	5	\$600,000	–	\$610,000	1
\$250,000	–	\$260,000	5	\$630,000	–	\$640,000	1
\$260,000	–	\$270,000	6	\$640,000	–	\$650,000	1
\$270,000	–	\$280,000	3	\$660,000	–	\$670,000	1
\$280,000	–	\$290,000	4	\$690,000	–	\$700,000	1
\$290,000	–	\$300,000	5	\$750,000	–	\$760,000	1
\$300,000	–	\$310,000	2	\$1,030,000	–	\$1,040,000	1
\$310,000	–	\$320,000	8	\$1,100,000	–	\$1,110,000	1
\$330,000	–	\$340,000	4	\$1,760,000	–	\$1,770,000	1
							422

DONATIONS

During the year ended 31 July 2025, the Group has made total donations of NZD \$286,728. The Group also invested in partnership fees, product donations and volunteer hours during FY25. See pages 45 – 46 of the 2025 Annual Integrated Report for further information.

SUBSIDIARY COMPANY DIRECTORS

Section 211(2) of the Companies Act 1993 requires the Company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by Directors and former Directors.

No subsidiary has Directors who are not full-time employees of the Group.

The remuneration and other benefits of such employees (received as employees) totalling NZD\$100,000 or more during the year ended 31 July 2025, is included in the relevant bandings for remuneration disclosed on page 115.

No employee of the Group appointed as a Director of KMD Brands Limited, or its subsidiaries receives or retains any remuneration or other benefits in their capacity as a Director.

The persons who held office as Directors (or the legal equivalent in various jurisdictions) of subsidiary companies at 31 July 2025, and those who ceased to hold office during the year ended 31 July 2025, are as follows:

Company	Director / office holder
KMD Brands Investments Limited	Benjamin Washington, Frances Blundell
KMD Brands Managed Services (NZ) Limited	
KMD Brands Finance (NZ) Limited	
RC Surf NZ Limited	
KMD Brands Managed Services (AU) Pty Limited	Lachlan Farran, Benjamin Washington
KMD Brands Finance (AU) Pty Limited	
Kathmandu Group Limited	Benjamin Washington, Megan Welch
Kathmandu Limited	
Kathmandu (U.K) Limited	Benjamin Washington, Mathieu Lefin
Kathmandu Pty Ltd	
Barrel Wave Holdings Pty Ltd	Lachlan Farran, Brent Scrimshaw**, Michael Daly*
Kathmandu US Holdings LLC	
Oboz Footwear LLC	Amy Beck, Ben Washington, Michael Daly*
Rip Curl, Inc	
Rip Curl Canada Inc	Nick Russell, Amy Beck, Brooke Farris*

Company	Director / Office holder
Rip Curl International Pty Ltd	Michael Daly*, Brooke Farris*, Lachlan Farran, Ashley Reade**
Rip Curl Proprietary Limited	
Rip Curl Finance Pty Ltd	
Rip Curl Group Pty Ltd	
Curl Retail No 1 Pty Ltd	Brooke Farris*, Lachlan Farran, Ashley Reade**
Ozmosis Pty Ltd	
Rip Curl Brazil LTDA	Carla Trindade
Rip Curl Japan Co Ltd	Mitsu Nishina*, Michael Ray**
Onsmooth Thai Co Ltd	Duncan Stewart, Michael Daly*, Ashley Reade**
PT Jarosite	James Hendy, Lachlan Farran, Michael Daly*, Ashley Reade**
Rip Curl Europe S.A.S	Mathieu Lefin, Isabelle Espil*
Rip Curl Spain SA Unipersonal	Mathieu Lefin
Rip Curl UK Ltd	
Rip Surf Artigos De	
Desporto Unipessoal LDA	
KMD Brands Germany GmbH	
KMD Brands Italy SRL	Mathieu Lefin, Julien Haueter
Rip Curl Suisse S.A.R.L	
Rip Curl Nordic AB	
	Mathieu Lefin, Alois Bersan, Isabelle Espil*
50% subsidiary interests:	
Rip Curl (Thailand) Co. Ltd	Sermchai Putamadilok, Patranist Putmadilok, Lachlan Farran*, Brooke Farris* Ashley Reade**

*Ceased to hold office during the period ending 31 July 2025. **Commenced holding office during the period ending 31 July 2025.

PRINCIPAL SHAREHOLDERS

The names and holdings of the twenty largest shareholders as at 31 July 2025 were:

Name	In NZCSD Sub-Reg	Ordinary shares	%
New Zealand Superannuation Fund Nominees Limited	Yes	97,863,720	13.75
Citicorp Nominees Pty Limited	No	70,477,471	9.90
Accident Compensation Corporation	Yes	58,068,028	8.16
Briscoe Group Limited	No	48,007,465	6.75
Bnp Paribas Nominees NZ Limited Bpss40	Yes	45,825,853	6.44
J P Morgan Nominees Australia Pty Limited	No	37,470,355	5.27
HSBC Custody Nominees (Australia) Limited	No	32,600,089	4.58
New Zealand Depository Nominee	No	26,740,848	3.76
Tea Custodians Limited	Yes	21,232,475	2.98
HSBC Nominees (New Zealand) Limited	Yes	19,630,882	2.76
Bnp Paribas Nominees Pty Ltd	No	15,150,368	2.13
Citibank Nominees (Nz) Ltd	Yes	12,733,817	1.79
Dosh Property Pty Ltd	No	9,146,369	1.29
Forsyth Barr Custodians Limited	No	8,390,225	1.18
Pt Booster Investments Nominees Limited	No	7,289,200	1.02
JPMORGAN Chase Bank	Yes	5,102,037	0.72
New Zealand Permanent Trustees Limited	Yes	3,999,100	0.56
FNZ Custodians Limited	No	3,933,859	0.55
Hailong Investments Pte Limited	No	3,696,339	0.52
Rainer Huebner & Shanti Huebner	No	2,995,000	0.42

DIRECTORS’ SHAREHOLDINGS

Directors held interests in the following ordinary shares of the Company at 31 July 2025:

Director/Senior manager	Nature of interest	Number held at 31 July 2024	Acquired	Disposed	Total held at 31 July 2025
David Kirk	Beneficial owner	1,000,000	-	-	1,000,000
	Registered holder and beneficial owner	300,000	-	-	300,000
					1,300,000
Philip Bowman	Beneficial owner	1,300,000	650,000	-	1,950,000
	Registered holder and beneficial owner	300,000	-	-	300,000
					2,250,000
Michael Daly*	Beneficial owner	820,485	-	-	820,485
Abigail Foote	Registered holder and beneficial owner	130,000	100,000	-	230,000
Zion Armstrong	Registered holder and beneficial owner	42,330	-		42,330
Brentley Scrimshaw	Beneficial owner	54,545	784,374	-	838,919
Andrea Martens	Registered holder and beneficial owner	25,000	-	-	25,000

*Ceased to hold office as a Director on 25 March 2025.

Brentley Scrimshaw held the following interests in convertible financial products in the Company as at 31 July 2025 due to his participation in the Company’s LTI Plan in his capacity as Group Chief Executive Officer.

Executive Director – Brentley Scrimshaw					
Nature of interest	Number granted	Grant date	Vesting period	Vesting date	Total fair value of performance Rights at grant date \$AUD
Performance Share Rights	3,836,782	7 April 25	3 years	30 Sep 27	\$1,777,500

No other Directors held interests in convertible financial products of the Company as at 31 July 2025.

Performance share rights granted will, subject to satisfaction of performance conditions, vest on the basis of one ordinary share for each performance share right which vests, on the vesting date for each grant.

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS AS AT 31 JULY 2025

	Number of holders	%	Number of ordinary shares	%
1 to 1,000	2,507	26.82	1,390,737	0.2
1,001 to 5,000	3,177	33.98	8,316,906	1.17
5,001 to 10,000	1,298	13.88	10,131,603	1.42
10,001 to 50,000	1,732	18.53	39,688,610	5.58
50,001 to 100,000	315	3.37	23,397,313	3.29
100,001 and over	320	3.42	628,742,315	88.35
Total	9,349	100%	711,667,484	100%

SUBSTANTIAL PRODUCT HOLDERS

The substantial product holders of ordinary shares (being the only class of quoted voting products) of the Company and their relevant interests as at 31 July 2025, were as follows:

	Ordinary shares	%
Allan Gray Group	126,485,108	17.77
New Zealand Superannuation Fund Nominees Limited	90,996,567	12.79
FirstCape Group Limited	55,618,852	7.81
Harbour Asset Management Limited	53,562,468	7.53
Accident Compensation Corporation	55,439,700	7.79
Briscoe Group Limited	48,007,465	6.75

As at 31 July 2025, the Company had 711,667,484 ordinary shares on issue.

NZX CLASS WAIVERS RELIED ON

During the year, the Company did not rely on any rulings or waivers granted by NZ RegCo.

DIRECTORS’ AND OFFICERS’ INSURANCE AND INDEMNITY

The Group has arranged, as provided for under the Company’s Constitution, policies of Directors’ and Officers’ Liability Insurance which, with a Deed of Indemnity entered into with all Directors, provides that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines which may be imposed in respect of breaches of the law.

Directory

The details of the Company’s principal administrative and registered office in New Zealand is:

223 Tuam Street
Christchurch Central
PO Box 1234
Christchurch 8011
New Zealand

SHARE REGISTRY

In New Zealand: MUFG Pension & Market Services (MUFG)

Physical Address: Level 30, PwC Tower,
15 Customs Street West,
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.mpms.mufg.com

In Australia: MUFG Pension & Market Services (MUFG)

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.mpms.mufg.com

STOCK EXCHANGES

The Company’s ordinary shares are quoted on the NZX and the ASX.

INCORPORATION

The Company is incorporated in New Zealand.

OUR PARTNERS



‘Our partners’ include paid memberships and subscriptions, technology platforms that support our ESG goals, major community and charity partnerships.

ASKYOURTEAM

We use AskYourTeam’s real-time, transparent survey system, Ethical Voice, to gather feedback and insights from workers in our factories.



AUSTRALIAN PACKAGING COVENANT ORGANISATION

We submit an annual report and action plan to APCO, which supports our packaging and waste strategies.



B CORP

We are part of a global movement of certified B Corporations® that use the power of business to build a more inclusive and sustainable economy.



CARBON DISCLOSURE PROJECT

We submit an annual report to CDP, which is considered the ‘gold standard’ of environmental reporting.



CASCALE

Cascale brings together 300 members, including KMD Brands, with a shared vision of an industry that gives back more than it takes to the planet and its people.



CONVERGE

This employee assistance program helps our people resolve personal problems that may be impacting their day-to-day lives and workplace performance.



FAIR LABOR ASSOCIATION

We are proud to be recognised as a Fair Labor Accredited company. Fair Labor Accreditation verifies that our company has systems in place to protect the workers who manufacture our products, based on the Fair Labor Association’s internationally recognised labor standards.



INTERNATIONAL ACCORD

KMD Brands is a signatory to the International Accord which promotes workplace health and safety through independent safety inspections, training programs, and a complaints mechanism for factory workers located in Bangladesh.



MAINETTI

Mainetti helps us continually challenge and adjust our supply chain process to support a more sustainable future.



OPEN SUPPLY HUB

Open Supply Hub is powering the transition to safe and sustainable supply chains with the world’s most complete, open and accessible map of global production.



OUR SUPPLY CHAIN

This end-to-end supply chain technology solution is used to record, monitor and track progress of factory data around compliance, traceability and ethical sourcing.



SOCIAL & LABOR CONVERGENCE PROGRAM

We are a signatory to this multi-stakeholder initiative that facilitates the sharing of comparable, verified data about supply chain working conditions. This partnership helps to reduce factory audit duplication and redirect resources to improvement actions.



SCIENCE BASED TARGETS INITIATIVE (SBTi)

We set targets with the Science Based Targets initiative (SBTi) in 2023, which allowed us to set a clearly defined path to reduce emissions in line with the Paris Agreement goals.



TEXTILE EXCHANGE

Membership supports our materials strategy, and we participate in the Preferred Fiber & Benchmarking Program.



TOITŪ eMANAGE

We use Toitū eManage software to measure, manage and understand our emissions inventory for our global business.



WORLDLY

We use the Higg Index, hosted by Worldly, which is the most widely used measure of environmental and social impact globally for apparel, footwear and textiles.





BEYOND BLUE

We support Beyond Blue in helping Australian’s achieve their best possible mental health.



GRAEME DINGLE FOUNDATION

Our partnership supports New Zealand's youth realise their full potential, by leveraging the outdoors to build self-confidence and self-belief.



MENTAL HEALTH FIRST AID AUSTRALIA

MHFA Australia provides evidence-based mental health literacy and skills training. Their programs equip our team with the knowledge and skills to recognise and respond to someone experiencing a mental health problem or crisis until appropriate professional help is received.



PRIDE PLEDGE

We have made a public commitment to use our voice to support visibility, safety, tolerance, love, diversity and inclusion for all LGBTTQIAP+ people.



MINDFUL FASHION NZ

Mindful Fashion NZ's mission is to unite the New Zealand clothing and textile industry ecosystem to create an innovative, full-circle and thriving future. Our membership supports Mindful Fashion's aim to champion education, advocacy, collaborative solutions and collective action.



RAINBOW TICK

We are members and program partners of Rainbow Tick. The support of Rainbow Tick enables us to deliver training in support of our commitment to diversity and inclusion in our New Zealand-based workplaces.



UPPAREL

We partner with Upparel, Australia's leader in textile recovery and recycling, offering customers in selected stores a recycling solution for unwanted used clothing.



IMPACTEX

We partner with New Zealand's most trusted and recognised solution for textile recovery and genuinely circular recycling through selected stores take-back of unwanted used clothing.



52 HIKE CHALLENGE

We sponsor the 52 Hike Challenge, where participants gain physical fitness, mental wellbeing, make new friends, explore new places, and connect with family, friends and themselves through nature.



BLACK FOLKS CAMP TOO

BFCT's mission is to invite and welcome more Folks to camp, enjoy the outdoor industry, and lifestyle with any and everyone. We collaborated on the Unity Blaze Trail Insole, that directs a portion of proceeds to BFCT's Digital Education Initiative.



CONTINENTAL DIVIDE TRAIL COALITION

CDTC's mission is to complete, protect and elevate the Continental Divide National Scenic Trail while engaging in and inspiring stewardship of the trail and its surrounding landscapes. We adopt a four-mile section of the CDT in our home state of Montana.



GALLATIN VALLEY LAND TRUST

We support work to conserve open spaces and create trail systems in the Gallatin Valley in Bozeman, Montana.



THE CONSERVATION ALLIANCE

The Conservation Alliance harnesses the collective power of business and outdoor communities to fund and advocate for the protection of North America's wild places.



TREES FOR THE FUTURE AND VERITREE

Since 2007, every pair of footwear sold has helped plant trees. That's more than six million trees and counting planted! This is made possible through our tree planting partners, like Trees For The Future and veritree.



WILD MONTANA

Wild Montana works to safeguard wildlands, secures wildlife habitat and migration corridors, and keeps headwaters and streams running cold, clear and connected. We sponsor their Trail of The Week Program which introduces Montana’s best trails to subscribers.





SEAMLESS

In 2023 Rip Curl joined Seamless as one of six foundation members to support the transformation of the textile industry in Australia. Seamless aims to create a circular clothing industry by 2030.



SURFAID

We partner with SurfAid to support its mission to improve the health, wellbeing and resilience of remote surfing communities.



TERRACYCLE®

TerraCycle’s partnership on our wetsuit take back program has helped us to find innovative ways to recycle wetsuits for another life.



THE SURFRIDER FOUNDATION

Through our partnership with the Surfrider Foundation we play our part to protect the world’s ocean, waves and beaches for all people.



Our product partners

These partners support KMD Brands’ preferred materials goals and our focus on reducing our impact across our value chain.

GORETEX

The GORE-TEX® Brand creates high-performing, long-lasting fabrics with sustainability in mind, focusing on reducing environmental impacts while keeping people protected in the outdoors.



BETTER COTTON

We are committed to improving cotton farming practices globally with Better Cotton.



BLOOM

BLOOM transforms algae biomass into performance-driven foam, which allows us to replace a percentage of polymers in conventional midsoles and insoles with a plant-based product.



BLUESIGN ®

This global sustainability solutions provider helps us eliminate harmful substances from our supply chain and improve our environmental and social performance.



CANOPY

Canopy works collectively with some of the world’s largest brands, including Kathmandu, to protect the world’s remaining ancient and endangered forests.



GLOBAL ORGANIC TEXTILE STANDARD

From harvesting raw materials to environmentally and socially responsible manufacturing, to labelling, GOTS certifies textiles to provide a credible assurance to consumers.



LEATHER WORKING GROUP

This partnership helps us to assess the environmental compliance and performance capabilities of our tanneries and to promote sustainable environmental business practices within the leather industry.



LANZATECH

We use carbon recycling technology from Lanzatech. Carbon emissions from manufacturing sites are captured before they’re released into the atmosphere and converted into a raw material that makes polyester fibres.



LENZING GROUP

We work with Lenzing Group to integrate innovative fibres made from botanic products into our products.



PRIMALOFT® BIO™

The first biodegradable synthetic insulation and fibre developed from 100% recycled materials helps us to reduce the long-term impact of microplastics in oceans, landfills and waterways.



Q-CYCLE®

Q-CYCLE yarns are made from recycled post-consumer plastic waste, including end-of-life tyres using a mass balance approach.



REPREVE

REPREVE® is the world's leading brand of recycled performance fibre and has transformed billions of discarded plastic bottles into sustainable polyester.



RESPONSIBLE DOWN STANDARD

All of our down is independently certified to the RDS, certified by CU #862405. The RDS requires animal welfare practices to be in place at duck and goose farms in the down and feather supply chain.



RESPONSIBLE WOOL STANDARD

All of our wool is independently certified to the RWS, certified by CU #862405. The RWS verifies wool fibre animal welfare and land management requirements and tracks it from farm to final product.



SEAWASTEX

Created from discarded marine nylon waste, Seawastex yarns are primarily sourced from abandoned fishing nets. They work with local governments, fishing net manufacturers and specialised recyclers to ensure reliable supply of marine nylon waste.



SEAWASTEX®

TOPGREEN

We use TopGreen Recycled Filament, a sustainable textile material made from recycled plastic waste, in some Rip Curl boardshorts, jackets and walkshorts.



