

**KMD BRANDS LIMITED**

24 September 2025

**Full Year Report  
For the period ending 31 July 2025**

**Contents**

Results Announcement  
Media Announcement  
Annual Integrated Report including Financial Statements and Auditors' Report  
Corporate Governance Statement  
Modern Slavery Statements  
GRI / SASB Index

For personal use only



# Results announcement

## Results for announcement to the market

Name of issuer	KMD Brands Limited
Reporting Period	12 months to 31 July 2025
Previous Reporting Period	12 months to 31 July 2024
Currency	NZD

	Amount (000s)	Percentage change
Revenue from continuing operations	\$989,015	1.0%
Total Revenue	\$989,015	1.0%
Net profit/(loss) from continuing operations	\$(93,579)	-93.7%
Total net profit/(loss)	\$(93,579)	-93.7%

## Final Dividend

Amount per Quoted Equity Security	Nil
Imputed amount per Quoted Equity Security	Nil
Record Date	Nil
Dividend Payment Date	Nil

	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.07	\$0.15

A brief explanation of any of the figures above necessary to enable the figures to be understood	The year end results are based on accounts which have been subject to audit. Refer to accompanying audited financial statements and media release for further information.
--	--

## Authority for this announcement

Name of person authorised to make this announcement	Frances Blundell
Contact person for this announcement	Frances Blundell
Contact phone number	+64 3 968 6110
Contact email address	<a href="mailto:companysecretary@kmdbrands.com">companysecretary@kmdbrands.com</a>
Date of release through MAP	Wednesday, 24 September 2025

Audited financial statements accompany this announcement.



For personal use only

24 September 2025

(All amounts in NZ\$ unless otherwise stated)

## KMD Brands FY25 Results

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

### FY25 financial summary (vs FY24):

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

### Group financial performance

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

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

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

<sup>2</sup> FY25 NZD/AUD conversion rate 0.913 (FY24 0.924), FY25 NZD/USD conversion rate 0.591 (FY24 0.605).

<sup>3</sup> Prior period restatement: following an accounting system change at the Group’s wetsuit manufacturer, \$5.0m of FY24 production labour and overhead costs have now been mapped to cost of sales. There was no impact on the Group’s FY24 EBITDA or net profit.

**KMD**  
BRANDS

KMD BRANDS LIMITED W [kndbrands.com](http://kndbrands.com)

For personal use only

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

Operating expenses were tightly managed while facing global cost pressure.

### Rip Curl

Rip Curl	Underlying <sup>1</sup>		
	NZ\$ million	FY25	FY24
Sales	550.4	538.9	2.1%
EBITDA	30.6	42.0	(27.0%)
EBIT	14.3	28.2	(49.3%)

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

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

DTC same store sales (comprising owned retail stores and online)<sup>4</sup> increased +1.2% YOY.

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

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

### Kathmandu

Kathmandu	Underlying <sup>1</sup>		
	NZ\$ million	FY25	FY24
Sales	361.9	361.1	0.2%
EBITDA	(1.3)	16.0	<i>n.m.</i>
EBIT	(19.6)	(3.3)	<i>n.m.</i>

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

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

<sup>4</sup> Same store sales are for the 52 full weeks ended 27 July 2025 and are measured at constant exchange rates.

<sup>5</sup> At constant exchange rates.



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

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

Same store sales (including online)<sup>4</sup> decreased by -0.2% YOY.

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

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

### Oboz

Oboz NZ\$ million	Underlying <sup>1</sup>		
	FY25	FY24	Var %
Sales	76.6	79.4	(3.5%)
EBITDA	(3.3)	(0.2)	<i>n.m.</i>
EBIT	(4.2)	(1.1)	<i>n.m.</i>

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

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

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

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

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

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



## **Balance sheet**

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

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

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

## **Trading update**

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

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

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

## **Outlook**

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

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

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

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

---

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



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

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

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

### **KMD Brands 'Next Level' transformation strategy**

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

Next Level key priorities include:

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

#### **Brent Scrimshaw, Group CEO and Managing Director, KMD Brands, said:**

“Since joining KMD Brands what I’ve seen is clear, the potential of our brands is far greater than what we are delivering today.”

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

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

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

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

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

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



Please attend the meeting by following this link: [www.virtualmeeting.co.nz/kmdfy25](http://www.virtualmeeting.co.nz/kmdfy25).

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

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

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

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

- ENDS -

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



For personal use only



# 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

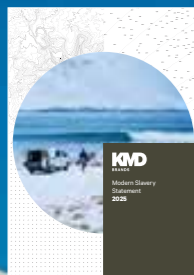
This integrated report outlines our financial, economic, social and environmental performance for the year ending 31 July 2025. It marks our fourth year of integrated reporting.

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](https://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](https://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.



## CONTENTS

<b>1. OVERVIEW</b> .....	<b>2</b>
Our Group .....	4
Global footprint.....	6
FY25 performance overview .....	8
Chair and CEO message.....	10
Our Board and executive team .....	12
Governance at KMD Brands.....	14
<b>2. CREATING VALUE</b> .....	<b>16</b>
Our strategy .....	18
Our creative power .....	28
Our products and channels.....	32
Our people.....	36
Our partnerships.....	42
Our environment.....	48
Our funding.....	56
<b>3. FINANCIAL REPORT</b> .....	<b>58</b>
Financial statements .....	60
Auditor's report .....	108
<b>4. ADDITIONAL DISCLOSURES</b> .....	<b>112</b>
Statutory information.....	114
Directory.....	119
Our partners.....	120

# 1. OVERVIEW

For personal use only

# 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.

For personal use

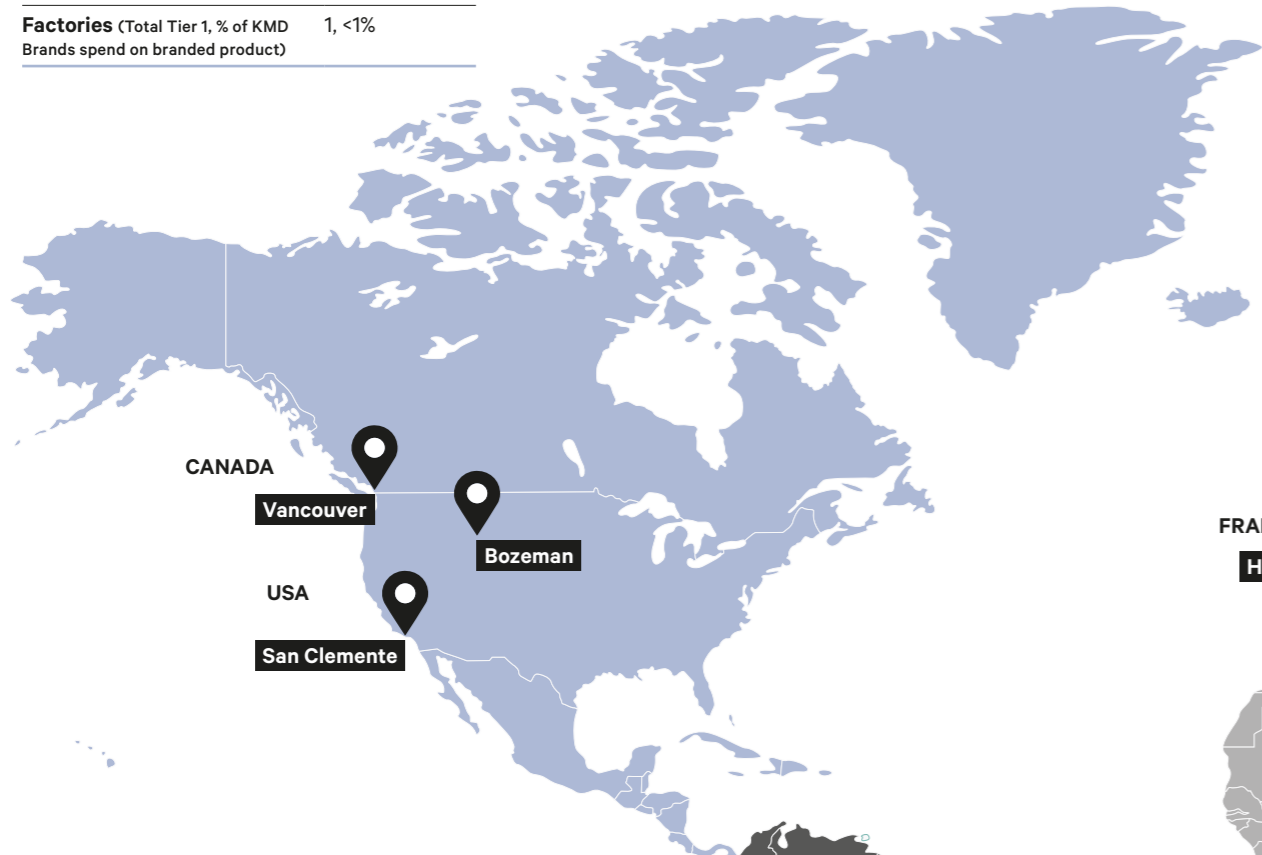
# Global footprint

📍 Global Office Locations

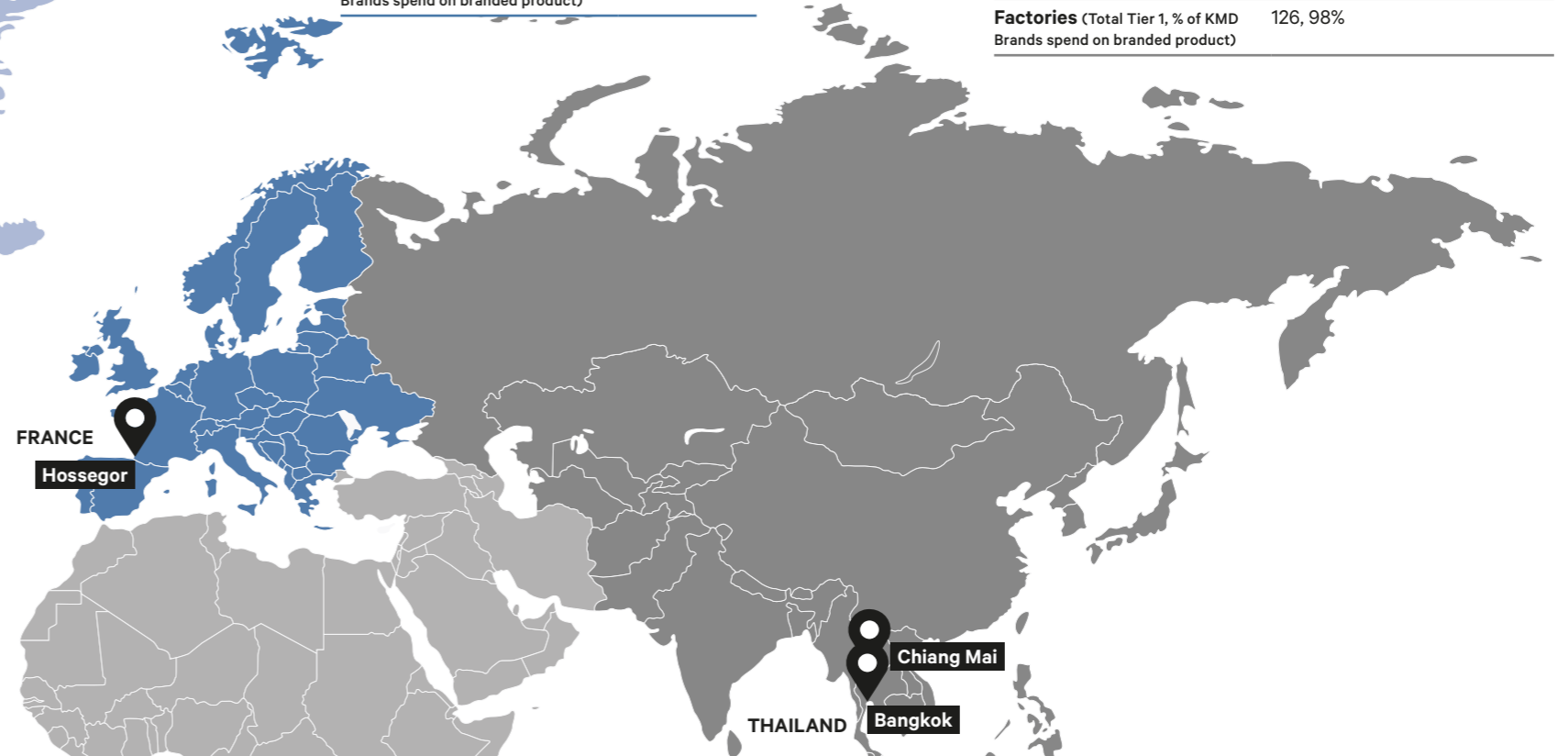
NORTH AMERICA	TOTAL
Owned stores	27
Licensed stores	26
Wholesale doors	+3,900
Materials sourcing	USA
Factories (Total Tier 1, % of KMD Brands spend on branded product)	1, <1%

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%

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%



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%



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%



For personal use only

# FY25 performance overview

**\$989.0m**  
Total sales

FY24  
**\$979.4m**  
Total sales

**56.5%**  
Gross margin

FY24  
**58.4%**  
Gross margin

**\$17.7m**  
Underlying EBITDA<sup>1</sup>

FY24  
**\$50.0m**  
Underlying EBITDA<sup>1</sup>

**-\$28.3m**  
Underlying NPAT<sup>1</sup> loss

FY24  
**-\$1.1m**  
Underlying NPAT loss

**-\$93.6m**  
Statutory NPAT loss

FY24  
**-\$48.3m**  
Statutory NPAT loss

## NET DEBT BALANCE

**\$52.8m**

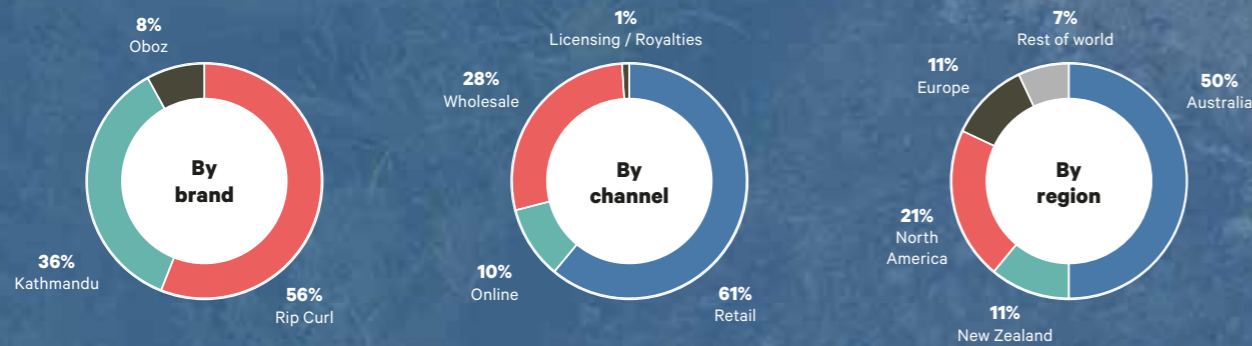
c. \$235m  
Bank facility headroom

## NET WORKING CAPITAL

**\$157.7m**

-\$40.6m year-on-year  
Jul 24 \$198.3m

## SALES MIX FY25



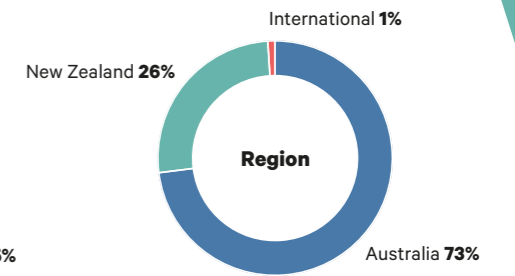
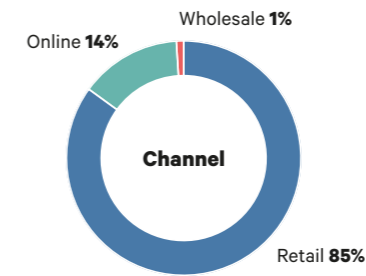
1. Statutory results include the impact of IFRS 16 leases. The impacts of IFRS 16, restructuring, software as a service accounting, the notional amortisation of customer relationships, impairment and onerous contracts have been excluded from Underlying results. Refer to Appendix 1 of the FY25 Results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

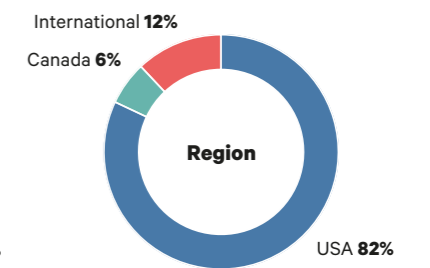
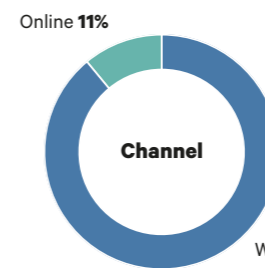


## OBOZ

**TOTAL SALES**  
NZD  
**\$76.6m**

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

### SALES MIX

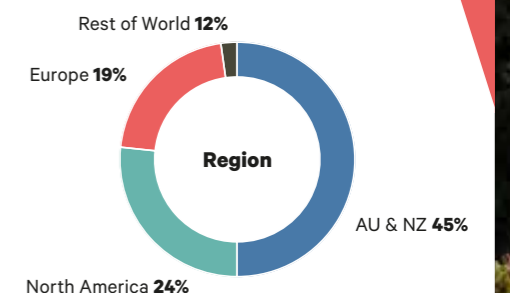
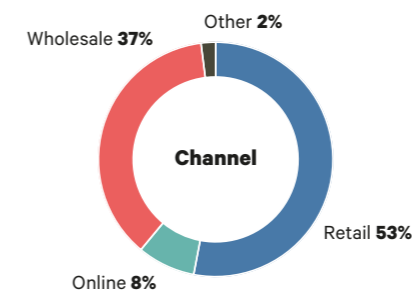


## RIP CURL

**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.

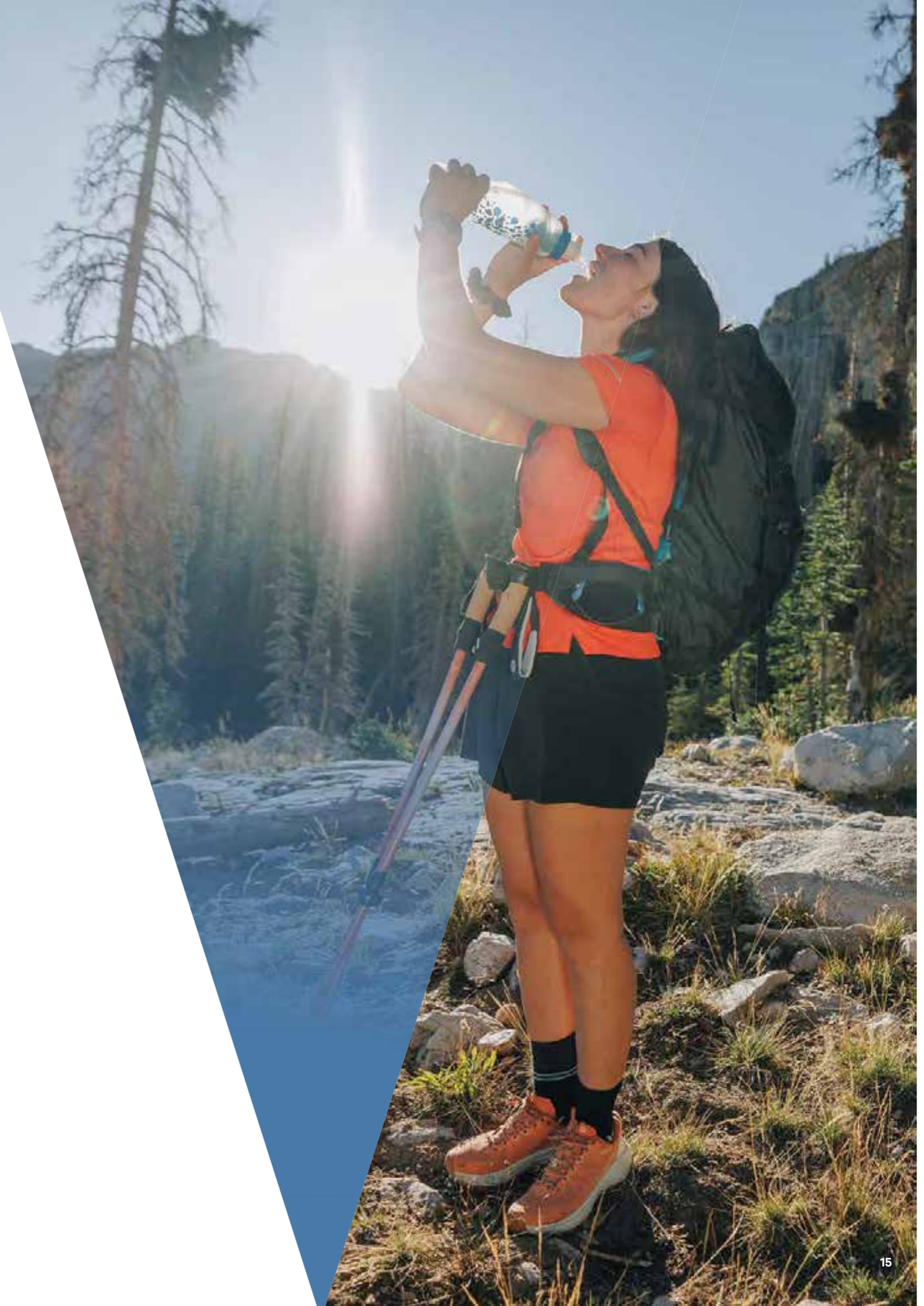
Our Group Code of Ethics embeds the benefit mindset into employee expectations. ESG responsibilities are included in all job descriptions, employee goal-setting and performance reviews. The benefit mindset is reflected in the Group’s policy commitment to responsible business conduct.

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.

For personal use only



# 2. CREATING VALUE

For personal use only



# OUR STRATEGY

## FY22-25 strategic pillars:

<b>Building Global Brands</b>	<b>Elevating Digital</b>
<b>Operational Excellence</b>	<b>Best for People and Planet</b>

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.

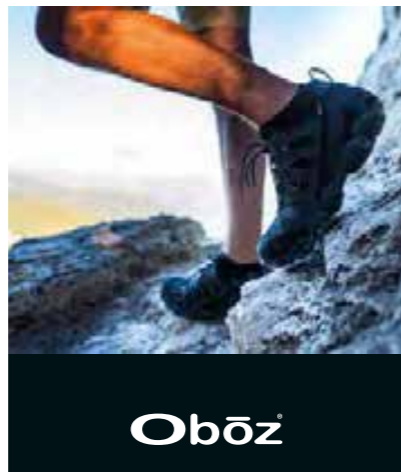
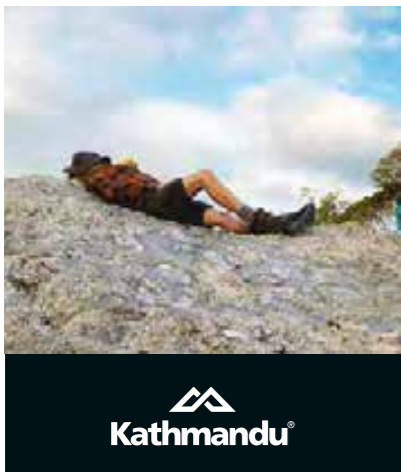
This strategy reset resulted in what we presented at our recent 2025 Investor Day: the KMD Brands Next Level strategy – a Group-wide transformation program designed to unlock the full potential of our iconic brand

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.

For personal use only

# 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.

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:

<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> <p><b>SDG 8</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p><b>10</b> REDUCED INEQUALITIES</p> <p><b>SDG 10</b> Reduce inequality within and among countries.</p>	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p><b>SDG 12</b> Ensure sustainable consumption and production patterns.</p>	<p><b>13</b> CLIMATE ACTION</p> <p><b>SDG 13</b> Take urgent action to combat climate change and its impacts.</p>
---	--	--	---

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

**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"> <li>– First NZ Climate-Related Disclosure (CRD) statement published</li> <li>– Solar operational across 21 sites</li> <li>– 136 factories reporting verified energy data</li> </ul>

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

(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.)

For personal use only

1. OVERVIEW | 2. CREATING VALUE | 3. FINANCIAL REPORT | 4. ADDITIONAL DISCLOSURES

# 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:

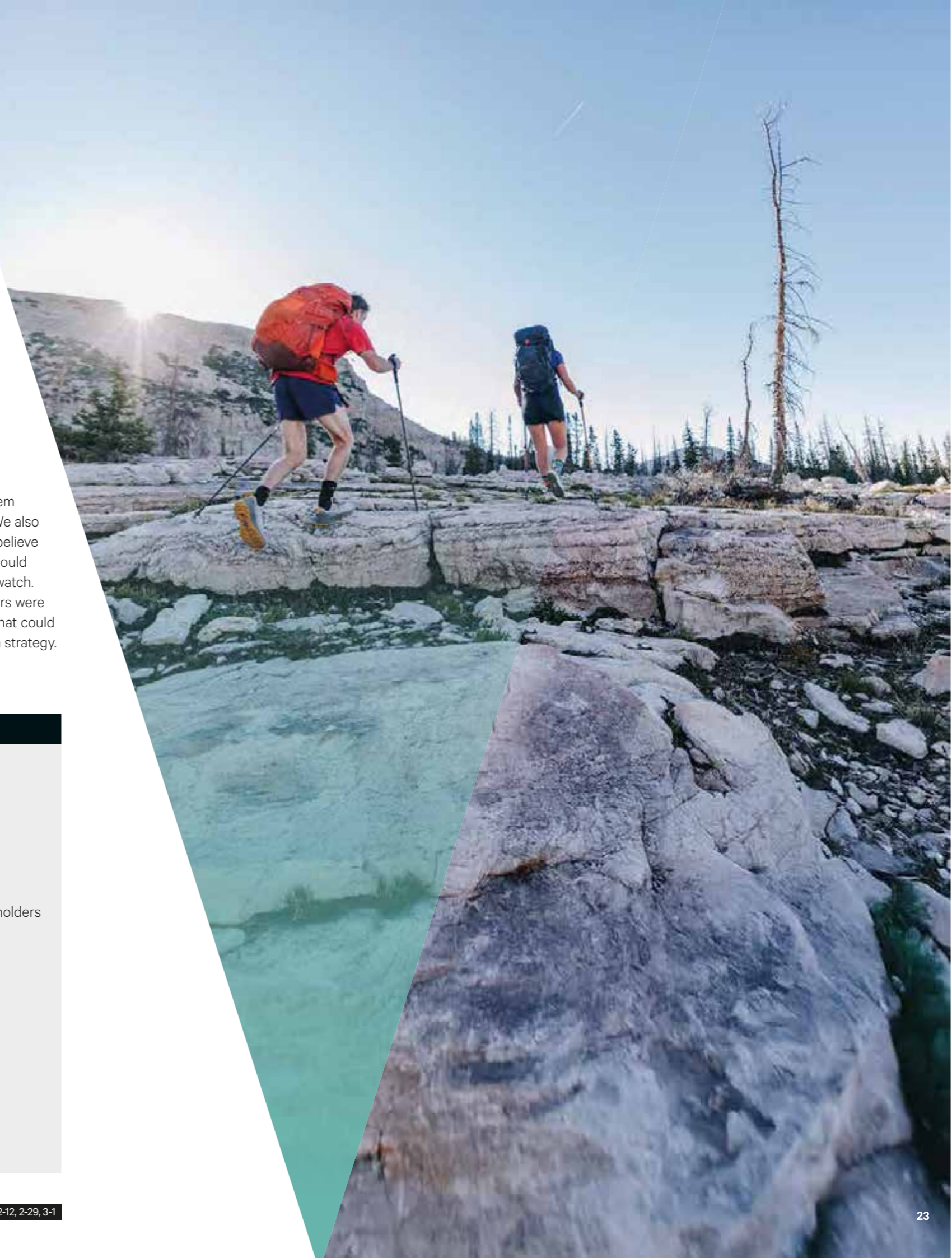
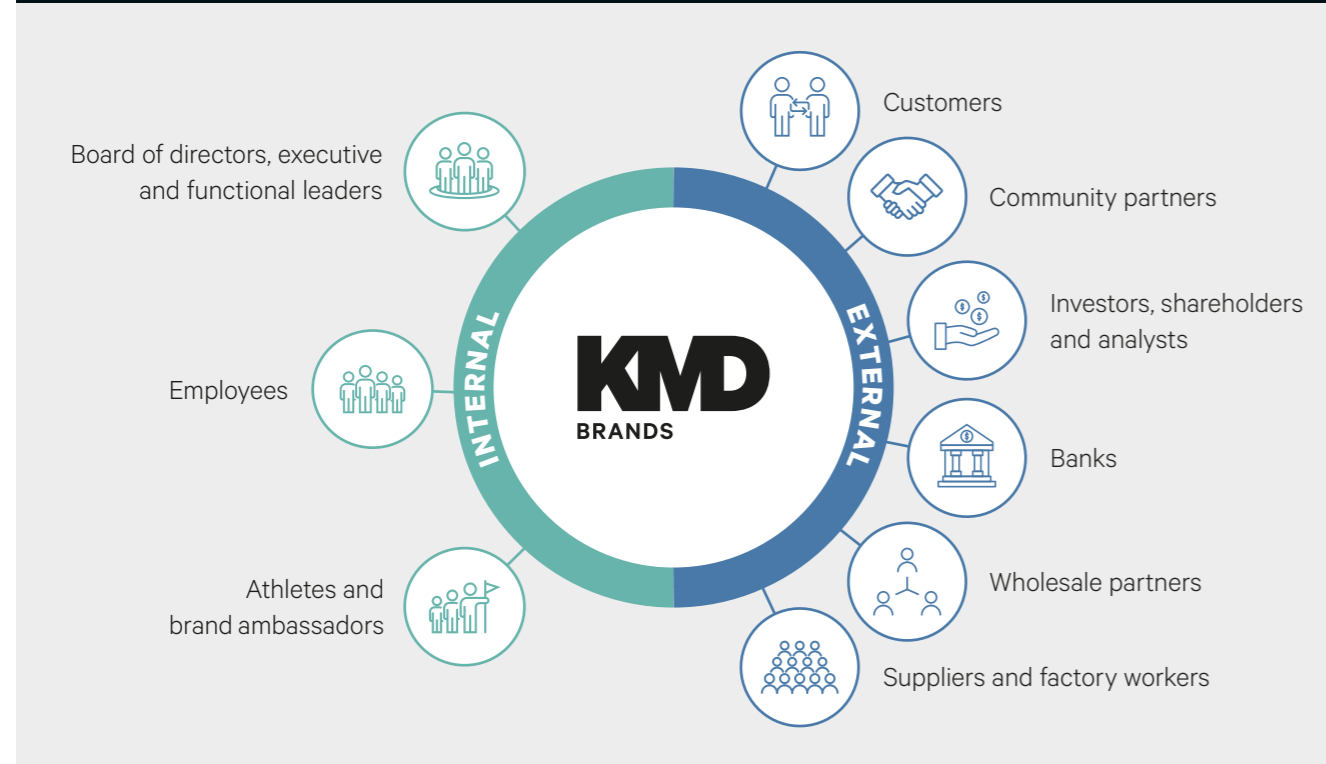
- 1. Desktop materiality review** to compare KMD Brands to other industry peers and against reporting frameworks and disclosures.
- 2. Identifying material topics** for KMD Brands and our industry globally, beyond those that impact us financially.
- 3. Stakeholder engagement**, including sharing our 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.

## KMD STAKEHOLDERS



For personal use only

# 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.

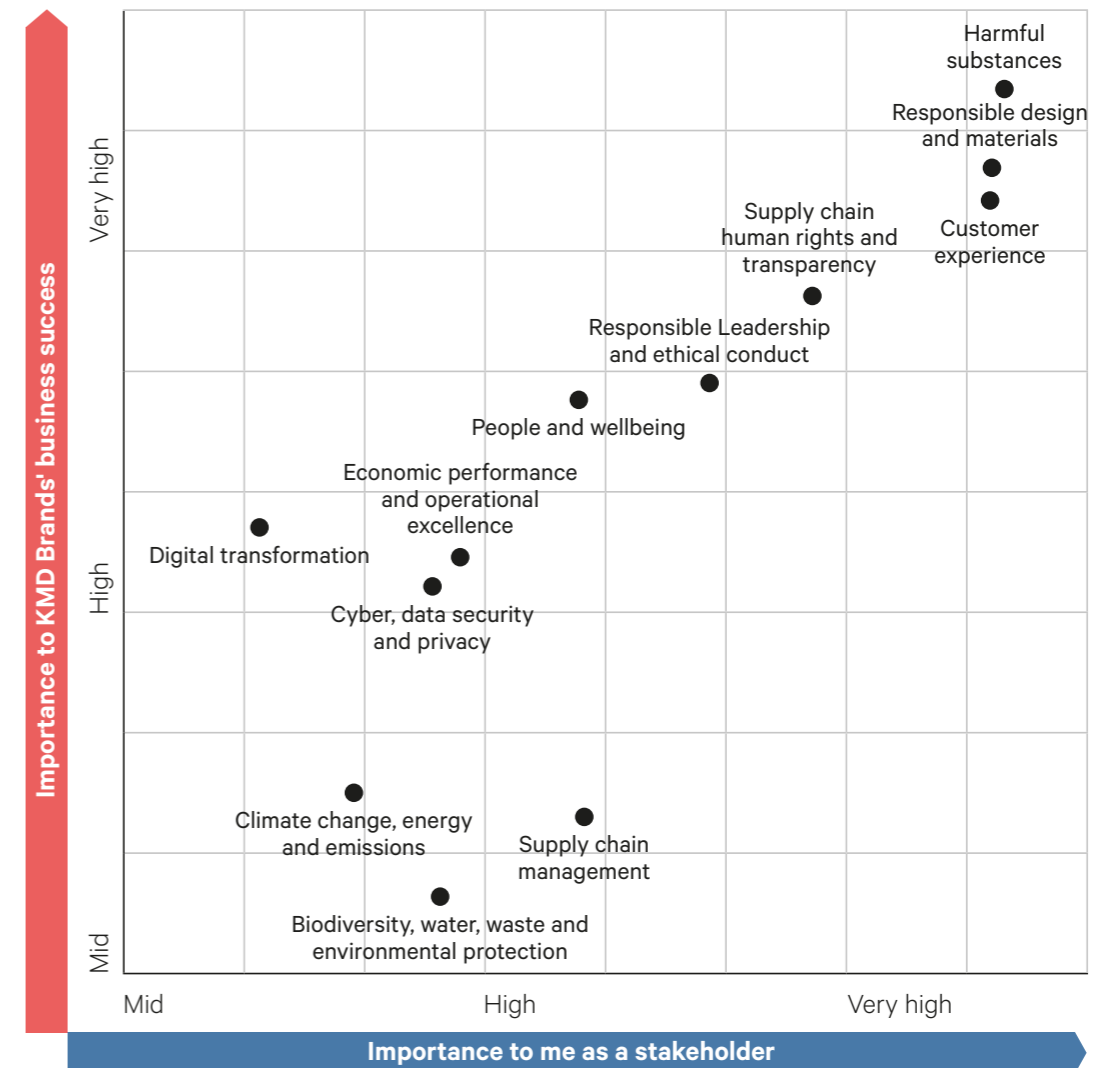
## Climate change, energy and emissions

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



For personal use only

# 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)

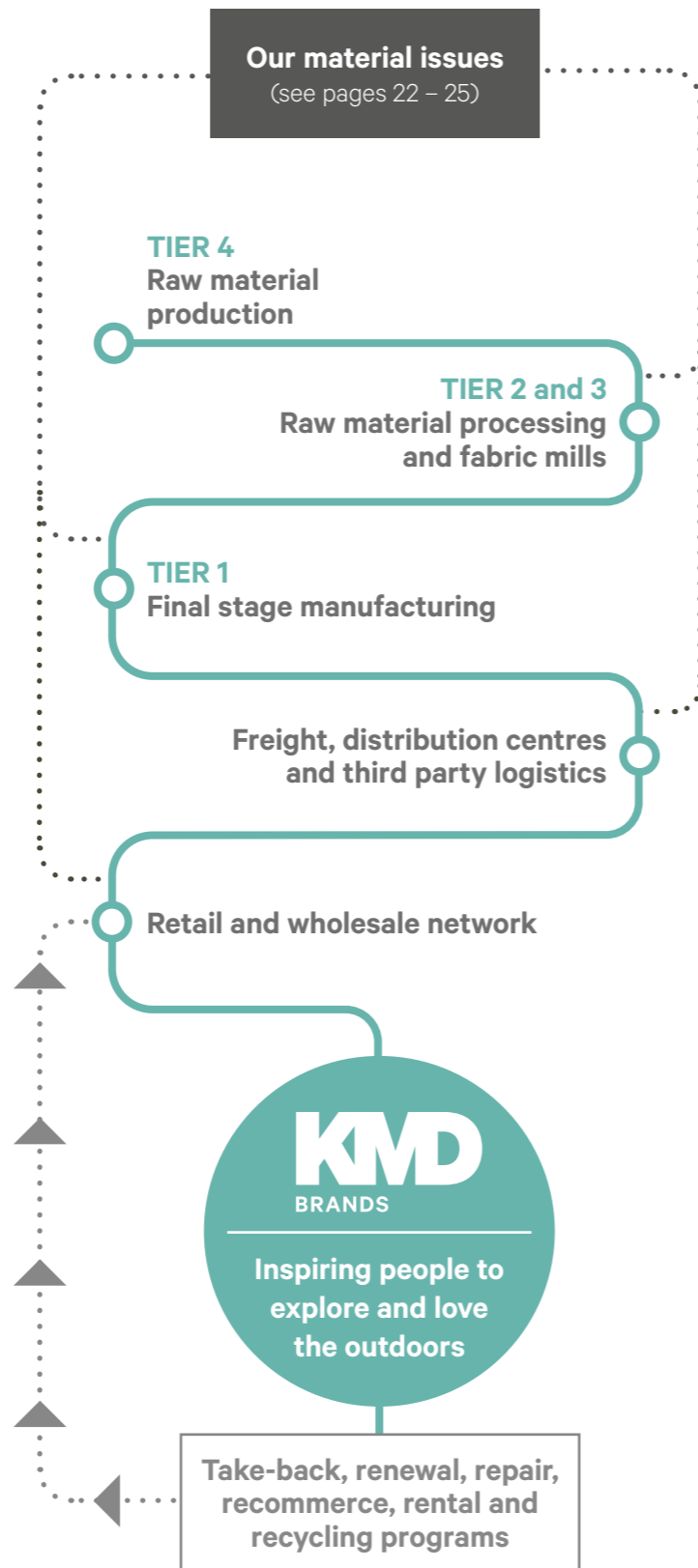
**OUR PEOPLE**  
4,721 employees across 14 countries

**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

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

For personal use only

# 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

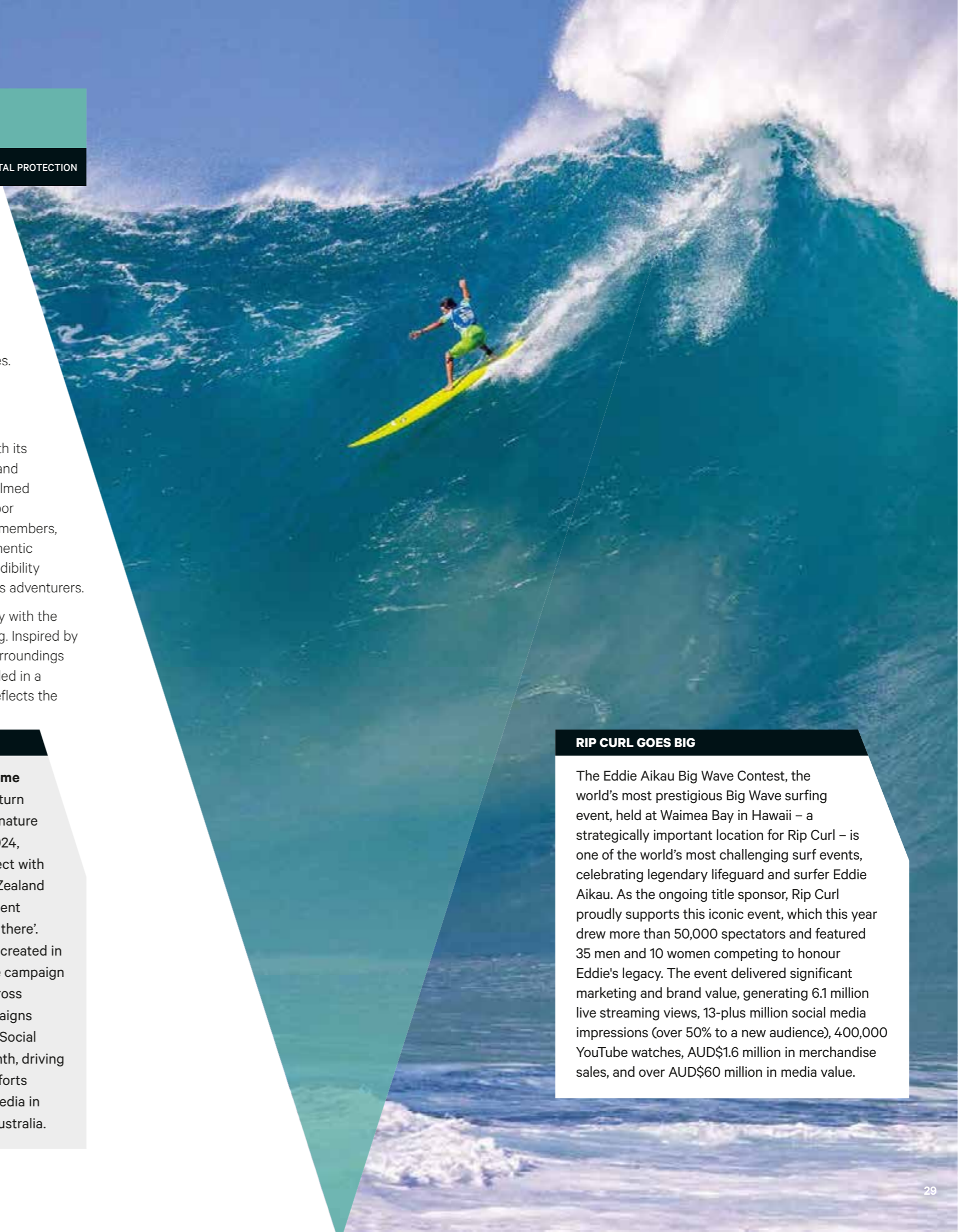
### COME FIND US. WE'RE OUT THERE.

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.



For personal use only

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, reparability, 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.



Kathmandu's Feather Flight Carry-On

**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.



For personal use only

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.



For personal use only

**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%
<b>TOTAL</b>	<b>84%</b>	<b>84%</b>	<b>100%</b>	<b>84%</b>

**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.

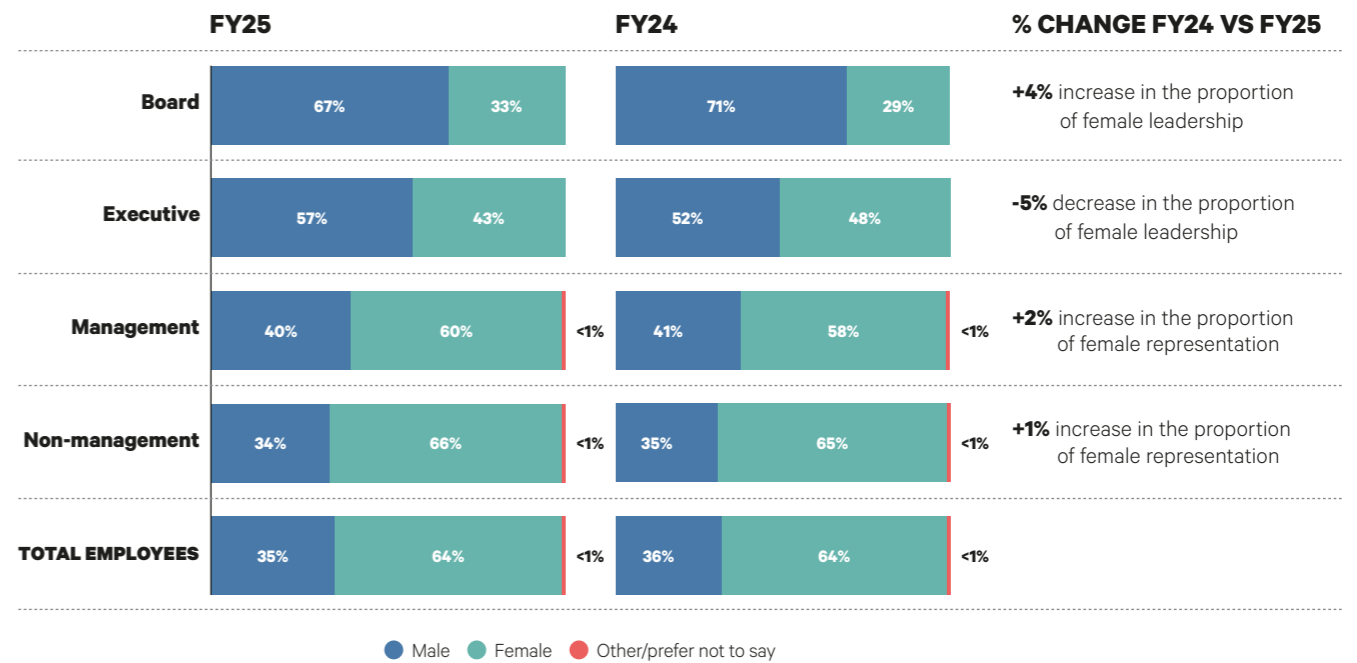
**KMD BRANDS ESG GOAL**

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.

For personal use only

1. OVERVIEW 2. CREATING VALUE 3. FINANCIAL REPORT 4. ADDITIONAL DISCLOSURES

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.

### 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."*

For personal use only



### 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.

# 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

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

### Transparency

<b>Tier 1:</b> Increase year-on-year where worker voice survey tools are in place	<b>Tier 2:</b> 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.

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

### 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.



**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 SurfAid in North America and Australia, contributing all profits from the sale of paper bags and Surf Organics wax in-store 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.



For personal use only

# 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.



For personal use only

**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%)



**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%)



**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%)



**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
<b>TOTAL OPERATIONAL WASTE DIVERTED<sup>1</sup></b>	<b>1,296.7</b>
Store/warehouses/offices/factory waste to landfill	511.6
<b>TOTAL OPERATIONAL WASTE<sup>1</sup></b>	<b>1,808.3</b>

**72%**<sup>1</sup>



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.

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



**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

Directors' Approval of Consolidated Financial Statements .....	60
Consolidated Statement of Comprehensive Income.....	61
Consolidated Statement of Changes in Equity.....	62
Consolidated Balance Sheet.....	63
Consolidated Statement of Cash Flows.....	64
Notes to the Consolidated Financial Statements.....	66
Section 1: Basis of Preparation.....	66
Section 2: Results for the Year.....	69
Section 3: Operating Assets and Liabilities.....	78
Section 4: Capital Structure and Financing Costs.....	91
Section 5: Group Structure.....	100
Section 6: Other Notes.....	103
Auditors' Report.....	108

### 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.

For personal use only

# 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*

---

David Kirk Date  
24 September 2025

*Brent Scrimshaw*

---

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
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)
<b>Earnings before interest, tax, depreciation, and amortisation</b>		<b>50,546</b>	<b>107,235</b>
Depreciation and amortisation	3.2-3.4	(131,077)	(128,303)
<b>Earnings before interest and tax</b>		<b>(80,531)</b>	<b>(21,068)</b>
Finance income		2,772	1,322
Finance expenses		(26,901)	(26,966)
Finance costs (net)	4.1.1	(24,129)	(25,644)
<b>(Loss) before income tax</b>		<b>(104,660)</b>	<b>(46,712)</b>
Income tax benefit / (expense)	2.3	11,081	(1,611)
<b>(Loss) after income tax</b>		<b>(93,579)</b>	<b>(48,323)</b>
<b>(Loss) for the year attributable to:</b>			
Shareholders of the Company		(95,058)	(49,760)
Non-controlling interest		1,479	1,437
<b>Other comprehensive income that may be reclassified subsequently to (loss):</b>			
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
<b>Other comprehensive income for the year, net of tax</b>		<b>3,138</b>	<b>21,664</b>
<b>Total comprehensive (loss) for the year</b>		<b>(90,441)</b>	<b>(26,659)</b>
<b>Total comprehensive (loss) for the year attributable to:</b>			
Shareholders of the Company		(91,875)	(28,201)
Non-controlling interest		1,434	1,542
<b>Basic earnings per share</b>	2.4	(13.4cps)	(7.0cps)
<b>Diluted earnings per share</b>	2.4	(13.4cps)	(7.0cps)
<b>Weighted average basic ordinary shares outstanding ('000)</b>	2.4	711,667	711,548
<b>Weighted average diluted ordinary shares outstanding ('000)</b>	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
<b>Balance as at 31 July 2023</b>	<b>629,079</b>	<b>274</b>	<b>9,691</b>	<b>1,286</b>	<b>(47)</b>	<b>195,983</b>	<b>5,371</b>	<b>841,637</b>
(Loss) 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)
<b>Balance as at 31 July 2024</b>	<b>629,383</b>	<b>1,684</b>	<b>23,019</b>	<b>824</b>	<b>(47)</b>	<b>125,067</b>	<b>5,748</b>	<b>785,678</b>
(Loss) 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)
<b>Balance as at 31 July 2025</b>	<b>629,383</b>	<b>(650)</b>	<b>24,086</b>	<b>1,106</b>	<b>(47)</b>	<b>30,163</b>	<b>5,901</b>	<b>689,942</b>

# Consolidated Balance Sheet

As at 31 July 2025

	Section	2025 NZ\$'000	2024 NZ\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>387,688</b>	<b>404,821</b>
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>962,964</b>	<b>1,032,779</b>
<b>Total assets</b>		<b>1,350,652</b>	<b>1,437,600</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>279,640</b>	<b>243,317</b>
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>381,070</b>	<b>408,605</b>
<b>Total liabilities</b>		<b>660,710</b>	<b>651,922</b>
<b>Net assets</b>		<b>689,942</b>	<b>785,678</b>
<b>EQUITY</b>			
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
<b>Total equity</b>		<b>689,942</b>	<b>785,678</b>

For personal use only

# Consolidated Statement of Cash Flows

For the Year Ended 31 July 2025

Section	2025 NZ\$'000	2024 NZ\$'000
<b>Cash flows from operating activities</b>		
<b>Cash was provided from:</b>		
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
<b>Cash was applied to:</b>		
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
<b>Net cash inflow from operating activities</b>	<b>126,162</b>	<b>144,653</b>
<b>Cash flows from investing activities</b>		
<b>Cash was provided from:</b>		
Proceeds from sale of property, plant and equipment	120	-
	120	-
<b>Cash was applied to:</b>		
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
<b>Net cash (outflow) from investing activities</b>	<b>(24,458)</b>	<b>(32,521)</b>
<b>Cash flows from financing activities</b>		
<b>Cash was provided from:</b>		
Proceeds from borrowings	260,332	220,419
	260,332	220,419
<b>Cash was applied to:</b>		
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
<b>Net cash (outflow) from financing activities</b>	<b>(101,142)</b>	<b>(128,375)</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>562</b>	<b>(16,243)</b>
Opening cash and cash equivalents	33,948	49,488
Effect of foreign exchange differences	(226)	703
<b>Closing cash and cash equivalents</b>	<b>3.1.2 34,284</b>	<b>33,948</b>

## 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
<b>Cash inflow from operating activities</b>	<b>126,162</b>	<b>144,653</b>

For personal use only

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.



**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 – assumptions underlying recoverable value	3.3

**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.

<b>31 July 2025</b>	<b>Rip Curl NZ\$'000</b>	<b>Kathmandu NZ\$'000</b>	<b>Oboz NZ\$'000</b>	<b>Corporate NZ\$'000</b>	<b>Total NZ\$'000</b>
Total segment sales	550,444	362,107	79,997	-	992,548
Sales to internal customers	-	(167)	(3,366)	-	(3,533)
<b>Sales to external customers</b>	<b>550,444</b>	<b>361,940</b>	<b>76,631</b>	-	<b>989,015</b>
Intangible impairment expense	-	-	(45,363)	-	(45,363)
<b>EBITDA</b>	<b>65,116</b>	<b>48,961</b>	<b>(48,821)</b>	<b>(14,710)</b>	<b>50,546</b>
Depreciation and amortisation	(60,892)	(68,297)	(1,711)	(177)	(131,077)
<b>EBIT</b>	<b>4,224</b>	<b>(19,336)</b>	<b>(50,532)</b>	<b>(14,887)</b>	<b>(80,531)</b>
Income tax benefit / (expense)	(1,897)	3,572	1,124	8,282	11,081
<b>Total segment assets</b>	<b>715,272</b>	<b>542,218</b>	<b>76,887</b>	<b>16,275</b>	<b>1,350,652</b>
<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
<b>Total segment liabilities</b>	<b>298,299</b>	<b>225,966</b>	<b>34,420</b>	<b>102,025</b>	<b>660,710</b>

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)
<b>Sales to external customers</b>	<b>538,910</b>	<b>361,081</b>	<b>79,424</b>	<b>-</b>	<b>979,415</b>
Intangible impairment expense	-	-	(40,331)	-	(40,331)
<b>EBITDA</b>	<b>82,634</b>	<b>72,913</b>	<b>(40,065)</b>	<b>(8,247)</b>	<b>107,235</b>
Depreciation and amortisation	(56,900)	(69,538)	(1,704)	(161)	(128,303)
<b>EBIT</b>	<b>25,734</b>	<b>3,375</b>	<b>(41,769)</b>	<b>(8,408)</b>	<b>(21,068)</b>
Income tax benefit / (expense)	(5,819)	(2,280)	269	6,219	(1,611)
<b>Total segment assets</b>	<b>732,670</b>	<b>571,408</b>	<b>120,543</b>	<b>12,979</b>	<b>1,437,600</b>
<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
<b>Total segment liabilities</b>	<b>293,679</b>	<b>231,863</b>	<b>26,514</b>	<b>99,866</b>	<b>651,922</b>

**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
<b>As at 31 July 2023</b>	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)
<b>As at 31 July 2024</b>	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
<b>As at 31 July 2025</b>	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**

**KEEPING IT SIMPLE...**

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.



### 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.



### 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
<b>Current</b>		
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
<b>Non-current</b>		
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
Standard & 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
<b>Receivables past due</b>		
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
<b>Right of return assets</b>		
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
<b>Current</b>		
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
<b>Non-current</b>		
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
<b>Year ended 31 July 2024</b>						
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
<b>As at 31 July 2024</b>						
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
<b>Year ended 31 July 2025</b>						
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
<b>As at 31 July 2025</b>						
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
<b>As at 31 July 2023</b>						
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
<b>Year ended 31 July 2024</b>						
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
<b>As at 31 July 2024</b>						
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
<b>Year ended 31 July 2025</b>						
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
<b>As at 31 July 2025</b>						
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
<b>As at 31 July 2023</b>						
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
<b>Year ended 31 July 2024</b>						
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
<b>As at 31 July 2024</b>						
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
<b>Year ended 31 July 2025</b>						
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
<b>As at 31 July 2025</b>						
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 (FVLCO). Five-year projected cash flows are used to determine the FVLCO.

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 FVLCO 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
<b>Opening net book value</b>	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
<b>Closing net book value</b>	243,025	262,571
Cost	617,472	598,218
Accumulated amortisation and impairment	(374,447)	(335,647)
<b>Closing net book value</b>	243,025	262,571

**3.4.2 Lease liabilities**

The movements in lease liabilities were as follows:

	2025 NZ\$'000	2024 NZ\$'000
<b>Opening lease liabilities</b>	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
<b>Closing lease liabilities</b>	287,790	294,176

**Lease liability maturity analysis**

	Gross lease payments NZ\$'000	Interest NZ\$'000	Carrying amount NZ\$'000
<b>As at 31 July 2024</b>			
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
<b>As at 31 July 2025</b>			
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
<b>As at 31 July 2025</b>					
<b>Financial assets</b>					
Cash and cash equivalents	34,284	(247)	-	247	-
<b>Financial liabilities</b>					
Interest bearing liabilities	87,085	627	-	(627)	-
<b>Net increase / (decrease)</b>		380	-	(380)	-

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

**KEEPING IT SIMPLE...**

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
<b>As at 31 July 2024</b>				
Trade payables and accrued expenses	119,308	-	-	-
Interest bearing liabilities	5,237	5,237	95,121	-
	124,545	5,237	95,121	-
<b>As at 31 July 2025</b>				
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
<b>As at 31 July 2024</b>				
Forward foreign exchange contracts				
Inflow	207,492	-	-	-
Outflow	(203,994)	-	-	-
Net inflow	3,498	-	-	-
<b>As at 31 July 2025</b>				
Forward foreign exchange contracts				
Inflow	173,146	4,964	-	-
Outflow	(173,143)	(4,852)	-	-
Net inflow	3	112	-	-

**4.2 DERIVATIVE FINANCIAL INSTRUMENTS**

**KEEPING IT SIMPLE...**

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
<b>Foreign exchange contracts</b>		
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
<b>Interest rate swaps</b>		
Current liability	-	-
Non-current liability	-	-
Net interest rate swaps - cash flow hedge (asset / (liability))	-	-
<b>Total derivative financial instruments</b>	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.

	Carrying amount NZ\$'000	-10% Profit NZ\$'000	Equity NZ\$'000	+10% Profit NZ\$'000	Equity NZ\$'000
<b>As at 31 July 2025</b>					
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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
<b>Net increase / (decrease)</b>		<b>(14,018)</b>	<b>(19,224)</b>	<b>11,469</b>	<b>15,729</b>

	Carrying amount NZ\$'000	-10% Profit NZ\$'000	Equity NZ\$'000	+10% Profit NZ\$'000	Equity NZ\$'000
<b>As at 31 July 2024</b>					
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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
<b>Net increase / (decrease)</b>		<b>(12,472)</b>	<b>(22,511)</b>	<b>10,205</b>	<b>18,417</b>

### 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)
<b>Total reserves</b>	<b>24,495</b>	<b>25,480</b>

##### 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
<i>Parent entity:</i>				
KMD Brands Limited	✓	New Zealand		
<i>Subsidiaries:</i>				
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)
<b>(Loss) / profit before income tax</b>	<b>(42,384)</b>	709
Income tax benefit / (expense)	9,229	(1,950)
<b>(Loss) after income tax</b>	<b>(33,155)</b>	(1,241)
Other comprehensive (loss) / income	(5,108)	6,904
<b>Total comprehensive (loss) / income for the year</b>	<b>(38,263)</b>	5,663
<b>Opening retained earnings</b>	<b>(109,308)</b>	<b>(86,911)</b>
(Loss) for the year after income tax	(33,155)	(1,241)
Dividends paid	-	(21,340)
Share options / performance rights lapsed	154	184
<b>Closing retained earnings</b>	<b>(142,309)</b>	<b>(109,308)</b>

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
<b>ASSETS</b>		
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>147,081</b>	<b>148,490</b>
<b>Non-current assets</b>		
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
<b>Total non-current assets</b>	<b>1,225,191</b>	<b>1,187,650</b>
<b>Total assets</b>	<b>1,372,272</b>	<b>1,336,140</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	87,061	75,614
Derivative financial instruments	860	57
Current tax liabilities	615	-
Current lease liabilities	58,754	56,443
<b>Total current liabilities</b>	<b>147,290</b>	<b>132,114</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>742,978</b>	<b>680,936</b>
<b>Total liabilities</b>	<b>890,268</b>	<b>813,050</b>
<b>Net assets</b>	<b>482,004</b>	<b>523,090</b>
<b>EQUITY</b>		
Contributed equity – ordinary shares	629,383	629,383
Reserves	(5,070)	3,015
Retained earnings	(142,309)	(109,308)
<b>Total equity</b>	<b>482,004</b>	<b>523,090</b>

## 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
	<b>9,585</b>	<b>6,969</b>

### 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
<b>Grant date</b>					
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
<b>Grant date</b>					
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
<b>Audit services – Group auditor</b>		
Group audit	559	538
– KPMG New Zealand		
France statutory audit	159	69
– KPMG France		
Thailand statutory audit	52	39
– KPMG Thailand		
	770	646
<b>Audit services – other audit firms</b>	60	117
<b>Total fees for audit services</b>	830	763
<b>Non-audit services – Group auditor</b>		
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"> <li>• 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</li> <li>• Management defined performance measures to be included in a note in the financial statements</li> <li>• Enhanced aggregation/ disaggregation clarification</li> </ul> <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.

© 2025 KPMG, a New Zealand Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.



### 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

For personal use only



# 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

NZ Rugby Players Association**	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
New Zealand Food Network Limited**	Chairperson
New Zealand Food Rescue Trust	Director
New Zealand Rugby Union Incorporated*	Chairperson
New Zealand Rugby Commercial*	Director

### ABIGAIL FOOTE

Freightways Group Limited	Director
---------------------------	----------

### 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
Majid Al Futtaim Properties LLC**	Chairperson
Tegel Group Holdings Limited	Chairperson
Ferrovial SE	Director
Vinula Pty Ltd	Director
Vinula Superfund Pty Ltd	Director
Tom Tom Holdings Inc	Director
Majid Al Futtaim Capital LLC**	Director
Majid Al Futtaim Holding LLC**	Director

### ZION ARMSTRONG

Cosmostar Limited	Director
Kavier Trust Limited	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
						<b>422</b>	

## 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	Company	Director / Office holder
KMD Brands Investments Limited	Benjamin Washington, Frances Blundell	Rip Curl International Pty Ltd	Michael Daly*, Brooke Farris*, Lachlan Farran, Ashley Reade**
KMD Brands Managed Services (NZ) Limited		Rip Curl Proprietary Limited	
KMD Brands Finance (NZ) Limited		Rip Curl Finance Pty Ltd	
RC Surf NZ Limited		Rip Curl Group Pty Ltd	
KMD Brands Managed Services (AU) Pty Limited	Lachlan Farran, Benjamin Washington	Curl Retail No 1 Pty Ltd	Brooke Farris*, Lachlan Farran, Ashley Reade**
KMD Brands Finance (AU) Pty Limited		Ozmosis Pty Ltd	
Kathmandu Group Limited	Benjamin Washington, Megan Welch	Rip Curl Brazil LTDA	Carla Trindade
Kathmandu Limited		Rip Curl Japan Co Ltd	Mitsu Nishina*, Michael Ray**
Kathmandu (U.K) Limited	Benjamin Washington, Mathieu Lefin	Onsmooth Thai Co Ltd	Duncan Stewart, Michael Daly*, Ashley Reade**
Kathmandu Pty Ltd	Lachlan Farran, Megan Welch	PT Jarosite	James Hendy, Lachlan Farran, Michael Daly*, Ashley Reade**
Barrel Wave Holdings Pty Ltd	Lachlan Farran, Brent Scrimshaw**, Michael Daly*	Rip Curl Europe S.A.S	Mathieu Lefin, Isabelle Espil*
Kathmandu US Holdings LLC	Ben Washington, Brent Scrimshaw**, Michael Daly*	Rip Curl Spain SA Unipersonal	Mathieu Lefin
Oboz Footwear LLC	Amy Beck, Ben Washington, Michael Daly*	Rip Curl UK Ltd	
Rip Curl, Inc	Brooke Farris*, Christa Prince, Amy Beck	Rip Surf Artigos De Desporto Unipessoal LDA	
Rip Curl Canada Inc	Nick Russell, Amy Beck, Brooke Farris*	KMD Brands Germany GmbH	
		KMD Brands Italy SRL	
		Rip Curl Suisse S.A.R.L	Mathieu Lefin, Julien Haueter
		Rip Curl Nordic AB	Mathieu Lefin, Alois Bersan, Isabelle Espil*
		<b>50% subsidiary interests:</b>	
		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
					<b>1,300,000</b>
Philip Bowman	Beneficial owner	1,300,000	650,000	-	1,950,000
	Registered holder and beneficial owner	300,000	-	-	300,000
					<b>2,250,000</b>
Michael Daly*	Beneficial owner	820,485	-	-	<b>820,485</b>
Abigail Foote	Registered holder and beneficial owner	130,000	100,000	-	<b>230,000</b>
Zion Armstrong	Registered holder and beneficial owner	42,330	-	-	<b>42,330</b>
Brentley Scrimshaw	Beneficial owner	54,545	784,374	-	<b>838,919</b>
Andrea Martens	Registered holder and beneficial owner	25,000	-	-	<b>25,000</b>

\*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.

<b>Executive Director – Brentley Scrimshaw</b>					
<b>Nature of interest</b>	<b>Number granted</b>	<b>Grant date</b>	<b>Vesting period</b>	<b>Vesting date</b>	<b>Total fair value of performance Rights at grant date \$AUD</b>
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

	<b>Number of holders</b>	<b>%</b>	<b>Number of ordinary shares</b>	<b>%</b>
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
<b>Total</b>	<b>9,349</b>	<b>100%</b>	<b>711,667,484</b>	<b>100%</b>

### 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:

	<b>Ordinary shares</b>	<b>%</b>
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.



For personal use only



**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 LGBTIQ+ 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.



For personal use only

For personal use only



For personal use only



**KMD**  
BRANDS

Corporate  
Governance  
Statement  
**2025**

# Corporate Governance Statement

The Board and management of KMD Brands Limited (the “Company”) and its related companies (“the Group”) are committed to adhering to best practice governance principles and maintaining high ethical standards. The Board is responsible for the overall governance of the Group, including adopting the appropriate policies and procedures and guiding Directors, management, and employees of the Group’s businesses to fulfil their functions effectively and responsibly.

The Company regularly examines its governance arrangements against national and international standards. The Company has developed its corporate governance policies and practices in line with the principles and recommendations set out in the New Zealand Stock Exchange (“NZX”) Corporate Governance Code 1 April 2023 (“NZX Code”) and Listing Rules (“NZX Listing Rules”).

This Corporate Governance Statement details the Company’s key corporate governance arrangements. Our disclosures below also include disclosures under the Global Reporting Initiative (“GRI”) Universal Standards. For the duration of the reporting period, the Company has followed the recommendations set out in the NZX Code where appropriate, having regard to the size of the Group and the Board, the resources available and the activities of the Group’s businesses. After due consideration, the Board notes that the Company’s corporate governance practices during the reporting period only vary significantly from the recommendations set out in the updated NZX Code in relation to Recommendation 2.5. This recommends that an organisation must state a specified period for the measurable objects for achieving gender diversity in relation to the composition of its board. Information about the Company’s approach in these areas is separately identified in this Corporate Governance Statement.

The Company’s relevant charters and policies are available in the “Governance” section of the Company’s Investor Website at [www.kmdbrands.com/corporate-governance](http://www.kmdbrands.com/corporate-governance).

The information in this Corporate Governance Statement is provided as at 31 July 2025 (except where otherwise specified). This Corporate Governance Statement has been approved by the Board.

## PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

The Company is committed to fostering a culture of best practice and ethical behaviour and therefore expects the members of its Board and all employees to act in accordance with the Company’s values, policies and legal obligations. All Directors and employees joining the Group are provided with information and training on the Group’s values and the following policies. Updates and refreshers are provided on a regular basis.

### Code of Ethics

The Board is committed to high standards of ethical corporate practice and business conduct. The Board has a formal Code of Ethics, to be followed by all Directors and employees, which provides a guide for both behaviour and decision making, reflecting the values of the Group. Any material breaches of the Code of Ethics are reported to the Board.

The key aspects of the Code of Ethics are to:

- act with openness, fairness and integrity including full and prompt disclosure of any conflicts of interest;
- consider the impacts of decisions on wider stakeholders;
- operate with diligence and carry out responsibilities to the highest standard;
- act ethically, responsibly and to comply with the law;
- be accountable for acts and decisions; and
- speak up if aware of conduct that may be a breach of the Code of Ethics.

Training on the Code of Ethics was last provided to all employees in Australia, New Zealand, USA and Canada in February 2025; 70% of employees completed training during the current reporting period.

The Group maintains a formal Whistleblowing Policy recognising that the protection of whistleblowers is integral to fostering transparency, promoting integrity and detecting misconduct. The best way to fulfil this commitment is to create an environment in which employees who have genuine concerns about improper conduct, unacceptable behaviour or wrongdoing feel safe to report it without fear of reprisal.

Our Whistleblowing Policy outlines the mechanisms available to raise concerns about the organisation’s business conduct including reporting to the designated Whistleblower Protection Officer or to KMD Brands’ external and independent Whistleblower hotline.

Any material incidents are required to be communicated to the Board throughout the year. In the current reporting period, no critical concerns were required to be communicated to the Board.

### Securities Trading Policy

The Company has a formal Securities Trading Policy that outlines how Directors and employees are to deal in the Company’s securities. This policy provides transparent expectations and requirements. The Securities Trading Policy is not designed to prohibit Directors and employees from investing in the Company’s securities but recognises that there are times when Directors or employees cannot, or should not, deal in those securities.

In addition to the overriding restriction that persons may not deal in the Company’s securities while they are in possession of non-public material information, all Company personnel are not permitted to deal in securities during certain ‘blackout periods’. Blackout periods are set eight weeks prior to release of the Company’s half-year and full-year balance date, until the first trading day after the release of the half and full year results announcements.

Directors and senior executives must always receive clearance from the Chairperson of the Board before any proposed dealing in Company securities. Where a Director or senior executive is subject to exceptional circumstances (such as severe financial hardship), written approval may be granted by the independent Directors for the disposal of Company securities during a blackout period, provided the individual concerned is not in possession of any non-public material information.

The Securities Trading Policy prohibits Directors, senior executives, key management personnel and all other employees from entering into hedging or other arrangements that have the effect of limiting the economic risk in connection with unvested securities issued pursuant to any employee option or share plan.

## PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

### Roles and responsibilities

The Board is responsible for the overall supervision and governance of the Group. A framework for the effective operation of the Board is set out in the Board Charter, which includes the following responsibilities:

- the long-term growth and profitability of the Company;
- developing the strategic and financial objectives for the Company, including those related to sustainable development;
- monitoring management’s implementation of key policies, strategies and financial objectives;
- directing, monitoring and assessing the Company’s performance against strategic business plans;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- identifying the principal risks of the Company’s business;
- reviewing and ratifying the Company’s systems of internal compliance and control, risk management, legal compliance, corporate governance practices, financial and other reporting;
- appointing and removing the Group Chief Executive Officer (“CEO”);
- ratifying the appointment, and where appropriate, the removal of the senior executives of the Group;
- approving the remuneration framework for the Group; and
- monitoring and reviewing Board succession planning.

The Board is ultimately responsible for overseeing the processes to identify and manage the Group’s impacts on the economy, environment and people, and has appointed the Group CEO to direct the day-to-day management of Group operations and engage with stakeholders to support these processes. Each of the Group executive team members has been delegated specific areas of responsibility for managing these impacts across the businesses’ operations. This includes: the Chief Legal & ESG Officer, who is responsible for execution of the Group ESG strategy and oversight of key policies and initiatives

to support employee remuneration and performance; the Chief Commercial Officer who is responsible for supply chain impacts; and the Chief Financial Officer (“CFO”) who oversees financial health and stability for the Group. Each of the brand CEOs are ultimately responsible for driving activities within their individual brand business units. All Group executive report directly to the Group CEO, with written and in-person updates provided on the management of economic, environmental and people impacts at regular Board meetings, which occur at least eight times a year. Matters reserved for the Board and the scope and limitations of delegations to the Group CEO, Group executives and management personnel are set out in a Group Delegated Authority Policy approved by the Board on an annual basis.

**Board Composition**

At 31 July 2025, the Board is comprised of six Directors, namely David Kirk, Abby Foote, Andrea Martens, Philip Bowman, Zion Armstrong, and Brent Scrimshaw. The Chairperson of the Board is David Kirk, an independent Director. Five out of the six Directors are non-executive Directors. Brent Scrimshaw (Managing Director and Group CEO) is the only executive Director on the Board.

The Board assesses the independence of its Directors in accordance with the requirements set out in the Board Charter, the NZX Listing Rules and the NZX Code. Brent Scrimshaw, as Managing Director, is employed by the Company in an executive capacity and is not

considered to be an independent Director. David Kirk, Abby Foote, Andrea Martens, Philip Bowman, and Zion Armstrong are considered to be independent Directors and none of the factors identified in the commentary to Recommendation 2.4 of the NZX Code apply to them.

A brief biography of each Board member can be found in the “Board and Management” section of the Company’s Investor Website, including the relevant qualifications and experience of each Board member.

**Nomination and Appointment**

New Directors are selected through a nomination and appointment process administered by the Board, as outlined in the Board Charter.

The Board has systems in place which require that appropriate checks are conducted before appointing any new Director, or putting a candidate forward to the Company’s shareholders for election as a Director. These established systems ensure that, as a collective group, Board members hold the skills, experience, knowledge and diversity needed to discharge the Board’s functions and responsibilities.

The Company enters into written agreements with each newly appointed Director or senior executive establishing the terms of their appointment.



Standing (L-R): Abby Foote, David Kirk, Andrea Martens. Seated (L-R): Brent Scrimshaw, Philip Bowman, Zion Armstrong.

**Skills Matrix**

The Board benefits from the Directors’ diverse combination of skills, experiences and expertise and the insights that result from this diversity. The Board is satisfied that the current composition of the Board reflects an appropriate range of the skills, experience, knowledge and diversity needed to discharge the Board’s functions and responsibilities and to achieve the strategic aims of the Group. The Board continues to monitor and review Board composition. The Board has developed a skills matrix which it uses to

assist in developing plans for long-term succession planning to identify current and future skills gaps.

During the year, the measures taken to advance the collective knowledge, skills and experience of the Board on sustainable development include information on the NZ Climate-Related Disclosure reporting framework and cyber response readiness.

The following chart summarises the skills, attributes and experience held by the Directors of the Company during the reporting period.

**SKILLS OF OUR DIRECTORS**

	SUBSTANTIAL	MEDIUM
<b>BUILD GLOBAL BRANDS</b>		
Global brand, consumer goods product development	●●●●	○
Customer omni-channel management	●●●	○○○
Strategy development and commercial acumen	●●●●●●	
<b>ELEVATE DIGITAL</b>		
Customer-centric e-commerce, digital and data	●●●●	○○
<b>BEST FOR PEOPLE AND PLANET</b>		
Sustainability for communities, climate and product circularity	●●	○○○
Governance experience of listed companies	●●●●	○○
Risk management including non-financial risk	●●●	○○○
<b>LEVERAGE OPERATIONAL EXCELLENCE</b>		
Finance, integrated reporting and audit	●●●	○○○
Capital allocation including M&A	●●●	○○
Human capital, talent and culture	●●●●	○○
International business development	●●●●	○○
Executive leadership at scale	●●●●●	○

For personal use only

**Tenure**

Directors are appointed and retire by rotation in accordance with the Company’s constitution and the NZX Listing Rules. Director tenure is taken into account by the Board when considering the independence of each Director in accordance with the NZX Code.

The average tenure for non-executive Directors is five years with the following tenure mix:

**Tenure of Non-Executive Directors**

>10 years	1
6 – 10 years	2
3 – 5 years	2
<2 years	

**Measuring Board Performance**

The Board undertakes an annual self-evaluation of its performance against the requirements and expectations of the Board Charter and the Board’s role in overseeing the Group, including its impacts on the economy, environment and people. The performance of the Board’s committees and each individual Director is also reviewed on an annual basis, alongside the Board’s goals and objectives for the upcoming year. This performance review also identifies any changes needed to the Board and Committee Charters and is used to assist in developing plans for long-term succession planning for Board composition and future training needs. The Board approves the criteria for assessing annual performance of the Group CEO.

The Board makes appropriate training available to all Directors to enable them to discharge their responsibilities to the best of their ability, and to keep up to date on changes in areas relevant to their roles.

**Diversity and Inclusion**

The Group embraces and encourages a diverse and inclusive workplace culture. This enriches collaborative and creative thinking to provide innovative products and world-class customer service to an equally diverse global community.

The Company maintains a written Diversity Policy in accordance with the NZX Code, which affirms the Group’s commitment to harnessing differences to encourage an innovative, responsive and productive workplace, creating value and rewards for customers, the team, shareholders, and the community.

The Diversity Policy considers factors beyond gender diversity (such as ethnicity, cultural background, sexual orientation, age and skills). The People and Remuneration Committee is responsible for setting diversity objectives and monitoring progress.

More information about the Group’s approach to diversity and inclusion, including progress against the measurable objectives set by the People and Remuneration Committee, can be found in the “Our People” section of our **FY25 Annual Integrated Report (“FY25 Annual Report”)**.

**Gender Composition of the Company’s Board of Directors and Officers**

The Group has set a measurable objective for achieving gender diversity in relation to the composition of its Board and Officers, of not less than 40% who self-identify as male and 40% who self-identify as female.

The Board has not determined a specified period for meeting this measurable objective. In recruitment, the Company seeks candidates with specific capabilities, including global apparel experience, required to support the Group, selecting from a balanced pool of candidates. Ultimately, the best person for the role is selected, notwithstanding gender identification. The Company is committed to its stated targets and initiatives to improve diversity and will transparently disclose its progress on these objectives.

For the purposes of the table below, “Officer” means the Group executive team, being those roles reporting to Brent Scrimshaw in his capacity as Group CEO.

As at 31 July 2025, the gender composition of the Company’s Board and officers is as follows:

	Directors		Officers	
	FY25	FY24	FY25	FY24
Male	4	5	5	4
Female	2	2	4	5
Gender diverse	0	0	0	0
<b>Total</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
% Male	67%	71%	63%	44%
% Female	33%	29%	38%	56%

**Gender Pay Gap**

As at 31 July 2025, the Group had a total of 3,038 female employees, 1,665 male employees, 9 gender diverse employees and 9 employees with undisclosed gender.

In FY25, we completed equal pay analysis across our support office roles as part of our remuneration setting processes. This reviewed any instances where we had two or more employees within a brand and region that share a job title to flag any differences in pay for individual review.

The Group is focused on a number of activities to reduce the gender pay gap for the longer term, including its parental leave policy which was introduced in FY24 to better support working parents to take meaningful time off to be with their child, stay connected during leave if they wish and return to work more smoothly; enabling continued career progression and income earning potential.

Given the global nature of our business, gender pay gap analysis across our multiple operating locations needs to account for regional variations in currency and cost of living. We continue to consider what level of meaningful disclosure we can make about gender pay gap information within our global Group. For more information in relation to gender pay gap for our Australian workforce, please refer to our 2024 Australian Workplace Gender Equality Agency (WGEA) report at [www.kmdbrands.com/communities](http://www.kmdbrands.com/communities).

**PRINCIPLE 3 – BOARD COMMITTEES**

The Board has established and maintains two committees to assist with discharging the Board’s responsibilities: the Audit and Risk Committee; and the People and Remuneration Committee. The Board may establish other committees based on the needs of the Group.

Each Committee is governed by its own Charter, which has been adopted by the Board, and is reviewed periodically. The Committee Charters are available in the “Corporate Governance” section of the Company’s Investor Website at [www.kmdbrands.com/corporate-governance](http://www.kmdbrands.com/corporate-governance).

Membership of each Committee is based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors. Each Committee makes recommendations to the full Board for consideration and decision-making as and when required.

The Company does not have a nomination committee. Due to the size of the Company’s Board, the Board as a whole retains the responsibility for recommending new Director appointments. The Board considers that it is able to deal efficiently and effectively with the processes of appointment and reappointment of Directors to the Board and considerations of Board composition and succession planning. The Board draws on the experience and advice of external recruitment specialists for assistance when required.

The Board will continue to review the needs of the Group in relation to the Director nomination process and whether a change of approach in this area is needed.

A summary of the roles, responsibilities and membership of these two Board Committees (as at 31 July 2025) is set out on the following page.

	<b>AUDIT AND RISK COMMITTEE</b>	<b>PEOPLE AND REMUNERATION COMMITTEE</b>
<b>Roles and responsibilities</b>	<ul style="list-style-type: none"> <li>Overseeing the process of financial reporting, internal control, continuous disclosure, financial and non-financial risk management, compliance, and external audit, including compliance with relevant climate-related disclosure regulations;</li> <li>Monitoring the Group's compliance with laws and regulations and the Company's Code of Ethics;</li> <li>Encouraging effective relationships with, and communication between, the Board, management and the Company's external auditor; and</li> <li>Evaluating the adequacy of processes and controls established to identify and manage areas of potential risk and to seek to safeguard the Company's assets.</li> </ul>	<ul style="list-style-type: none"> <li>Overseeing the development and application of the Group Human Resources strategy, the remuneration framework and associated policies;</li> <li>Assisting the Board in relation to matters concerning remuneration of senior executives and Directors;</li> <li>Providing effective remuneration policies and programs to motivate high performance from all employees; and</li> <li>Confirming that appropriate and effective policies for managing the performance and development of employees at all levels are in place.</li> </ul>
<b>Membership</b>	<p>At least three members, a majority of whom must be independent Directors and all of whom must be non-executive Directors. At least one member must have an accounting or financial background. The Chair is to be an independent non-executive Director, who is not the Chair of the Board.</p> <p>Current members:</p> <ul style="list-style-type: none"> <li>Abby Foote (Chair)</li> <li>David Kirk</li> <li>Philip Bowman</li> <li>Zion Armstrong</li> </ul> <p>Senior executives may attend Audit and Risk Committee meetings by invitation only.</p>	<p>At least three members, a majority of whom must be independent Directors and all of whom must be non-executive Directors. The Chair is to be an independent, non-executive Director.</p> <p>Current members:</p> <ul style="list-style-type: none"> <li>Andrea Martens (Chair)</li> <li>David Kirk</li> <li>Abby Foote</li> </ul> <p>Senior executives may attend People and Remuneration Committee meetings by invitation only.</p>

**Attendance**

The number of meetings of the Board of Directors and the Board Committees held during the year ended 31 July 2025 and the numbers of meetings attended by each Director were:

	<b>Board</b>		<b>Audit and Risk Committee</b>		<b>People and Remuneration Committee</b>	
	<b>Attended</b>	<b>Eligible to attend</b>	<b>Attended</b>	<b>Eligible to attend</b>	<b>Attended</b>	<b>Eligible to attend</b>
David Kirk	9	9	6	6	4	4
Andrea Martens	9	9	-	-	4	4
Brent Scrimshaw	9	9	-	-	1	2
Philip Bowman	9	9	6	6	-	-
Michael Daly	6	6	-	-	-	-
Abby Foote	9	9	6	6	3	3
Zion Armstrong	9	9	5	6	-	-

**Takeover Protocols**

The Board has appropriate protocols in place that set out the procedure to be followed if there is an offer to take a controlling interest in the Company. A committee of independent Directors would be formed which would have responsibility for managing the takeover process in accordance with the Board protocols and the New Zealand Takeovers Code.

**PRINCIPLE 4 – REPORTING AND DISCLOSURE**

The Company is committed to promoting investor confidence by providing all stakeholders with timely, accurate and balanced disclosure of information regarding its financial, non-financial and operational matters.

The Company's Code of Ethics, Board and Committee Charters and other key governance policies and documents are available on its Investor Website at [www.kmdbrands.com/investor-centre/corporate-governance/](http://www.kmdbrands.com/investor-centre/corporate-governance/).

**Continuous Disclosure Policy**

The Company's Continuous Disclosure Policy provides that all Directors, executives and employees are required to be aware of and fulfil their obligations in relation to the timely disclosure of material information. The Continuous Disclosure Policy explains the respective roles and responsibilities, procedures and processes in place to ensure the Company observes its continuous disclosure obligations under the NZX Listing Rules. The Continuous Disclosure Policy is available and accessible to all Group employees and training on its contents is provided regularly.

**Financial Reporting**

The Audit and Risk Committee oversees the quality of external financial reporting including the veracity, comprehensiveness and timeliness of financial statements. The Company seeks to provide clear, concise financial statements.

### Non-Financial Reporting

The Company is committed to sharing information about its environmental and social impact. Across the Group, the Company is committed to protecting workers' rights, minimising waste and lowering the environmental impacts of business operations by understanding its supply chain. Throughout its Annual Integrated Reporting, the Company has described the material ESG risks faced by the Group and how the Company plans to manage those risks. The Company uses and reports in reference to the GRI Standards framework and the Sustainability Accounting Standards Board (SASB) requirements, as well as the B Corp framework to identify, monitor and manage those risks. The Company published its first Climate-Related Disclosure statement under the Aotearoa New Zealand Climate Standards in 2024.

### PRINCIPLE 5 – REMUNERATION

The People and Remuneration Committee is responsible for reviewing remuneration packages for the Group CEO and senior executives and making recommendations to shareholders in relation to non-executive Directors' remuneration.

The People and Remuneration Committee adopts a series of principles in determining remuneration related decisions. The principles used are:

- the remuneration structure should reward those employees who can influence the achievement of the Group's strategic objectives and business plans to enhance shareholder value for successful Group performance outcomes and their contribution to these;
- executive remuneration should be market competitive, and generally account for market practice including consideration of employee place of domicile;
- executives' remuneration packages have a mix of fixed and variable pay and should have:
  - a substantial portion of their total remuneration that is "at risk" and aligned with reward for creating shareholder value;
  - an appropriate balance between short and long-term performance focus and outcomes; and
  - a mix of cash and equity-based remuneration;
- due to the Group CEO's leadership role in establishing and delivering achievement of medium and long-term

Group strategic objectives and business plans, and increasing shareholder value over that period, the Group CEO, relative to other executives, should have:

- a greater proportion of total remuneration (at least 50%) that is "at-risk", i.e. contingent upon the achievement of performance hurdles; and
- a greater proportion of "at-risk" remuneration weighted towards equity-based rewards rather than cash;
- non-executive Directors' remuneration should enable the Company to attract and retain high quality Directors with the relevant experience. In order to maintain independence and impartiality, non-executive Directors should not receive performance-based remuneration; and
- the Board uses discretion when setting remuneration levels, taking into account interests of shareholders, the current market environment and Group performance.

The current approved pool of remuneration available for payment to non-executive Directors is AUD \$1,250,000 in aggregate. This was approved by shareholders at the Annual Shareholders' Meeting on 16 November 2022. In the year ended 31 July 2025, total fees paid to non-executive Directors amounted to NZD \$1,038,575.34.

Details of the total remuneration and value of other benefits received by each Director from the Company during the reporting period is set out in the Statutory Information of our FY25 Annual Report.

### Remuneration Policy

The Company maintains a Remuneration Policy in relation to its Directors, executives and employees which provides for remuneration at fair and reasonable levels throughout the Group. A copy of the Remuneration Policy is available at [www.kmdbrands.com/Investor-Centre/Corporate-Governance](http://www.kmdbrands.com/Investor-Centre/Corporate-Governance). The purpose of the Remuneration Policy is to provide for coherent remuneration practices which enable the attraction and retention of high calibre individuals who contribute positively to the achievement of the Group's strategy and objectives, and ultimately create value for the Company's shareholders. The remuneration of executive and non-executive Directors is clearly differentiated in the Remuneration Policy.

During FY25, we utilised the services of Korn Ferry as our primary external data provider for remuneration benchmarking across key regions including Australia,

New Zealand, France, and the USA. This data informs our annual remuneration reviews, enabling us to align salary positioning with market trends and ensure competitive and equitable pay practices.

The Board, through the Remuneration Committee, undertakes its governance role in setting Group executive remuneration including, where required, use of external independent remuneration consultants and/or available market information.

The Group executive remuneration structure has three components:

- base salary and benefits (reviewed annually to assess appropriateness to the position and competitiveness within the market);
- Short Term Incentives ("STI") determined on the basis of achievement of specific targets and outcomes relating to annual Group financial performance, and individual value adding performance objectives; and
- Long Term Incentives ("LTI") via participation in the Company's LTI Plan.

### Short Term Incentives

Group executives and certain senior employees are eligible to participate in an annual STI that delivers rewards by way of cash. Group Earnings Before Interest and Tax ("EBIT") has been determined as the appropriate financial performance target to trigger payment of STI. The amount of any STI paid in a year is dependent upon:

- a) the level of performance achieved against the Group's financial performance target (EBIT) for the year; and
- b) the outcome of individual value adding performance, measured by achievement of individual Key Performance Indicators ("KPIs"), subject to a minimum level of performance achieved by the Group relative to the financial performance target (EBIT) for the year.

STI outcomes for the STI Plan participants are aligned with the Group's strategic objectives. Each of the Group executive team members, including our CEO, has individual KPIs linked to our Group Strategy, including non-financial performance objectives, specific to each executive's role and responsibility.

### Long Term Incentive Plan

Performance Share Rights ("PSRs") under the Group's LTI Plan have been offered each year since the LTI Plan was originally implemented in 2010.

The LTI Plan is intended to focus performance on achievement of key long-term performance metrics. The selected performance measures provide an appropriate balance between relative and absolute Company performance. The Board continues to reassess the plan and its structure to confirm it will best support and facilitate the growth in shareholder value over the long-term relative to current business plans and strategies.

PSRs granted to the Group executive during the reporting period are dependent upon the following:

- 50% of vesting is subject to an Earnings Per Share ("EPS") Compound Annual Growth Rate ("CAGR") hurdle over a three-year period between 1 August 2024 and 31 July 2027 ("Performance Period"). Vesting is on a sliding scale proportionate to the total EPS CAGR over the three-year performance period; and
- 50% of vesting is subject to the Company achieving relative Total Shareholder Return ("TSR") targets over a three-year period from 1 August 2024 to 31 July 2027. TSR is measured on a relative basis against a comparator group of Australian Stock Exchange ("ASX") listed companies in the Consumer Discretionary, Distribution & Retail GICS Sector (excluding Wesfarmers, companies belonging to the Automotive Retail GICS Sub-Industry and Thorn Group Limited) as at the date of the grant. Vesting is on a sliding scale proportionate to the TSR performance.

Performance measurement is at the end of the applicable Performance Period with no ability to re-test. In respect of PSRs granted during the reporting period, the relevant portion of the award that will vest is determined based on the percentile ranking of the Company against the comparator group at the end of the Performance Period. PSRs are granted at nil cost.

**Group CEO Remuneration**

Group CEO remuneration comprises a mixture of base salary, STI and LTI.

Michael Daly was Group CEO of the Company from 1 August 2024 until 4 April 2025, with his notice of resignation expiring on 2 July 2025. Brent Scrimshaw was appointed as Group CEO with effect from 24 March 2025. The Group CEO remuneration for the year ending 31 July 2025 for both Michael and Brent is set out in the tables below:

**Michael Daly Group CEO FY25 Remuneration package**

	AUD\$
Fixed (Base salary, superannuation)	\$1,129,932 (\$1,100,000 plus super \$29,932)
STI (max potential 90% of fixed)	None earned / to be paid
LTI (max potential 100% of fixed)	Not issued*
Maximum potential remuneration	\$1,129,932

\*At the date of issue of the LTI for FY25, Michael had tendered his resignation to the Company and therefore no LTI was issued to him for this period.

**Brent Scrimshaw Group CEO FY25 Remuneration package from 24 March 2025 to 31 July 2025**

	AUD\$
Fixed (Base salary, superannuation)	\$402,639 (made up of \$377,618 base salary plus \$25,021 super)*
Sign-on bonus	\$600,000**
STI (max potential 90% of fixed)	\$399,938***
LTI (max potential 150% of fixed)	\$1,777,500
Maximum potential remuneration	\$3,180,077

\*Brent Scrimshaw’s annual fixed remuneration as Group CEO (including superannuation contribution) is A\$1,185,000. For FY25, Brent received the pro-rata proportion of this salary for the period 24 March 2025 to 31 July 2025.

\*\*On commencement of the role, A\$250,000 of the sign-on bonus was used to purchase shares in KMD Brands Limited.

\*\*\*Brent Scrimshaw’s STI entitlement for FY25 is pro-rated for the period 24 March 2025 to 31 July 2025.

The annual total compensation ratio for the Group CEO, as the highest paid individual in the Group, to the median annual total compensation of the rest of the Group’s employees is NZD \$32:1.

For FY24, this ratio was NZD \$24:1. For the purposes of this calculation, full time equivalent rates have been used for each part time employee. The types of compensation included in the calculation are contractual base salary, superannuation contributions, bonuses and cash allowances.

The CEO Pay Ratio has increased between FY24 and FY25 because of the Group CEO receiving a once-off sign-on payment on joining the Group. If the sign-on bonus payment was excluded, the CEO Pay Ratio for FY25 would be NZD \$22:1.

The key principles of the Company’s Remuneration Policy for the Group CEO remuneration package for FY25 can be summarised as follows:

- More than half the total remuneration for the Group CEO is at-risk;
- Over 85% of the at-risk remuneration (all except for the STI KPIs) is solely dependent on outcomes of Group financial performance against short-term and long-term targets; and
- All LTI (150% of fixed annual remuneration) will be measured on a single three-year Performance Period.

**FY25 STI Outcome**

For the year ended 31 July 2025 the Group financial performance targets were not met and as a result, no short-term cash incentives were paid to Michael Daly as outgoing Group CEO or the Group executive.

As part of the terms of his employment package, Brent Scrimshaw’s pro-rated STI for FY25 was guaranteed for the FY25 period. A short-term cash incentive of AUD \$399,938 will be paid for the FY25 period.

**PRINCIPLE 6 – RISK MANAGEMENT**

The identification and proper management of the Group’s material risks is an important priority of the Board. The Company has a central risk management framework in place to identify, oversee, manage and guide the development and continuous improvement of the Group’s risk management and internal control processes. The KMD Brands risk framework aims to support risk identification to reduce potential negative impacts and improve the likelihood of beneficial outcomes, while establishing a standard to drive consistency and, in turn, continuously enhance our approach to risk management. The KMD Brands risk framework sets out the guiding principles, roles and responsibilities, the risk assessment process and reporting requirements. The KMD Brands risk framework follows ISO 31000:2018 Risk Management Guidelines. The Board regularly reviews the KMD Brands risk framework and the assessments of how the material risks are impacting its business. The Board recognises that some element of risk is inherently necessary in order to achieve the strategic aims for the Group’s businesses and deliver value to shareholders.

**Risk Management Policy**

The purpose of the Company’s Risk Management Policy is to highlight the risks relevant to the Group’s operations, and the Company’s commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Audit and Risk Committee assists the Board in discharging its responsibility for monitoring risk management. The Committee is responsible for establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed, and appropriately addressed in line with the Group’s risk appetite and defined tolerances. This Committee oversees the implementation of the risk management framework, monitors its ongoing effectiveness, and regularly reports to the Board.

**Health, Safety and Wellbeing**

The Company is dedicated to cultivating a strong safety culture and awareness of health and safety risks, performance and management within the Group. The Company has adopted an integrated approach to safety and wellbeing across the Group, which recognises that workplace safety, health and mental health all contribute to an employee’s overall wellbeing.

The Board receives and reviews detailed reports on health and safety matters at each Board meeting. As a lag indicator of health and safety risks, performance and management, the rolling lost time injury\* frequency rate (\*number of lost injuries per 1,000,000 hours worked) was 6.56 (target of 5.0) during the reporting period for the year ending 31 July 2025.

The total recorded injury frequency rate for the reporting period was 9.27.

Both LTIFR and TRIFR have increased from FY24, largely due to enhanced incident reporting enabled by our new safety software system. Additionally, several events involved multiple individuals, contributing to the higher figures.

More information on the health, safety and wellbeing of Group employees can be found in the Our People section of the FY25 Annual Report.

**PRINCIPLE 7 – AUDITORS**

The Audit and Risk Committee is responsible for making recommendations to the Board about the appointment or replacement of, and for monitoring the effectiveness and independence of, the Group’s external auditor. The Audit and Risk Committee Charter requires that the external auditor or lead audit partner be changed at least every five years. The Audit and Risk Committee reviews and assesses the independence of the external auditor on an annual basis.

The Company’s external auditor is KPMG, appointed in December 2021. The audit partner responsible has continued from that date.

During the reporting period, the Company has continued with limited internal financial audit function due to resource constraints. The Company considers that, in the short term, it has sufficient systems for evaluating and continually improving the effectiveness of its risk management and internal processes. This includes through the external advisors it currently engages, as well as other internal established processes, including the verification process required to achieve B Corp certification and information and cyber security frameworks.

The Company’s external auditor attends the annual meetings of the Company and is available to answer any questions from investors relevant to the audit.

## PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS

The Company is committed to keeping its stakeholders and owners effectively and comprehensively informed of all relevant information affecting the Group in accordance with all applicable laws and the Company's communication strategy. Information is communicated to investors through the lodgement of all relevant financial and other information with NZX and ASX, publishing information on the Company's Investor Website, annual shareholder meetings, annual and interim reporting, analyst and investor briefings and roadshows.

### Investor Website

The Company's Investor Website ([www.kmdbrands.com](http://www.kmdbrands.com)) contains all key communications concerning the Company and information about its brands: Kathmandu, Rip Curl and Oboz. Shareholders can also view profiles of the Company's Board and Group executive management team on the Investor Website, along with its key governance policies, the Charters of the Board Committees, copies of current and past annual reports and webcasts of annual shareholder meetings.

All relevant announcements made to the market are shown on the Company's Investor Website as soon as they have been released to NZX and ASX and can also be accessed through the Company's Investor Website. Investors can subscribe through the Investor Website to receive an email alert when a new announcement is lodged.

### Communication

The Board encourages investors to communicate with the Company electronically. Investors can contact the Company through the Investor Website at [www.kmdbrands.com/contact](http://www.kmdbrands.com/contact). Investors have the option of receiving their communications, which includes the Annual Integrated Report, from the Company electronically.

The Company actively engages with its investors through annual shareholder meetings, its investor briefings and roadshows, and meeting with stakeholders on request.

### Approach to Seeking Additional Equity Capital

The Board acknowledges Recommendation 8.4 of the NZX Code which suggests that where the Company requires additional equity capital, where practical, the Board should favour capital raising methods that provide existing equity security holders with an opportunity to participate in the offer on a pro-rata basis, and on no less favourable terms, before further equity securities are offered to other investors. No additional equity capital was raised during the Reporting Period.

### Meetings and Voting

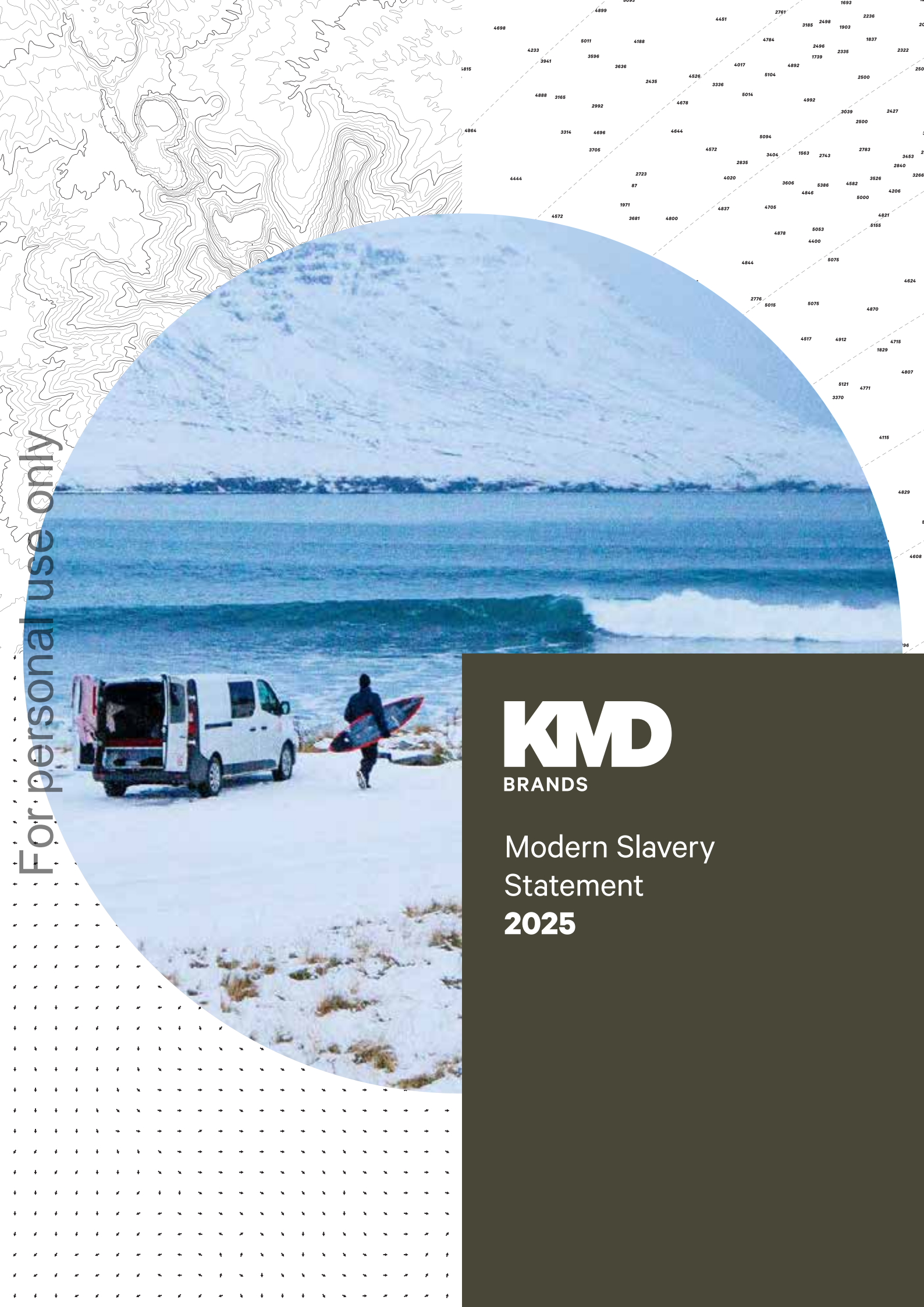
Where voting by shareholders on a matter concerning the Company is required, the Board encourages investors to attend the annual shareholders' meeting or to send in a proxy vote. All voting at the Company's annual shareholder meeting is conducted by way of poll on the basis of one share, one vote.

In 2019, the Company began using a virtual meeting platform for its shareholder meetings to allow participation where a shareholder is unable to attend in person. The Company's notice of meeting will be available at least 20 working days prior to the meeting at [www.kmdbrands.com/announcements](http://www.kmdbrands.com/announcements).






For personal use only



**KMD**  
BRANDS

Modern Slavery  
Statement  
**2025**

# KMD Brands Modern Slavery Statement 2025

We recognise and pay respect to the Elders, past and present, and communities of the lands touched by KMD Brands. We recognise and acknowledge Indigenous Peoples across the world and their survival of practices that today are referred to as modern slavery, as well as the unresolved nature of these wrongs.

As a B Corporation (B Corp), KMD Brands Limited (KMD Brands) is committed to balancing profit with our impact on people and planet, including respecting internationally recognised human rights throughout our supply chain. KMD Brands entities take a consolidated approach to Environment, Social and Governance (ESG). As such, this is a joint statement made on behalf of KMD Brands Limited and the following KMD Brands controlled entities: Kathmandu Pty Ltd (ACN 007 047 547), Rip Curl Group Pty Ltd (ACN 068 999 520), Rip Curl Canada Inc, Rip Curl UK Ltd and Rip Curl, Inc.

This is the KMD Brands Modern Slavery Statement 2025, pursuant to its obligations under Australia's Modern Slavery Act 2018 (Cth), Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023, the United Kingdom's Modern Slavery Act 2015 and the California Transparency in Supply Chains Act (Steinberg, 2010). This statement covers the reporting period 1 August 2024 to 31 July 2025.

The principal address of KMD Brands Limited is 223 Tuam Street, Christchurch 8011, New Zealand. Australian Registered Body Number of KMD Brands Limited is 139 836 918.

You can report a suspected incident of modern slavery linked to KMD Brands via email to [workers.rights@kmdbrands.com](mailto:workers.rights@kmdbrands.com).

This statement was approved by the Board of Directors of KMD Brands on 24 September 2025 as principal governing body on behalf of each reporting entity covered by this Statement.

## Contents

1. Our structure, operations and supply chain
2. Risks of modern slavery in our operations and supply chain
  - 2.1 Geographic risk (tier 1 regions)
  - 2.2 Product risk
  - 2.3 Sector risk
  - 2.4 Tier 2+ manufacturing, processing and production
  - 2.5 Licensed products
  - 2.6 Third party products sold by KMD Brands
  - 2.7 Indirect products and services
  - 2.8 Operational risks
3. Actions taken to assess and address the risks of modern slavery
  - 3.1 Governance
  - 3.2 Commercial practices
  - 3.3 Due diligence controls: assessment and monitoring
  - 3.4 Partnerships
4. How we assess the effectiveness of our actions
5. Consultation
6. Looking ahead
7. Appendix:  
How this statement addresses the reporting criteria

# 1. Our structure, operations and supply chain

Founded in New Zealand as an outdoor apparel and equipment retailer in 1987, KMD Brands became a publicly listed company in 2009. KMD Brands is publicly listed on the New Zealand and Australian stock exchanges. KMD Brands is a group of three brands: Kathmandu, Oboz and Rip Curl. KMD Brands is headquartered at 223 Tuam Street, Christchurch, New Zealand.

Kathmandu, Oboz and Rip Curl products are distributed via online websites and at wholesale and retail levels. Rip Curl products are also distributed through Rip Curl's owned and operated chain of Ozmosis branded stores.

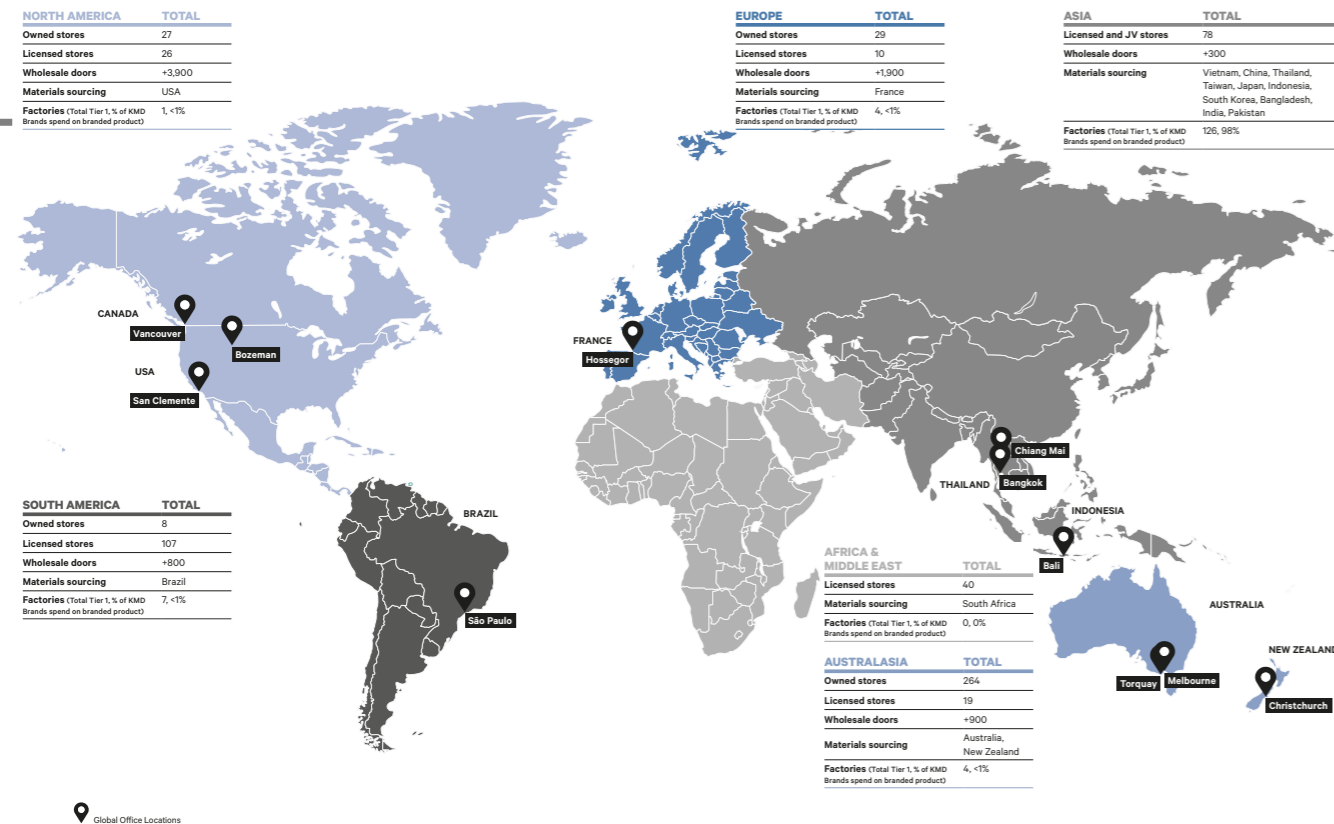
Kathmandu designs and manufactures outdoor apparel, footwear and equipment sourced from factories in Bangladesh, China, Indonesia, Italy, New Zealand, Spain and Vietnam. Oboz designs and manufactures outdoor footwear sourced from factories located in Vietnam and China. Rip Curl designs and manufactures surf apparel and accompanying products, as well as sponsoring athletes

and surfing events. Rip Curl products are manufactured in factories in Australia, Bangladesh, Brazil, Cambodia, China, France, India, Indonesia, Thailand, the United States of America and Vietnam. The Rip Curl brand is licensed to eight regional licensees operating in Argentina, Chile, Fiji, Japan, Malaysia, Papua New Guinea, Peru, Singapore, South Africa and Uruguay. The brand is also licensed to global merchandise licensees in eyewear, watch bands, auto accessories, beach accessories and denim.

Please refer to the figure below for a breakdown of the number and location of office locations, stores, materials sourcing and factories. Kathmandu, Rip Curl and Oboz factory lists are also publicly available on **Open Supply Hub**.

As of 31 July 2025, KMD Brands employs 4,721 employees. Please see pages 5-6 of **GRI & SASB Index 2025** for breakdown by age, employment type and region.

## GLOBAL FOOTPRINT



# 2. Risks of modern slavery in our operations and supply chain

KMD Brands implements an evolving due diligence framework to identify and mitigate potential risks in our supply chain that could be associated with or contribute to modern slavery. In this report, we use the term “modern slavery” to refer to forced labour and child labour. The actions we take to assess and address the risks of modern slavery in our operations and supply chain are outlined in Section 3. Inherent geographic, sector and product risks are integrated with supplier specific risks to inform individual facility risk profiles. The risk factors identified below may indicate increased vulnerability to modern slavery, though this does not necessarily mean modern slavery is occurring, or that these risks are present in our own operations. The boundaries between substandard working conditions and severe exploitation can sometimes be unclear. In some cases, exploited workers may recognise a lack of decent work but not identify themselves as victims of modern slavery. As such, we integrate modern slavery risk management within our wider human rights due diligence program and commitment to respect human rights.

Considering these risks, KMD Brands only works with tier 1 suppliers in Cambodia with whom we have long, well-established relationships, and demonstrate strong internal compliance practices.

## HIGH-RISK GEOGRAPHIC REGIONS

### Bangladesh

In Bangladesh, poverty and social instability continue to present forced labour risks and monitoring of labour law enforcement is limited. Informal labour is widespread, with many workers lacking contracts and access to grievance mechanisms. Collective bargaining is restricted and the right to strike is heavily regulated (**Clean Clothes Campaign, 2025; Human Rights Watch, 2023**). During FY25, a severe gas shortage impacted many factories' production capacity and uncertainty regarding US tariffs led to order reductions. These events led to factory closures and widespread job losses. Many factories withheld wages, pushing workers into debt bondage or informal work (**Human Rights Watch, 2025; International Labour Organization, 2025**).

## 2.1 GEOGRAPHIC RISK (TIER 1 REGIONS)

KMD Brands works with 142 tier 1 manufacturing suppliers to create Rip Curl, Kathmandu and Oboz branded products. We currently source less than 1% of products (by spend) from suppliers in regions with extreme risk of slavery (Cambodia) and approximately 98% of products from suppliers in regions with a high risk of slavery (Bangladesh, China, India, Indonesia, Thailand and Vietnam). Modern slavery is more prevalent in certain countries, including some of the locations we source from. The following geographic risk ratings are based on the Walk Free Foundation's Global Slavery Index (**Walk Free, The Global Slavery Index 2023**).

We continue to monitor closely the welfare of workers in Bangladesh, supported via factory visits by Rip Curl's regional Manager. Strong relationships with our suppliers in Bangladesh assist in providing good visibility of working conditions, in many cases to tier 3 level due to the vertical nature of many of these suppliers. In FY25, we expanded our worker voice program to engage over 4,600 workers in Bangladesh regarding their working conditions. KMD Brands is also a signatory to the International Accord and Bangladesh Safety Program. All tier 1 factories manufacturing our branded products participate in the inspection, remediation and safety training programs.

## EXTREME-RISK GEOGRAPHIC REGIONS

### Cambodia

The apparel industry in Cambodia is characterised by high levels of excessive overtime, poor wages and poor health and safety conditions. Many workers are employed on short, fixed-duration contracts, used by employers to avoid paying maternity benefits and discourage union participation. Workers who attempt to join unions often face retaliation, including dismissal and bribes to quit union roles (**Human Rights Watch, 2022**).

### China

Discriminatory government practices are a key contributor to modern slavery risks in China, including the internment of Chinese citizens of ethnic Turkic origin in the Xinjiang region and forced labour by prisoners incarcerated in China's regular judicial system. Limitations on traditional forms of collective bargaining continue to increase forced labour risk, with internal migrant workers particularly vulnerable to exploitation (**Anti-Slavery International, 2022**). Increasing concerns over forced labour risks and geopolitical uncertainties are driving diversification of KMD Brands sourcing outside of China.

For personal use only

Kathmandu and Rip Curl tier 1 manufacturing facilities are predominately located in export-oriented centres that are under significant government and customer pressure to operate in a socially and environmentally responsible manner. KMD Brands engages a regional Manager who regularly visits factories in China to assess workplace compliance. We also continue to increase direct worker consultation and engage a China-based employee relations consultancy to mitigate these risks.

**India**

Bonded and child labour are prevalent in India. Gender and caste discrimination contribute to the exploitation and unsafe conditions experienced by marginalised groups (**Freedom United, 2023**). The textile industry in Tamil Nadu has been reportedly exploiting young female workers under the Sumangali Scheme, a forced labour practice targeting poor, lower-caste families (**Oxfam, 2025; Solidaridad, 2012**). Considering these risks, KMD Brands works with four tier 1 suppliers in India, each of whom we have partnered with for over 10 years. KMD Brands also engages a regional Manager who regularly visits factories in India.

**Indonesia**

The apparel and footwear industry in Indonesia is characterised by high levels of wage exploitation and the use of short-term or informal contracts, used by some employers to avoid obligations like severance payments, maternity leave or union recognition (**Asia Floor Wage, 2024**). Subcontracting to suppliers with below standard labour conditions is common, as is verbal and physical harassment of workers (**Clean Clothes Campaign, 2021**).

In recognition of this broader risk, Kathmandu works with three suppliers with strong human rights awareness and dedicated social and environmental teams. Rip Curl partners with two long-standing factories that are visited regularly by members of the Rip Curl Indonesia team. We also continue to increase direct worker consultation to understand and assess labour rights risks.

**Thailand**

Thailand is rated as high risk for modern slavery in the apparel sector. A large population of ethnic people continue to lack citizenship rights and are particularly vulnerable to abuse and exploitation (**Human Rights Watch, 2025**). Rip Curl manufactures in three factories in this region. One is Onsmooth Thai, a certified B Corp factory owned by Rip Curl. Rip Curl has owned and

operated this factory for 28 years. The second two are long-standing Rip Curl partners that are visited regularly by our internal production team.

**Vietnam**

The apparel and footwear industries in Vietnam present high modern slavery risk due to labour intensive production and reliance on low-cost, flexible labour. Excessive overtime and poor job security are prevalent within the sector, which increases the risk of forced labour (**International Labour Organization, 2025**). Union affiliation remains tightly controlled by the state, limiting workers' bargaining power and ability to raise grievances (**Human Rights Watch, 2024**). In FY25, we continued our worker engagement program to monitor these risks, surveying 1,348 workers in Vietnam regarding workplace conditions. The majority of factories engaged by Kathmandu, Rip Curl and Oboz in Vietnam are progressive partners with dedicated social and environmental teams that prioritise worker wellbeing. Oboz also has a representative office in Vietnam and factories are visited regularly by Oboz employees.

**MEDIUM-RISK GEOGRAPHIC REGIONS**

**Brazil**

Labour risk in Brazil is significant in relation to unauthorised subcontracting, freedom of association and child labour (**International Labour Organization, 2025**). Migrant workers are particularly vulnerable to debt bondage, withheld wages, excessive working hours and poor working conditions (**Freedom United, 2025**). Accelerating urbanisation has also resulted in an increase in modern slavery in the textile industry.

The Brazil region is a signatory to the ABVTEX certification association. Rip Curl's Global Office in Brazil works with factories that are audited for social and environmental performance under this scheme and subject to the **KMD Brands Code of Conduct**.

**LOW-RISK GEOGRAPHIC REGIONS**

Rip Curl and Kathmandu work with trusted, long-term supplier partners in Australia, France, Italy, New Zealand and Spain. Each have undergone third-party or internal social assessments and have been classified as low risk.

**2.2 PRODUCT RISK**

Materials commonly used in KMD Brands apparel, footwear and equipment products include cotton, down, leather and neoprene.

Large amounts of the world's cotton are produced in countries with a high risk of forced labour, including Uzbekistan, Turkmenistan and the Xinjiang region of China (**Anti-Slavery International, 2023**). Child labour and debt bondage are also key risks associated with cotton production in India (**Freedom United, 2025**).

Forced labour is well-documented in leather tanneries in Bangladesh, China, India, Indonesia and Vietnam as well as in the rubber plantations of Indonesia and Thailand (**Anti-Slavery International, 2025; International Labour Organization, 2022**).

Aluminium, titanium and steel are sourced to produce some hard goods and accessories products. Recent investigations have linked aluminium and titanium production to state-imposed forced labour in Xinjiang, China (**Global Rights Compliance, 2025**). Natural fibres like merino wool and duck/goose down are not currently included on the US Department of Labor's List of Goods Produced by Child or Forced Labor.

The core ingredient in traditional wetsuits is oil or limestone-based neoprene foam. The former involves oil drilling and the latter limestone mining. Limestone neoprene and natural rubber foam are used in Rip Curl wetsuits. Extractive industries are at risk of modern slavery, in part due to driving migration that causes higher vulnerability to severe exploitation (**Walk Free, 2023**).

**2.3 SECTOR RISK**

Within the apparel and footwear industries, the following factors have a major influence on modern slavery risk:

**Unauthorised sub-contracting**

The risk of involvement in modern slavery through the supply chain increases as supplier sub-contracting grows. Unauthorised subcontracting is common within the apparel industry in Bangladesh, China, Vietnam, and Indonesia (**Harvard Business School, 2021**).

**Reliance upon temporary or migrant workers**

Workforces with high numbers of temporary, seasonal, or agency workers contribute to heightened worker vulnerability. These sectors also tend to depend on labour

recruiters for their recruitment activities. This creates an additional layer of separation between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices (**Human Rights Watch, 2019**).

**Complex and fast paced supply chains**

Rapid turnaround times for production and the necessary flexibility to produce goods affected by shifting demand can drive worker exploitation. This may include long working hours and forced overtime during periods of high consumer demand.

There are increased risks associated with the difficulty of managing and monitoring a complex global supply chain. Workers are often isolated due to physical, cultural, technological and/or strategic isolation. They may have poor access to external grievance channels due to the difficulty faced by customers in gaining transparency of upstream operating environments (**Human Rights Watch, 2019**).

**Reliance upon low-skilled or unskilled labour**

Unskilled work is typically low-paying and undervalued. These jobs often employ particularly vulnerable workers and marginalised individuals such as migrants and minorities. Unskilled or illiterate workers are also typically less aware of their rights than more skilled and better educated workers.

**Substandard working and/or living conditions**

The fast-paced, price sensitive nature of apparel production drives worker exposure to poor health and safety measures, verbal harassment and bullying. Workers may also be exposed to detrimental synthetic chemicals that are commonly used in apparel production (**Human Rights Watch, 2018**).

**Gender inequality**

Within apparel and footwear supply chains, women remain at particular risk of human rights abuses, including forced labour and trafficking. Approximately 80% of the world's garment workers are women, who may be exposed to violence, including sexual harassment and abuse (**World Benchmarking Alliance, 2023**).

## 2.4 TIER 2+ MANUFACTURING, PROCESSING AND PRODUCTION

Our visibility of supplier operating environments beyond tier 1 varies by brand, product category and supplier structure. For example, we have good visibility within our wetsuit supply chain, but significantly less understanding of modern slavery risks in the production of materials we don't develop directly with input suppliers, such as lighting or surf hardware. The risks of modern slavery are more significant in areas where we lack a direct contractual relationship with input suppliers or have limited visibility. Our current monitoring and capacity building programs do not extend to all tier 2 suppliers, nor the input suppliers we are yet to trace. We recognise this increased risk, particularly in locations or industries characterised by poor labour practices.

In FY24, we became aware of alleged indicators of forced labour within two fabric mills and one dyeing facility connected to the KMD Brands supply chain in Taiwan. These included the payment of recruitment fees, threatened repatriation and restriction of movement. Throughout FY25, we have continued to collaborate with buyer groups on remediation, including sharing the cost of third-party assessment and support. We also joined 49 other global brands in urging the Taiwan Government to take actions to better protect foreign migrant workers in Taiwan's textile mills.

KMD Brands has limited visibility of raw material suppliers and our monitoring and capacity building programs extend to a few key producers. We are yet to reliably assess modern slavery risks at raw materials level across the Group and recognise that raw materials suppliers present significant modern slavery risk.

## 2.5 LICENSED PRODUCTS

Rip Curl has several external licensees, some of whom source all product from existing Rip Curl approved and monitored suppliers, while others have a license to produce independently. Rip Curl licensees are required to manufacture to an agreed standard, which includes compliance with the KMD Brands Code of Conduct and third-party social assessments. Independent manufacturing presents a risk due to lack of clear visibility and transparency of factories used, as well as poor compliance with evidence requirements by some external licensees.

Licensees operating in Argentina, Chile, Fiji, Malaysia, Peru, Singapore and South Africa are authorised to produce independently. These facilities are required to manufacture to an agreed standard under the license terms. The risk profile of these facilities varies based on location, agreement to the KMD Brands Code of Conduct, third-party oversight of operating conditions and length of supplier relationship.

Production in Fiji is completed in a single facility owned by the licensee. This facility has agreed to the KMD Brands Code of Conduct and completed an on-site assessment by Rip Curl's Head of Licensing. Production in South Africa is conducted in facilities with long-term relationships with the licensee and subject to workplace inspections by the Department of Employment and Labour. The licensee for South Africa also manufactures products in China in a factory that has been subject to third-party social monitoring. The licensee for Malaysia and Singapore manufactures a small number of units locally in a factory that has agreed to the KMD Brands Code of Conduct, and completed an on-site social assessment by the licensee.

Production in Chile, Peru and Argentina is of higher risk due to lack of robust third-party social assessments and higher inherent supply chain risk in these regions. The licensees for Chile and Peru manufacture products both locally and in China. 100% of disclosed facilities have agreed to the KMD Brands Code of Conduct. The licensee for Argentina manufactured products locally during the reporting period. This is likely to change in future due to a lift in import restrictions. 93% of facilities disclosed by Argentina have agreed to the KMD Brands Code of Conduct.

Global merchandise licensees in eyewear, watch bands, auto accessories, beach accessories and denim are required to manufacture to agreed social and environmental standards. We have visibility of tier 1 production of eyewear, auto accessories, beach accessories and denim. All facilities in these categories have agreed to the KMD Brands Code of Conduct and provided evidence of third-party social monitoring. We lack supply chain visibility for the production of watch bands under license.

## 2.6 THIRD PARTY PRODUCTS SOLD BY KMD BRANDS

Rip Curl, Kathmandu and Ozmosis retail stores sell products from third-party brands. KMD Brands does not currently conduct formal monitoring of third-party brands with modern slavery legislation, though social and environmental requirements are a condition of contracts signed in FY25.

## 2.7 INDIRECT PRODUCTS AND SERVICES

KMD Brands procures non-inventory products and services across the following categories:

- Marketing and advertising;
- Information technology;
- Freight and logistics;
- Retail operations (store fitout and consumables, postage, facilities management, loss prevention and utilities); and
- Support operations (professional services and office supplies).

We have identified the following categories as presenting medium or high-risk:

- Retail operations, focusing on store fitout, facilities management and loss prevention; and
- Supply chain, focusing on freight and logistics.

KMD Brands engages suppliers to provide fitout, maintenance and security across our extensive network of retail stores. Although many of our indirect suppliers are located in low-risk regions, unauthorised subcontracting, short-term engagements, underpayment of wages and poor occupational health and safety are features of these industries. There is also a high reliance on migrant workers within these sectors, who may be vulnerable to worker exploitation due to visa insecurity, non-standard operating hours and language barriers.

KMD Brands engages a third-party information technology service provider located in the Philippines. The business process outsourcing industry in the Philippines presents risks of labour exploitation, including excessive fees charged by recruitment agencies and excessive working hours. On-site due diligence was conducted as part of the engagement of our current provider.

We also use third-party international shipping providers. Worker isolation, substandard living conditions, poor access to grievance mechanisms and restriction of movement are risk factors in this sector. Workers may also be required to pay large recruitment fees to obtain employment (**United Nations Global Compact, 2022**).

## 2.8 OPERATIONAL RISKS

KMD Brands operates in accordance with robust legislation in relation to employment rights and human rights in both Australia and New Zealand and is required by law to maintain internal best practices, systems and policies that support individual employees as well as facilitate protected disclosures. These policies and practices apply to activities globally across the Group. Group level controls in relation to recruitment, onboarding and support of international employees are managed by the human resources teams in the relevant regions. The **KMD Brands Code of Ethics** guides our behaviour and decision making.

### 3. Actions taken to assess and address the risks of modern slavery

#### 3.1 GOVERNANCE

As a Group, we are consistently reviewing the regulatory landscape to inform and improve our due diligence program. Our program is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises Responsible Business Conduct (MNE Guidelines), current and emerging modern slavery and human rights due diligence legislation, import bans, and consumer and investor expectations. The KMD Brands ESG team is responsible for modern slavery risk management. Reporting to the KMD Brands Board on human rights and modern slavery progress occurs twice per year. The Board also approves ESG strategy and modern slavery reporting.

##### KMD Brands Workplace Code of Conduct

KMD Brands requires all suppliers of Rip Curl, Kathmandu and Oboz branded products to commit to uphold the KMD Brands Code of Conduct, allow workplace inspection by approved third parties and to remediate issues as they arise. The important aspects of our Code as it relates to modern slavery are transparency, employment relationship, non-discrimination, harassment or abuse, forced labour, child labour and freedom of association and collective bargaining. Suppliers must agree to comply with all relevant and applicable laws and regulations of the country in which workers are employed and to implement the KMD Brands Code of Conduct in their applicable facilities. Transparency is prioritised in relation to both owned and subcontracted facilities.

#### HUMAN RIGHTS TRAINING OUTCOMES

	NOT WELL AT ALL (%)	NOT VERY WELL (%)	SOMEWHAT WELL (%)	VERY WELL (%)	EXTREMELY WELL (%)
I understand what human rights are and why they're important	0.3	0	2.4	29.4	67.9
I understand KMD Brand's commitment to human rights and how these standards are important in everyday business	0.3	0.1	3	31.6	65.1
I know how our business practices may contribute to violations of human rights	0.6	0.7	5.1	33	60.5
I know where to find policies relating to modern slavery and reporting	0.7	2.2	11.7	32	53.4

##### Modern slavery policies, procedures and internal training

KMD Brands has company policies that address modern slavery, including a Child and Forced Labour Policy and a Migrant Labour Policy. Our Child and Forced Labour Policy addresses potential remediation considerations, including measures to mitigate loss of income. New employees are trained in these policies as part of their orientation. Support office staff receive annual training aimed at increasing awareness of modern slavery risks and relevant KMD Brands policies. In FY25, an online human rights training module was offered to all support office, retail and distribution centre employees. The training was offered globally in six languages and completed by over 1,400 employees. 973 employees provided feedback and rated their understanding of key training outcomes on completion of the module. The results of this feedback are summarised in the table below.

##### Pre-sourcing assessments

KMD Brands has a comprehensive onboarding procedure for new suppliers which includes a mandatory social assessment. New suppliers are also checked against the Uyghur Forced Labor Prevention Act Entity List. In FY25, 100% of new tier 1 suppliers were screened using social criteria. Once new suppliers and factories have been selected, Kathmandu, Rip Curl or Oboz initiates the onboarding process which introduces our shared values alongside a Supplier Manual.

#### 3.2 COMMERCIAL PRACTICES

##### Purchasing of branded products

We understand the impact purchasing practices play on labour rights abuses within supply chains and that decent working conditions, increased worker productivity and long-term business competitiveness are interconnected. Genuine consultation and engagement with stakeholders play a key role in our efforts to balance the competitive manufacturing environment and our social and environmental expectations.

We recently released our revised internal Responsible Purchasing Policy which includes information on the Group's commitment to worker wellbeing and responsible production planning. In FY25, sourcing and merchandising teams globally completed a training module in responsible purchasing practices. This training was designed to ensure employees understand the actions that promote responsible purchasing, how planning and purchasing practices impact supplier working conditions, the importance of accurate forecasting, and their responsibilities in relation to the KMD Brands Responsible Purchasing Policy. This course was available in six languages and completed by 119 employees.

All brands have clear supplier terms of purchase that include agreement on detailed payment terms and process for factory exit. Production planning is a collaborative process by season that includes forecasts and mutual agreement for order modifications.

Long-term supplier relationships assist each brand in understanding and addressing risks of modern slavery with tier 1 suppliers. Each brand conducts regular reviews with suppliers, which includes a detailed social performance component that assists in identifying risks of modern slavery. In FY25, all tier 1 suppliers and nominated input suppliers were invited to provide formal feedback on our commercial terms, purchasing practices and barriers to social and environmental improvement.

##### Purchasing of third-party products sold by KMD Brands

Clauses relating to modern slavery and wider human rights considerations are included in KMD Brands standard terms for the purchase of goods.

#### 3.3 DUE DILIGENCE CONTROLS: ASSESSMENT AND MONITORING

KMD Brands has a due diligence program to identify and assess human rights impacts in supply chains guided by the MNE Guidelines. The figure below outlines how we monitor compliance with human rights controls and manage human rights risk.

98% of tier 1 manufacturing suppliers (139) and 58 tier 2 and 3 suppliers have been subject to social assessments that include human rights criteria within a 24-month period. 7 were third-party audits commissioned by KMD Brands, 182 were third-party copy audits and 8 were conducted internally by KMD Brands. 96% of total audits were conducted by a third-party auditor. Accepted copy audits must meet our quality standards and verify compliance with the KMD Brands Code of Conduct and the FLA Workplace Code of Conduct. Accepted assessment types include the FLA Independent External Factory Assessment, verified Higg Facility Social and Labor Module, Better Work assessment via the Social and Labor Convergence Program and LRQA ERSA assessment. We also monitor public reporting on the geographic and product risk landscape.

We continue to use third-party audits to gain a high-level overview of social and environmental risk, particularly in relation to health and safety and compliance with government requirements. In FY25, we invested over \$39,000 (NZD) in third-party social assessments of manufacturing sites. Audits have enabled us to identify potential modern slavery indicators relating to underpayment of workers, restriction of movement and recruitment fees. We recognise the limitations of audits in relation to facilitating long-term improvements and use them as one tool within our monitoring program. Where we commission a third-party audit, it is stressed to suppliers that our focus is on transparency and clear expectation of improvement where required, not tick-the-box compliance. Our commissioned audits are independent and either announced or semi-announced. Whilst we support suppliers to address potential or actual risk where required, if a supplier is unable to address a critical or major finding, we may terminate and exit in line with our Responsible Exit Policy. In FY25, no suppliers were exited for non-compliance.

KMD Brands is a signatory to the Social and Labor Convergence Program (SLCP), a multi-stakeholder initiative facilitating the sharing of comparable, verified data about supply chain working conditions. As a signatory, we encourage the use of the SLCP's Converged Assessment Framework to eliminate factory audit duplication and redirect resources to improvement actions. Where we consider it necessary to commission an audit, we use LRQA's audit tool, which includes an occupational health and safety review, consultation with unions and worker representatives and an anonymous worker survey.

KMD Brands applies a risk-based approach to social assessments. We employ a range of assessment tools, including third-party audits, internal assessments, on-site visits and anonymous worker surveys across a 24-month cycle. When commissioning audits, we ensure facilities understand the purpose of the audit and how audit findings will be managed. This allows us to ensure that the assessment type is appropriate, respects supplier progress and that resources are targeted to addressing critical and major findings as part of wider capacity building priorities. We seek to work collaboratively with

suppliers to address problems rather than using our buying power to enforce action.

We utilise advanced supply chain management software to support social and environmental risk management and traceability. This software supports our ability to manage corrective action plans, track performance improvement, analyse risk trends and increase visibility beyond tier 1. In FY25, we identified 1,173 non-compliances across our supply chain. These included indicators of forced labour, including high recruitment fees and withholding of wages. 8 tier 1 suppliers, 13 tier 2 suppliers and 2 external licensee suppliers were identified as having significant actual or potential negative impacts. Impacts identified were evidence of discrimination, excessive monthly overtime, lack of building structural safety, a factory and dormitory located in the same building, underpayment of workers, withholding of wages and charging of excessive fees or deposits. Of the suppliers identified as having significant actual or potential negative impacts, corrective action plans were agreed upon with 100% of tier 1 suppliers, 54% of tier 2 suppliers and 100% of external licensee suppliers.

We appreciate the need to better understand the causes of forced labour in supply chains from workers and use worker feedback to uncover practices such as substandard working conditions or underpayment. In FY25, KMD Brands continued to utilise technology developed by New Zealand company, AskYourTeam, to offer a real-time survey to workers relating to worker wellbeing and engagement. We collected anonymous feedback from 12,505 workers across manufacturing facilities in Bangladesh, China, Indonesia and Vietnam. Workers at 31 factories provided feedback on a range of topics, from human rights to workplace health and safety, remuneration and worker aspirations. We identified risks relating to inadequate remuneration, sexual harassment and ineffective grievance mechanisms and are working with suppliers to address these concerns. We also conducted secondary surveys to assess the effectiveness of corrective actions by Rip Curl suppliers in China.

We rely on relationships and contractual terms with our tier 1 suppliers to gain visibility of upstream operations. All tier 1 suppliers agree to provide input supplier information and require equivalent social standards of these suppliers. While we do not require tier 1 suppliers to certify that materials incorporated into the product comply with modern slavery legislation, suppliers agree to prohibit modern slavery within their own supply chains and comply with labour laws in all countries in which they do business. In FY25, 161 facilities beyond tier 1 were disclosed via Open Supply Hub, of which 71% have agreed to the standards of the KMD Brands Code of Conduct. KMD Brands prioritises sourcing from input and raw materials facilities that hold accreditations encompassing social and environmental criteria including bluesign®, ZDHC, OEKO-TEX, ISO14001 and ISO45001, Better Cotton, Responsible Down Standard (RDS), Responsible Wool Standard (RWS), Global Organic Textile Standard, Organic Content Standard, Global Recycled Standard.

**Grievance process**

KMD Brands supplier agreements with tier 1 suppliers require a functioning grievance procedure at tier 1 factories and worker access to KMD Brands confidential channel. Our grievance channel is displayed on all KMD Brands Codes of Conduct. In China and Vietnam, there are additional channels in the form of links to the social media platforms used by workers. A WeChat (China) or Zalo (Vietnam) QR code is included on Codes of Conduct displayed in tier 1 factories in these countries. Workers

are also able to raise concerns during confidential interviews conducted during on-site social assessments. In FY24, we published a revised KMD Brands Grievance Handling Procedure for Supply Chains in line with the UNGPs. We also share annually a Factory Guidance Document on Grievance Mechanisms in Supply Chains to support suppliers in ensuring the effectiveness of internal grievance mechanisms. In FY25, we investigated four grievances raised through our external mechanism. Two were lodged by supply chain workers and two by internal employees. All supply chain grievances have been investigated and closed.

**Transparency**

Making our own supply chain more transparent is a central part of our due diligence program. We publish three tiers of supply chain data via the Open Supply Hub. Open Supply Hub is an open-source, neutral and publicly accessible database. Every tier 1 facility making KMD Brands product can be identified and located on a global map, where it is accessible to unions, workers and consumers.

**3.4 PARTNERSHIPS**

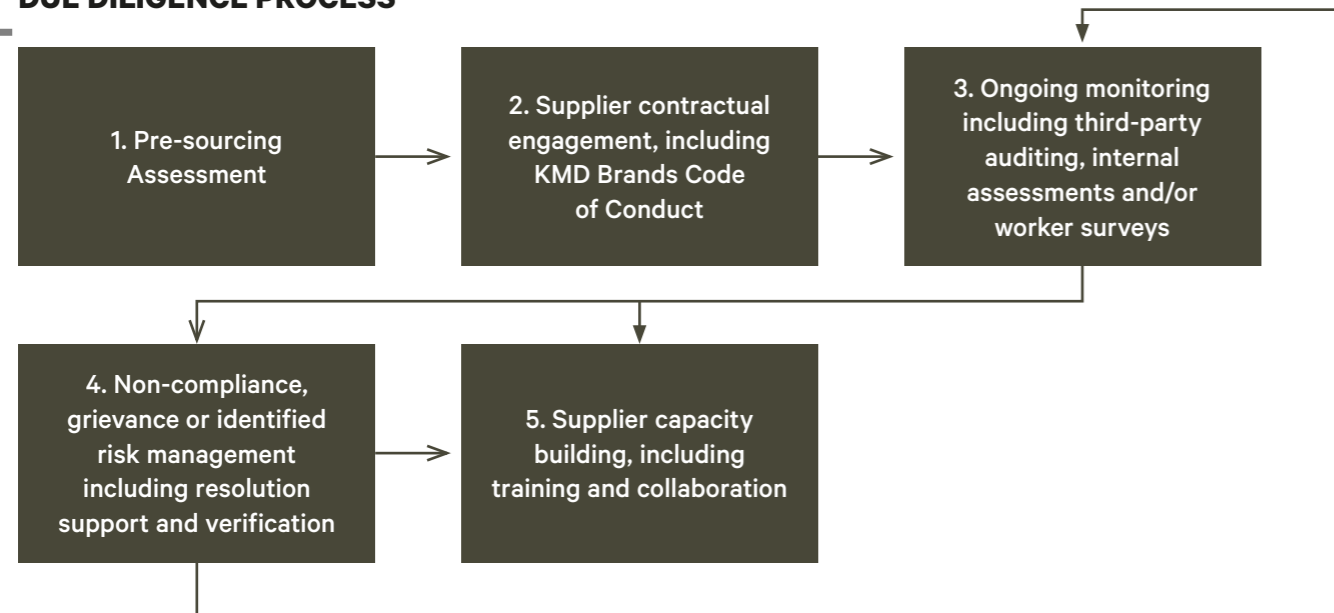
KMD Brands focuses on building long-term, mutually respectful relationships with suppliers that share our values. These relationships are supported by investing in training and education, providing support for remediation, engaging in research and taking the time to understand suppliers' strengths and challenges in relation to human rights risk.

**Training**

In FY25, KMD Brands supported an in-person training workshop for suppliers located in China. This workshop was delivered by a China-based consultancy and was designed to support suppliers to integrate gender perspectives into occupational health and safety systems and assess psychological risks (following the release of China's first national standard for psychosocial risks).

We also completed our first program with Awaj Foundation, a grassroots labour rights organisation in Bangladesh. Awaj Foundation delivered a women's empowerment program to 240 female workers employed by a long-term Rip Curl supplier, covering financial management, health, leadership, rights awareness and negotiation.

**DUE DILIGENCE PROCESS**



**Governance, transparency and partnerships**

For personal use only

In FY25, KMD Brands invited all tier 1 suppliers and nominated tiers 2 and 3 suppliers to provide anonymous feedback on training priorities relating to social and environmental topics. We also engaged 14 suppliers in China during on-site visits to understand their modern slavery risk management practices and training needs.

**Tracking remediation**

KMD Brands monitors and supports suppliers to remediate critical and major findings from factory assessments. The Corrective Action Plan (CAP) process is a collaborative process between the facility, KMD Brands, and the relevant brand. Addressing findings via the CAP process is an expectation that is shared with suppliers during the onboarding and audit process. We recognise the limitations of the CAP process in improving working conditions and request an additional root cause analysis for critical issues.

**Empowering workers to protect their own rights**

KMD Brands remains a signatory to the International Accord. The Accord is focused on ensuring workplace safety for garment workers in Bangladesh and Pakistan. Unlike traditional multi-stakeholder initiatives, the terms of the Accord are legally binding between brands and trade unions. As a signatory, we are supporting the active engagement of workers through training that includes awareness of rights and an accessible complaints mechanism. The factories we source from in Bangladesh are frequently inspected under the Accord initiative and covered by elected participatory committees consisting of workers and managers.

Freedom of association remains a concern in several KMD Brands sourcing countries. In China, Laos and Vietnam, independent union participation is restricted. In Thailand, migrant worker union participation is restricted and in Bangladesh, workers in the Special Economic Zone do not have the right to freedom of association (ITUC, **Global Rights Index 2025**). To support rights to exercise freedom of association and collective bargaining, KMD Brands focuses on supplier relationships and emphasises a zero-tolerance approach to violation of the right to exercise freedom of association. We also prioritise anonymous feedback channels and robust grievance mechanisms.

**Collaboration**

KMD Brands is engaged in several multi-stakeholder initiatives that are valuable in generating ESG-related dialogue and supporting collaboration on remediation. We also responded in full to enquiries received from the non-government organisation TransparenTEM.

**External collaboration in FY25 included:**

**THE INTERNATIONAL ACCORD**

The International Accord is a set of legally binding agreements between global unions, IndustriALL and UNI Global Union, and signatory brands and retailers with the purpose of ensuring health and safety within garment factories. The Accord covers over 1,600 factories in Bangladesh and provides an independent enforcement body that manages factory inspections and upgrades, and engages workers to help identify instances of workplace violations. KMD Brands is a signatory to the International Accord for Health and Safety in the Textile and Garment Industry and the Bangladesh Agreement on Health and Safety in the Textile and Garment Industry.

**FAIR LABOR ASSOCIATION (FLA)**

KMD Brands is an accredited member of the Fair Labor Association, a collaborative effort of socially responsible companies, colleges and universities and civil society organisations. We use FLA tools and resources including the FLA Fair Compensation Dashboard and independent assessments within our supply chain. The FLA also provides guidance on how to address modern slavery risks, including responsible recruitment guidance, benchmarks of best practice and forced labour indicators.

In FY25, KMD Brands worked with the FLA on a living wage pilot in Bangladesh, attended a joint American Apparel and Footwear Association/FLA brand delegation in Bangladesh focused on improving worker rights, and joined other FLA members as signatory to a letter to the Government of Taiwan calling on Taiwan to ensure that responsible business practices are applied in the recruitment of migrant workers. We also participated in the voluntary FLA Milestone 5 Reporting Framework pilot.

**CASCALE**

KMD Brands is a member of Cascale, an alliance of apparel, footwear and textile companies working together to further sustainable production. Our membership requires a commitment to supply chain social and environmental monitoring, transparency, sharing best practice and making meaningful improvements. Our progress is assessed each year, both by Cascale and via the Higg Brand Retail Module (BRM).

**EMPLOYMENT INJURY SCHEME (EIS) PILOT**

KMD Brands is supporting the Bangladesh Employment Injury Scheme Pilot, implemented by the International Labor Organization and the German Corporation for International Cooperation GmbH. We have made a voluntary financial contribution to support the creation of the first national employment injury social insurance for ready-made garment (RMG) workers in the country.

This initiative covers 4 million workers, including workers at all RMG factories manufacturing on behalf of KMD Brands.

**SOCIAL AND LABOR CONVERGENCE PROGRAM (SLCP)**

KMD Brands is a signatory to the SLCP 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. In FY25, we engaged with the SLCP to provide feedback on the new Converged Assessment Framework, a tool developed by SLCP signatories to assess working conditions in facilities.

For personal use only

## 4. How We Assess the Effectiveness of Our Actions

Rip Curl, Kathmandu, Oboz and Onsmooth Thai are all certified B Corporations. Our approach to ESG and associated actions are independently assessed by the relevant B Lab offices responsible for certification. KMD Brands practices relating to forced labour, social monitoring and compliance are also annually assessed and independently monitored by the FLA.

The effectiveness of our program and quality of disclosure is assessed by civil society organisations, including as part of the Baptist World Aid Ethical Fashion Report and the Textile Exchange Material Change Index. We also continue to work with Oxfam Australia in its independent assessment of our performance relating to our commitment to living wages, supply chain transparency, gender policy and freedom of association.

We have a strong commitment to continuous improvement. This is reflected in the linking of KMD Brands debt finance facilities to our performance against key sustainability indicators including supply chain monitoring. Our broader progress is also assessed through the Higg BRM and benchmarked against other BRM users.

We also review our processes and performance internally, including via reporting to the Board on key metrics, reviewing monitoring trends and analysing supplier and employee feedback. Metrics relating to our internal assessment of accountability, transparency and worker engagement can be accessed in the **Our Partnerships section** of our Annual Integrated Report.

## 5. Consultation

KMD Brands ESG team members, sourcing teams and leaders from all brands were consulted throughout the creation of this statement. ESG is a Group function at KMD Brands. There are team members based in Torquay (Rip Curl head office), Hossegor (Rip Curl Europe office), Christchurch (Kathmandu head office) and Bozeman (Oboz head office). There is strong consultation at brand level to ensure strategic alignment and effective implementation. Our approach to human rights due diligence is defined at a Group level, drawing on the expertise and experience of brand level employees.

The KMD Brands, Kathmandu, Rip Curl and Oboz teams collaborate extensively on our Annual Integrated Report and B Corp certification, which necessitates consultation around our ESG initiatives, including our shared response to modern slavery.

## 6. Looking Ahead

KMD Brands remains committed to action that reduces the risk of vulnerability to modern slavery. In FY26, we will continue to revise our due diligence program to ensure it is responsive to changing contexts and exert meaningful pressure to improve working standards within our supply chain. We will continue to prioritise responsible purchasing practices that support positive working conditions such as timely communication with suppliers and mutually agreed ordering patterns. We will also continue to incorporate formal supplier feedback on our purchasing practices into internal training.

Our participation in the FLA initiative remains important and we will continue to collaborate in advocating to address the structural challenges that enable modern slavery. We recognise the role fair compensation plays in mitigating modern slavery risk and will continue to analyse the status of wages in our supply chain. This analysis is supported by the FLA's fair compensation resources.

## 7. Approval and Attestation

In accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Act), and in particular section 11 thereof, I attest that I have reviewed the information contained in the report on behalf of the governing body of the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed within this report.



Date: 24/09/2025

**Brent Scrimshaw**

Group CEO and Managing Director

I have the authority to bind KMD Brands Limited.

## Appendix I. How this statement addresses the reporting criteria

The following table identifies where each reporting criterion is disclosed within this Statement.

REQUIREMENT	REFERENCE IN THIS STATEMENT
<b>A description of the organisation's structure, operations, activities and supply chains, including consultation with any linked organisations covered by this statement.</b>	<p>Organisation and supply chain structure: page 1; section 1, page 3</p> <p>Supply chain understanding: section 2.4, page 7</p> <p>Products, sectors and services; direct and indirect suppliers: section 1, page 3</p> <p>Modern slavery risk management governance: section 3.1, page 9</p> <p>Information gathering: section 5, page 15</p> <p>Stakeholder engagement: section 3.4, pages 12 – 14</p> <p>Continuous improvement: section 6, page 16</p>
<b>A description of the organisation's policies in relation to modern slavery, forced labour and child labour.</b>	<p>Internal operating policies; international standards: section 3.1, page 3</p> <p>Stakeholder engagement: section 3.1, page 9; section 3.2, page 10</p> <p>Communication and enforcement: sections 3.1 – 3.3, pages 9 – 12</p> <p>Purchasing policy improvements; continuous improvement: section 3.2, page 10</p>
<b>A description of any risk management processes in place to assess and address the risk of modern slavery, forced labour and child labour practices in the reporting organisation's supply chains.</b>	<p>Risk assessment frequency; risk assessment governance; identifying and assessing risks: section 3, pages 9 – 12</p> <p>Highest priority risks to workers: section 2, pages 4 – 8, section 3.3 pages 10 – 12</p> <p>Stakeholder engagement: section 3, pages 10 – 14</p>
<b>A description of the organisation's due diligence processes in relation to modern slavery, forced labour and child labour in its supply chains. In addition, a description of any measures taken to remediate any instances of modern slavery, forced labour and child labour in its supply chains.</b>	<p>Prevention and mitigation; human rights due diligence approach; remediation policies and processes: section 3, pages 9 – 14</p> <p>Supplier and worker engagement: sections 3.3 and 3.4, pages 12 – 14</p> <p>Grievance mechanisms: section 3.3, page 12; section 3.4 page 13</p> <p>Incidents of modern slavery: section 2.4, page 7; section 3.3, page 11</p> <p>Business model: section 2.3, page 6; section 2.5 page 7; section 3.3, page 10</p> <p>Stakeholder engagement: section 3.4, pages 13 – 14</p> <p>Continuous improvement: section 6, page 16</p>
<b>A description of the training provided to employees on modern slavery, forced labour and child labour.</b>	<p>Internal and external training; training programme materials; training package development: section 3, pages 9 – 14</p> <p>Continuous improvement: section 3, pages 9 – 14; section 6, page 16</p>
<b>A description of how the organisation assesses the effectiveness of the actions it has taken to prevent and respond to modern slavery, forced labour and child labour, and its due diligence processes.</b>	<p>Goal setting; monitoring and evaluation governance: section 3.1, page 9</p> <p>KPIs; use of data; evidencing outcomes; utilising findings; success stories; stakeholder engagement; continuous improvement: section 3, pages 9 – 12; section 4, page 15</p>

For personal use only



For personal use only



**KMD**  
BRANDS

GRI &  
SASB Index  
**2025**

# GRI Index

**Statement of Use:** KMD Brands Limited has reported the information cited in this GRI content index for the financial year 1 August 2024 to 31 July 2025 with reference to the GRI Standards.

The 2025 reporting suite referenced in this GRI Index can be accessed by visiting:

**kmdbrands.com/reports**

**Contact point:** companysecretary@kmdbrands.com

**Published:** 24 September 2025

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #
<b>THE ORGANISATION AND ITS REPORTING PRACTICES</b>				
2-1	Organisational details	Annual Integrated Report	Overview – Global footprint Additional Disclosures – Directory	P. 6-7 P. 119
2-2	Entities included in the organisation's sustainability reporting	Annual Integrated Report	Overview – About KMD Brands Financial report - Section 5: Group Structure	P. 1 P. 100
2-3	Reporting period, frequency and contact point	Annual Integrated Report	Refer to statement of use above	
2-4	Restatements of information	2024 Climate-Related Disclosure	Our targets and performance	P. 18
2-5	External assurance	Annual Integrated Report	Overview - About this report	P. Inside Cover
<b>ACTIVITIES AND WORKERS</b>				
2-6	Activities, value chain and other business relationships	Annual Integrated Report	Creating Value – How we create value Financial Report – Section 1: Basis of Preparation	P. 26-27 P. 66-68
2-7	Employees	GRI & SASB Index	Tables 1 and 2	P. 5
2-8	Workers who are not employees	Annual Integrated Report	Creating Value - Our funding	P. 56-57
<b>GOVERNANCE</b>				
2-9	Governance structure and composition	Annual Integrated Report Corporate Governance Statement	Overview - Our board and executive team Principle 2	P. 12-13 P. 3-4
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	Principle 2	P. 4
2-11	Chair of the highest governance body	Corporate Governance Statement	Principle 2	P. 4
2-12	Role of the highest governance body in overseeing the management of impacts	Annual Integrated Report Annual Integrated Report Corporate Governance Statement	Overview - Our board and executive team Creating Value - Materiality approach Principle 3	P. 12-13 P. 22 P. 7-8
2-13	Delegation of responsibility for managing impacts	Corporate Governance Statement	Principle 2	P. 3-4
2-14	Role of the highest governance body in sustainability reporting	Annual Integrated Report	Creating Value - Our material issues	P. 24-25
2-15	Conflicts of interest	Corporate Governance Statement	Principle 1	P. 2
2-16	Communication of critical concerns	Corporate Governance Statement	Principle 1	P. 2-3
2-17	Collective knowledge of the highest governance body	Corporate Governance Statement	Principle 2	P. 5
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement	Principle 2	P. 6
2-19	Remuneration policies	Corporate Governance Statement	Principle 5	P. 10-11
2-20	Process to determine remuneration	Corporate Governance Statement	Principle 5	P. 10-12
2-21	Annual total compensation ratio	Corporate Governance Statement	Principle 5	P. 12

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #
<b>STRATEGY, POLICIES AND PRACTICES</b>				
2-22	Statement on sustainable development strategy	Annual Integrated Report	Creating Value - Our strategy, ESG strategy and performance	P. 18-21
2-23	Policy commitments	Annual Integrated Report	Overview - Governance at KMD Brands	P. 14
2-24	Embedding policy commitments	Annual Integrated Report	Overview - Governance at KMD Brands	P. 14
2-25	Processes to remediate negative impacts	Annual Integrated Report	Creating Value - Our partnerships	P. 42
2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance Statement	Principle 1	P. 2-3
2-27	Compliance with laws and regulations	Annual Integrated Report	Creating Value - Our funding	P. 57
2-28	Membership associations	Annual Integrated Report	Creating Value - Our partnerships Additional Disclosures - Our partners	P. 44-53 P. 120-127
<b>STAKEHOLDER ENGAGEMENT</b>				
2-29	Approach to stakeholder engagement	Annual Integrated Report	Creating Value - Materiality approach	P. 22
2-30	Collective bargaining agreements			N/A
<b>MATERIAL TOPICS</b>				
3-1	Process to determine material topics	Annual Integrated Report	Creating Value - Materiality approach	P. 22
3-2	List of material topics	Annual Integrated Report	Creating Value - Our material issues	P. 24-25
3-3	Management of material topics	Annual Integrated Report	Refer to sections referenced within each material topic index	
<b>GRI 205: ANTI-CORRUPTION</b>				
GRI 3	3-3 Management of material topics	Corporate Governance Statement	Principle 1	P. 2-3
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance Statement	Principle 1	P. 2-3
<b>GRI 306: WASTE</b>				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value - Our creative power Creating Value - Our environment	P. 28-31 P. 48-55
306-1	Waste generation and significant waste-related impacts for the organisation	Annual Integrated Report	Creating Value - Our environment	P. 53
306-2	Management of significant waste-related impacts	Annual Integrated Report	Creating Value - Our creative power Creating Value - Our environment	P. 31 P. 53
306-3	Waste generated	Annual Integrated Report	Creating Value - Our environment	P. 55
306-4	Waste diverted from disposal	Annual Integrated Report	Creating Value - Our environment	P. 55
306-5	Waste directed to disposal	Annual Integrated Report	Creating Value - Our environment	P. 55
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESMENT</b>				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value - Our environment	P. 48-55

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #
308-1	New suppliers that were screened using environmental criteria	Annual Integrated Report	Creating Value - Our environment	P. 52
308-2	Negative environmental impacts in the supply chain and actions taken	Annual Integrated Report	Creating Value - Our environment	P. 52
<b>GRI 401: EMPLOYMENT</b>				
GRI 3	3-3 Management of material topics	GRI & SASB Index	Tables 1-5	P. 5-7
401-1	New employee hires and employee turn over	GRI & SASB Index	Tables 1-3 - Employee Data	P. 5-6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	GRI & SASB Index	Table 4 - Employee Benefits	P. 6
401-3	Parental leave	GRI & SASB Index	Table 5 - Parental Leave	P. 7
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value - Our people	P. 38-40
403-1	Occupational health and safety management system	Annual Integrated Report	Creating Value - Our people	P. 38-40
403-2	Hazard identification, risk assessment, and incident investigation	Annual Integrated Report	Creating Value - Our people	P. 38-40
403-4	Worker participation, consultation, and communication on occupational health and safety	Annual Integrated Report	Creating Value - Our people	P. 38-40
403-5	Worker training on occupational health and safety	Annual Integrated Report	Creating Value - Our people	P. 38-40
403-6	Promotion of worker health	Annual Integrated Report	Creating Value - Our people	P. 38-40
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual Integrated Report	Creating Value - Our people	P. 40
403-9	Work related injuries	Annual Integrated Report	Creating Value - Our people	P. 40
403-10	Work related ill health	Annual Integrated Report	Creating Value - Our people	P. 40
<b>GRI 404: TRAINING AND EDUCATION</b>				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value - Our people	P. 36-41
404-1	Average hours of training per year per employee	Annual Integrated Report	Creating Value - Our people	P. 40
404-2	Programmes for upgrading employee skills and transition assistance programmes	Annual Integrated Report	Creating Value - Our people	P. 36

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #
404-3	Percentage of employees receiving regular performance and career development reviews	Annual Integrated Report	Creating Value - Our people	P. 38
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value - Our people	P. 36-41
405-1	Diversity of governance bodies and employees	Annual Integrated Report	Creating Value - Our people	P. 39
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
GRI 3	3-3 Management of material topics	Modern Slavery Statement	Section 3	P. 12-13
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Modern Slavery Statement	Section 3	P. 12-13
<b>GRI 408: CHILD LABOUR</b>				
GRI 3	3-3 Management of material topics	Modern Slavery Statement	Section 2	P. 4-8
408-1	Operations and suppliers at significant risk for incidents of child labour	Modern Slavery Statement	Section 2, Section 3	P. 4-14
<b>GRI 409: FORCED OR COMPULSORY LABOUR</b>				
GRI 3	3-3 Management of material topics	Modern Slavery Statement	Section 2	P. 4-8
409-1	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour	Modern Slavery Statement	Section 2, Section 3	P. 4-14
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>				
GRI 3	3-3 Management of material topics	Modern Slavery Statement	Section 3	P. 9-14
414-1	New suppliers that were screened using social criteria	Modern Slavery Statement	Section 3	P. 9-14
414-2	Negative social impacts in the supply chain and actions taken	Modern Slavery Statement	Section 3	P. 9-14
<b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value - Our people	P. 36-41
416-2	Incidents of non-compliance concerning the health and safety impacts of products and service	Annual Integrated Report	Creating Value - Our people	P. 38
<b>GRI 418: CUSTOMER PRIVACY</b>				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value - Our people	P. 36-41
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Integrated Report	Creating Value - Our people	P. 40

TABLE 1: EMPLOYEE DATA BY REGION

	AUS	NZ	THAI	USA	EUR	OTHER	TOTAL
<b>TOTAL</b>	<b>2,672</b>	<b>661</b>	<b>374</b>	<b>526</b>	<b>294</b>	<b>194</b>	<b>4,721</b>
<b>BY EMPLOYMENT TYPE</b>							
Full-time	653	278	374	266	249	95	1,915
Part-time	272	301	0	1	44	99	717
Casual	1,747	82	0	259	1	0	2,089
<b>BY CONTRACT TYPE</b>							
Permanent	908	551	374	266	226	179	2,504
Temporary	17	28	0	1	67	15	128
Non-guaranteed hours	1,747	82	0	259	1	0	2,089
<b>GENDER</b>							
Female	1,751	436	291	306	162	92	3,038
Male	908	220	83	220	132	102	1,665
Other	13	5	0	0	0	0	18
<b>NEW HIRES</b>							
Number	1,223	302	17	263	119	107	2,031
Rate	45%	47%	4%	57%	41%	55%	43%
<b>TURNOVER</b>							
Number	1,171	266	75	162	110	102	1,886
Rate	43%	41%	18%	35%	38%	53%	40%

TABLE 2: EMPLOYEE DATA BY GENDER

	FEMALE	MALE	OTHER	UNDISCLOSED	TOTAL
<b>TOTAL</b>	<b>3,038</b>	<b>1,665</b>	<b>9</b>	<b>9</b>	<b>4,721</b>
<b>BY EMPLOYMENT TYPE</b>					
Full-time	1,193	715	4	3	1,915
Part-time	486	228	0	3	717
Casual	1,359	722	5	3	2,089
<b>BY CONTRACT TYPE</b>					
Permanent	1,595	899	4	6	2,504
Temporary	84	44	0	0	128
Non-guaranteed hours	1,359	722	5	3	2,089
<b>NEW HIRES</b>					
Number	1,268	757	4	2	2,031
Rate	42%	45%	48%	48%	43%
<b>TURNOVER</b>					
Number	1,144	731	3	8	1,886
Rate	38%	44%	88%	88%	40%

TABLE 3: EMPLOYEE DATA BY AGE

	<30	30-50	50+	TOTAL
<b>TOTAL</b>	<b>2,728</b>	<b>1,619</b>	<b>374</b>	<b>4,721</b>
<b>BY EMPLOYMENT TYPE</b>				
Full-time	646	1,047	222	<b>1,915</b>
Part-time	349	283	85	<b>717</b>
Casual	1,733	289	67	<b>2,089</b>
<b>BY CONTRACT TYPE</b>				
Permanent	921	1,278	305	<b>2,504</b>
Temporary	74	52	2	<b>128</b>
Non-guaranteed hours	1,733	289	67	<b>2,089</b>
<b>BY LEVEL (%)</b>				
Board	0%	17%	83%	<b>100%</b>
Group Executive	0%	63%	38%	<b>100%</b>
Brand Executive	0%	65%	35%	<b>100%</b>
Management	47%	42%	11%	<b>100%</b>
Non-Management	61%	32%	7%	<b>100%</b>
<b>NEW HIRES</b>				
Number	1,551	426	54	<b>2,031</b>
Rate	57%	26%	15%	<b>43%</b>
<b>TURNOVER</b>				
Number	1,293	484	109	<b>1,886</b>
Rate	48%	30%	29%	<b>40%</b>

TABLE 4: EMPLOYMENT BENEFITS PROVIDED TO PERMANENT EMPLOYEES BUT NOT PROVIDED TO CASUAL EMPLOYEES

BENEFIT TYPE	BRAND / REGION BENEFIT APPLICABLE TO
Life insurance	KMD Brands – NZ head office, North America Kathmandu – NZ head office, NZ DC & Retail Management Rip Curl – Onsmooth, North America, Brazil Oboz – North America
Health care/Insurance	KMD Brands – NZ head office, North America Kathmandu – NZ head office, NZ DC & Retail Management Rip Curl – Brazil, Indonesia, Onsmooth, North America Oboz – North America
Disability and invalidity coverage	Rip Curl - Indonesia (work accident cover), North America (long term disability) Oboz – North America (long term disability)
Parental leave	All brands – As per Government requirements  KMD Brands, Kathmandu, Rip Curl, Ozmosis - Australia and New Zealand 14 weeks paid primary carers leave, 2 weeks paid leave for the partner of a primary carer  Rip Curl – Brazil provides additional 60 days leave on top of Government requirement through Empresa Cidadã programme, North America provides employees with 22 weeks job protection and 8 weeks paid leave for the primary carer  Oboz – North America provides 22 weeks job protection and 8 weeks paid leave for the primary carer
Retirement provision	All brands – per Government requirements Rip Curl and Oboz – North America 401(k) plan offered
Others - to eligible employees	KMD Brands, Kathmandu, Rip Curl - New Zealand and Australia product allowance and discounts, flu vaccine, EAP, purchase leave, flexible working. Australia - novated leasing. New Zealand - Work Ride scheme Rip Curl – Rice allowance (Indonesia and Onsmooth), Meal allowance (Brazil), Diligent allowance, Grieve compensation, Provident fund, Childbirth bonus, sports clubs (Onsmooth), on-site free gym, pickleball court, yoga (North America) Oboz – North America product allowance and discounts, EAP, volunteering hours, ski days, on-site free gym

TABLE 5: PARENTAL LEAVE

	FEMALE	MALE	OTHER	UNDISCLOSED	TOTAL
Number of employees by gender who were entitled to parental leave.	1,548	798	4	6	<b>2,356</b>
Number of employees by gender who took parental leave.	65	16	0	0	<b>81</b>
Number of employees who returned to work after parental leave ended by gender.	27	9	0	0	<b>36</b>
The number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work by gender.	28	7	0	0	<b>35</b>
Retention rate of employees who returned to work after parental leave ended by gender.	68%	64%	N/A	N/A	<b>67%</b>
Last year returned from parental leave	41	11	0	0	<b>52</b>
Retention rate of employees who returned to work after parental leave ended by gender from FY24	47%	67%	N/A	N/A	<b>48%</b>

# Sustainability Accounting Standards Board (SASB) Index

SASB is an independent standards-setting organisation that promotes disclosure of material sustainability information by companies to their investors. The index below refers to relevant indicators from the following SASB Standards; Consumer Goods Sector - Apparel, Accessories & Footwear [CG-AA], Multiline and Specialty Retailers and Distributors [CG-MR], and E-Commerce [CG-EC]. References and hyperlinks provided are to sections within this Report, or to information available on our websites.

**The 2025 reporting suite referenced in this SASB Index can be accessed by visiting:**

kmdbrands.com/reports

TOPIC	ACCOUNTING METRIC	SASB CODE	CATEGORY	UNIT OF MEASURE	RESPONSE / REFERENCE
<b>Management of Chemicals in Products</b>	Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	Discussion and Analysis	n/a	We maintain compliance and manage risks associated with chemicals in our products through our Restricted Substances lists. Please refer to links below.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2 CG-MR-410a.2	Discussion and Analysis	n/a	<a href="https://files.kathmandu.co.nz/pdf/reports-policies/kathmandu_chemical_policy_rsl_2024.pdf">https://files.kathmandu.co.nz/pdf/reports-policies/kathmandu_chemical_policy_rsl_2024.pdf</a> <a href="https://www.ripcurl.com/media/productattachments/3/243/Policy_Pages-RestrictedSubstances.pdf">https://www.ripcurl.com/media/productattachments/3/243/Policy_Pages-RestrictedSubstances.pdf</a> <a href="https://www.flipsnack.com/obozfootwear/oboz-chemical-policy-v2024-eng-1/full-view.html">https://www.flipsnack.com/obozfootwear/oboz-chemical-policy-v2024-eng-1/full-view.html</a>
<b>Environmental Impacts in the Supply Chain</b>	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	CG-AA-430a.1	Quantitative	Percentage (%)	100% of KMD Brands tier 1 suppliers and 71% of traced suppliers beyond tier 1 are accountable to our Code of Conduct. This Code of Conduct includes requirements around environmental compliance including wastewater permits or industry standards, and an expectation for suppliers to incorporate environmentally responsible practices. A copy of the KMD Brands Supplier Code of Conduct is available at: <a href="https://www.kmdbrands.com/communities">https://www.kmdbrands.com/communities</a>
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	CG-AA-430a.2	Quantitative	Percentage (%)	41% of Tier 1 supplier facilities completed verified Higg FEM2024. 48% of traced Tiers 2 and 3 supplier facilities completed verified Higg FEM2024. These assessments cover a significant percentage of our total spend with suppliers.
<b>Labour Conditions in the Supply Chain</b>	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	Quantitative	Percentage (%)	99% of Tier 1 supplier facilities and 39% of traced Tiers 2 and 3 supplier facilities have been audited to the KMD Brands Code of Conduct. 96% of audits were conducted by a third-party auditor.
	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	CG-AA-430b.2	Quantitative	Rate	In FY25, 8 tier 1 suppliers, 13 tier 2 suppliers and 2 external licensee suppliers were identified as having priority non-conformances. Of the suppliers identified as having significant actual or potential negative impacts, corrective action plans were agreed upon with 100% of tier 1 suppliers, 54% of tier 2 suppliers and 100% of external licensee suppliers.
	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	CG-AA-430b.3	Discussion and Analysis	n/a	Modern slavery, labour, health and safety risks are described in our 2025 Modern Slavery Statement.
<b>Raw Material Sourcing</b>	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risk and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	CG-AA-440a.3	Discussion and Analysis	n/a	Environmental and social risks, at the raw materials level, are assessed within the existing Code of Conduct only when such suppliers are fully vertical and also manufacture the final product. These risks are discussed in the following sections of our FY25 Annual Integrated Report: Creating Value – Our partnerships (P. 42-47) Creating Value – Our environment (P. 48-55) Please refer also to the 2025 KMD Brands Modern Slavery Statement.
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	CG-AA-440a.4	Quantitative	Metric tons (t)	The amount of priority raw materials, by brand, certified to a third-party environmental and/or social standard, is reported in the Creating Value - Our environment section of our FY25 Annual Integrated Report (P. 48-55).

For personal use only

TOPIC	ACCOUNTING METRIC	SASB CODE	CATEGORY	UNIT OF MEASURE	RESPONSE / REFERENCE
<b>Data Privacy &amp; Advertising Standards</b>	Number of users whose information is used for secondary purposes	CG-EC-220a.1	Quantitative	Number	KMD Brands refrains from using consumer personal information without consent for purposes that do not align with our established Privacy Policies/Statements.
	Description of policies and practices relating to behavioral advertising and user privacy.	CG-EC-220a.2	Discussion and Analysis	n/a	<a href="https://www.kathmandu.co.nz/pages/privacy-statement">https://www.kathmandu.co.nz/pages/privacy-statement</a> <a href="https://www.ripcurl.com/au/policies/privacy.html">https://www.ripcurl.com/au/policies/privacy.html</a> <a href="https://obozfootwear.com/en-au/privacy-policy">https://obozfootwear.com/en-au/privacy-policy</a>
<b>Data Security</b>	Description of approach to identifying and addressing data security risks	CG-MR-230a.1 CG-EC-230a.1	Discussion and Analysis	n/a	Refer to Creating Value - Our people (P36-41) of our FY25 Annual Integrated Report
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.2 CG-EC-230a.2	Quantitative	Number, Percentage (%)	Refer to Creating Value - Our people (P36-41) of our FY25 Annual Integrated Report
<b>Labour Practices</b>	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2 CG-EC-330a.2	Quantitative	Rate	Our total turnover rate is 40% for FY25. Please refer to Table 1-3 of this GRI / SASB Index for more information.
<b>Product Packaging &amp; Distribution</b>	Discussion of strategies to reduce the environmental impact of product delivery	CG-EC-410a.2	Discussion and Analysis	n/a	Refer to Creating Value – Our environment (P48-55) of our FY25 Annual Integrated Report.
<b>Activity Metric</b>	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1.	CG-AA-000.A	Quantitative	Number	KMD Brands has 142 Tier 1 suppliers and 161 traced Tiers 2 and 3 suppliers as at 31 July 2025. We are working to trace and publish the input suppliers of our strategic Tier 1 suppliers in future reporting periods.
	Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A	Quantitative	Number	Refer to Overview – Global footprint for a map and number of locations by country (P. 6-7) of our FY25 Annual Integrated Report.

For personal use only

For personal use only



[KMDBrands.com](http://KMDBrands.com)