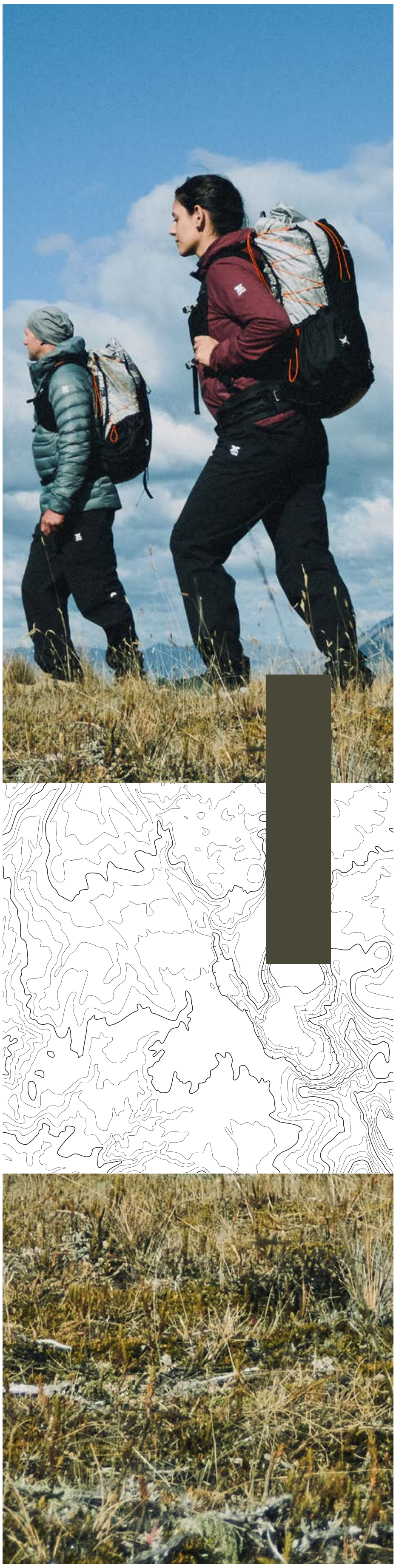
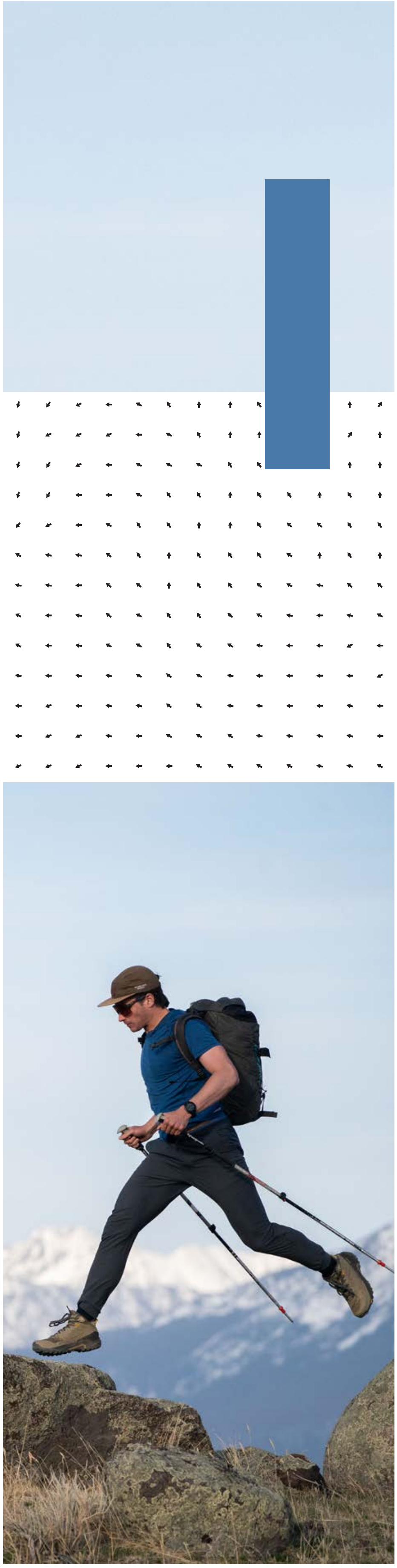
KMD BRANDS

Annual Report 2026





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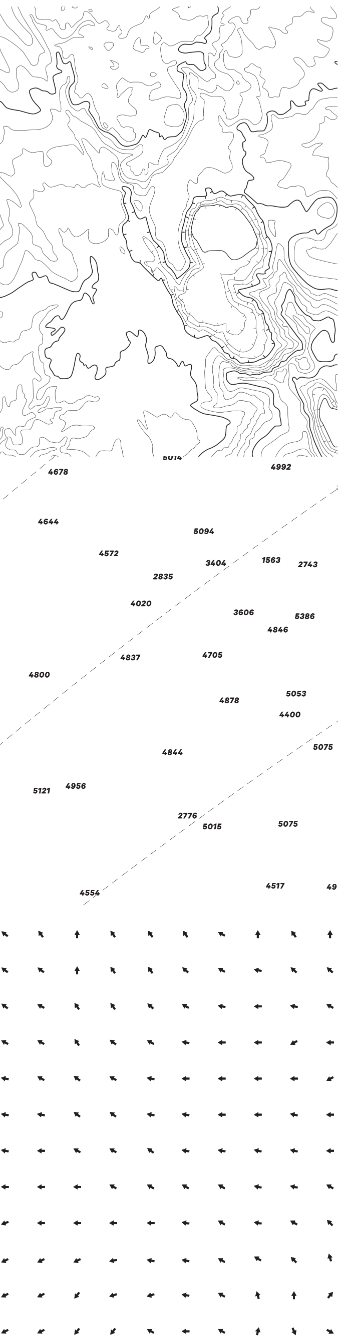
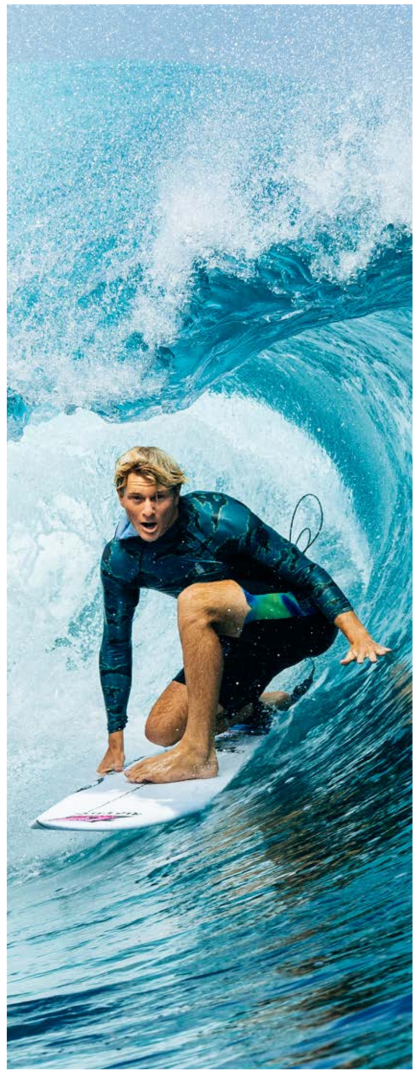


KMD Brands acknowledges Tangata Whenua, the Indigenous Nations, First Peoples and Custodians of the lands and waterways on which our brand head offices reside in New Zealand, Australia and the United States. We pay our respects to their Elders past and present.



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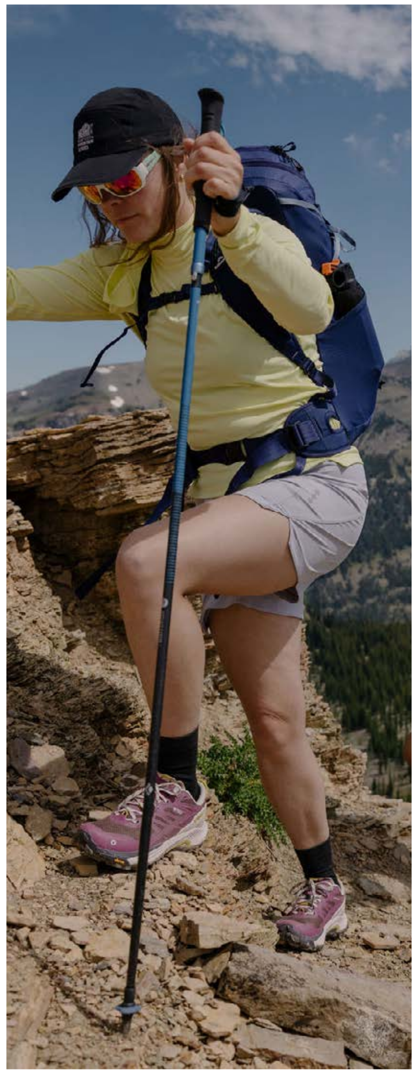

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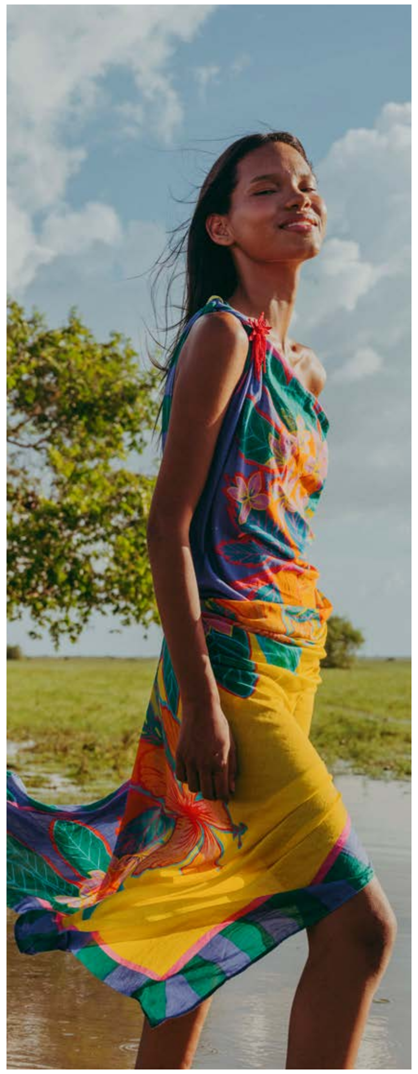

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PERFORMANCE

03

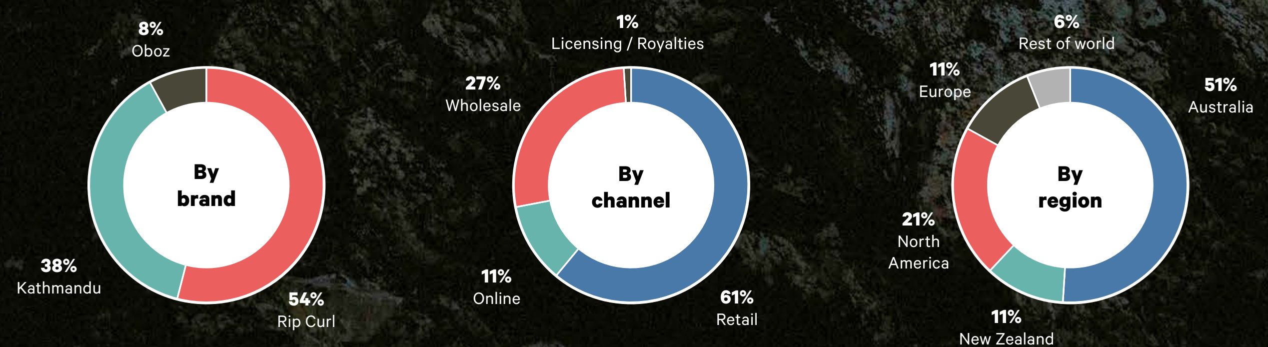
FY26 performance overview

FY26	FY25
$1,053.0m ▲ Total sales	$989.0m Total sales
57.7% ▲ Gross margin	56.5% Gross margin
$42.0m ▲ Underlying EBITDA[1]	$17.7m Underlying EBITDA[1]
-$9.0m Underlying NPAT Loss	-$28.3m Underlying NPAT Loss
-$414.4m Statutory NPAT loss	-$93.6m Statutory NPAT Loss

NET DEBT BALANCE

FY26	FY25
$48.1m	$52.8m
c. $147m Bank facility headroom	c. $235m Bank facility headroom

SALES MIX FY26



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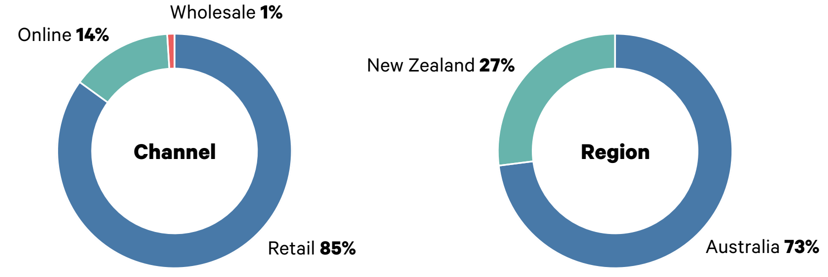
KATHMANDU

TOTAL SALES
NZD **$402.3m**

ONLINE SALES
NZD **$57.1m**
representing 14.3% of direct-to-consumer sales

SALES MIX

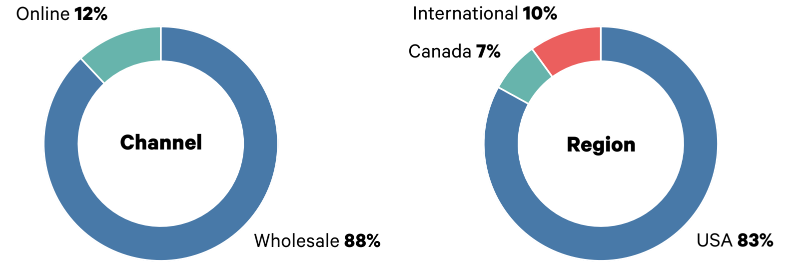


OBOZ

TOTAL SALES
NZD **$79.5m**

ONLINE SALES
NZD **$9.8m**
+11.8% above last year

SALES MIX

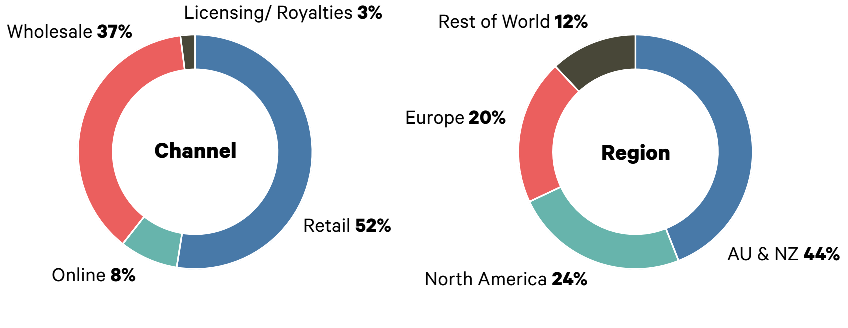


RIP CURL

TOTAL SALES
NZD **$571.2m**

ONLINE SALES
NZD **$45.5m**
representing 13.3% of direct-to-consumer sales

SALES MIX



Letter from the Chairman

Dear Shareholders,

Welcome to the KMD Brands Annual Report for FY26.

I was appointed Chairman in May 2026 following the resignation of David Kirk, and during a period of significant challenge and change for KMD Brands. My priorities have been straightforward: to strengthen communication with shareholders; to evaluate options to improve returns for shareholders; to refresh the Board; to set clear priorities and to monitor execution against these priorities; and to support and challenge Management's disciplined execution of the Next Level turnaround strategy.

The year in review

With challenging economic and trading conditions, FY26 proved more difficult than forecast. Our global footprint meant we were impacted by a range of external factors, with the nature and extent of these challenges varying across our markets. Geopolitical instability disrupting supply chains and increasing costs, unseasonably warmer weather, and weaker consumer confidence provided significant headwinds. In Australia and New Zealand, discretionary consumer spending was weak, particularly in our key markets of New Zealand and latterly in Australia, resulting in lower customer footfall, greater price competition, and higher promotional activity.

Against this difficult backdrop, KMD Brands returned to growth, delivering improved sales and a significant increase in EBITDA compared with FY25. While Oboz returned to profitability and Kathmandu regained momentum in Australia and New Zealand following strategic investments in product and digital capability, Rip Curl performed below expectations. In response, Management has made a number of strategic decisions to reset the brand, including strengthening digital capability and the introduction of new product assortments which should support improved performance in FY27.

The Group also made progress in improving operational efficiency and positioning the business for long-term growth. During the year, Management strengthened foundations by closing a number of loss-making stores, improving store profitability, reducing complexity and cost of operations, and investing in digital and product capabilities. While further work remains, these initiatives are creating a more focused, efficient and simplified business as KMD Brands enters FY27.

Strengthening the Group

A key priority for the Board during FY26 was strengthening the company's financial position. KMD Brands refinanced its banking facility ahead of the expiry of the existing facility and to support this refinancing completed a fully underwritten equity raising, albeit at a very deep discount to market. These actions provide a more stable capital structure to support the ongoing execution of the Next Level turnaround strategy. However, even after these steps the balance sheet remains significantly more highly leveraged than most retail peers.

The equity raising resulted in a significant dilution for existing shareholders. The Board reflected on this when assessing the transaction understanding that many shareholders would find the terms difficult. As a result the capital raise was structured in a way that existing shareholders could not only "follow their money" but also bid for additional new shares to maintain or increase their percentage equity position.

Given the loss reported for the year the Board has not declared a final dividend for FY26 and is not intending to pay one for FY27.

Business review conclusions and outcomes

In May, while Management remained firmly focused on improving the Group's performance by implementing the Next Level turnaround plan, the Board initiated a comprehensive business review to assess other opportunities to accelerate the realisation of shareholder value.

The review examined the Group's portfolio, capital requirements and a range of potential value-creation opportunities, with independent financial and legal advisers appointed to support the process. This review was comprehensive, with no areas excluded and no predetermined outcome.

An early decision was to divest the Group's manufacturing facility in Southeast Asia. The transaction will support a simpler operating model and enhance financial flexibility through property proceeds and the release of working capital. Management also initiated an externally supported process to assess interest in a divestment of the Ozmosis chain of multi-brand retail stores. No expressions of interest provided better value than the counterfactual of continuing to rationalise the store portfolio to eliminate loss making outlets and improve the profitability of the remaining stores.

During the review process, the Board has received and considered a number of expressions of interest from external parties to purchase brands or the entire company. After careful analysis and consideration it has determined that further engagement with a limited number of these parties is appropriate. Consistent with its responsibilities to shareholders, the Board will assess whether any proposal can deliver greater value than the continued execution of the Group's Next Level strategy. At this time these expressions of interest are indicative, non-binding and incomplete with no certainty that any binding proposal or transaction will result.

Against this background management remains focused on delivering the FY27 plan, improving profitability, generating free cash flow and reducing leverage. The Board will continue to support execution of the strategy while carefully assessing any credible alternative that may deliver superior shareholder value and will update the market in accordance with its continuous disclosure obligations.

Governance and leadership

FY26 was also a year of renewal for the Board. On behalf of the Directors, I would like to thank David Kirk and Zion Armstrong for their contributions over their time on the Board.

John Strowger and Ian Morrice joined the Board in July and August 2026 respectively, strengthening the Board's experience and capabilities. John brings extensive experience in corporate law, capital markets and governance. Ian brings deep retail, transformation, and operations experience gained across New Zealand, Australia, the United Kingdom and the United States.

The Management team also continued to evolve during FY26, with deeper expertise across consumer brands, retail operations, finance and business transformation.

Engagement with shareholders increased during FY26, and since my appointment I have valued these discussions and the feedback received. Shareholders have been consistent in their expectations: improved performance, no surprises, stronger accountability, and better communication.

Outlook

Global conditions remain uncertain with the ongoing stalemates between the USA and Iran in the Gulf of Hormuz, and between Russia and Ukraine. Consumer confidence remains weak in many markets and has fallen rapidly in Australia following the May 2026 Federal Budget. However, our priorities remain to improve profitability and generate free cash flow in order to reduce leverage. The Board continually challenges the Next Level turnaround plan and believes that this framework will progressively deliver improved results. Management's focus in FY27 is on disciplined delivery of initiatives and improved results. Maximising shareholder value remains the priority of the Board.

On behalf of the Board, I would like to thank Brent Scrimshaw for his leadership, energy, enthusiasm, and relentless dedication. I also extend my thanks to the wider Leadership team and all employees across KMD Brands during a very demanding year, with significant and often painful changes being made across the business. I would also like to thank my Board colleagues for their substantial time commitment, ongoing analysis, and input, as well as their constructive challenge and support of management throughout the year.

Finally, to you our shareholders, thank you for your continued support of KMD Brands through these difficult times. We look forward to updating you on our progress over the coming year.

Philip Bowman

Chairman – appointed May 2026, succeeding David Kirk

Letter from the CEO

Dear Shareholders,
FY26 was a year of significant change for KMD Brands.

At our Investor Day in September 2025, we launched 'Next Level', our three-year turnaround strategy to unlock the full potential of our brands and return the Group to sustainable, profitable growth.

At the heart of Next Level is a simple belief: great brands win when they understand their consumer and deliver distinctive products and experiences that excite and engage them. That means accelerating product innovation, using technology and data to improve our decision-making, and operating with the discipline required to deliver sustainable profitability.

Twelve months on, we've made meaningful progress against these priorities. We've strengthened product and marketing, invested responsibly in innovation and technology, simplified the business, and improved financial performance.

Resetting the foundations

We believe our brands must be built on great product. Product that is innovative and distinctive, giving consumers a reason to choose us for our benefits, not just our price point.

That belief has been at the heart of the most significant work undertaken in FY26. Across each brand, we simplified complex product lines and sharpened our focus on innovation, seasonal flow and storytelling.

At Kathmandu, we reset the innovation pipeline, grounding the brand in technical outdoor performance, contemporary design and speed to market. This included the launch of the XT Series advanced hiking range, which won two global ISPO innovation awards.

At Rip Curl, we undertook a comprehensive review of the product portfolio, relocating the global product team to Torquay and reducing our SKU count by more than 2,000. This allowed us to create a clearer and more relevant product offering for the Next Gen consumer as we enter FY27.

At Oboz, we refreshed the product and brand strategy, increasing emphasis on innovation, strategic collaborations and adjacent categories such as trail running.

Beyond product, we reviewed the financial performance of our store fleet, strengthened inventory management, enhanced digital capability, and undertook targeted resets across international markets to improve returns and create a stronger platform for future growth.

Building modern capability was another key priority with the infusion of selected digital, data, loyalty and brand leadership from some of the world's leading consumer brands. We reshaped the organisation, simplifying global structures with strategic FTE reductions across the business. These were difficult but necessary decisions to create a more focused, future-proofed and efficient organisation.

We also announced the divestment of Rip Curl's manufacturing facility in Southeast Asia; reinforcing our focus on building a brand and product-led business, strengthening our balance sheet through the release of working capital and future transaction proceeds, and providing greater flexibility to accelerate innovation in core surf.

Next Level: Turning strategy into action

FY26 delivered clear progress across each pillar of the Next Level strategy.

Our brand and product-led offence recentered our focus on the consumer. The work undertaken this year has created stronger product pipelines and a sharper and more agile approach to exceeding evolving consumer needs.

Our technology team completed a multi-year implementation of Microsoft Dynamics 365, creating a common enterprise platform and enhancing insight across the business. Rip Curl and Oboz successfully transitioned to Shopify, while Kathmandu launched Ship From Store capabilities, improving convenience for customers, fulfilling previously unmet demand and complementing our omnichannel strategy.

We simplified the business and improved operational efficiency, delivering $27.5 million of cost savings, which exceeded our FY26 target of $25 million, whilst moderating a sharper and more focused investment with an ROI lens.

We optimised our group retail footprint, closing 17 stores, ensuring we are ahead of target to close 21 stores by September 2027. We also consolidated our Australian distribution operations into a more efficient, multi-brand model, through the closure of the Torquay distribution centre.

Performance: Results matter

The actions taken through Next Level are translating into improved financial performance: all brands returned to revenue growth in FY26, with the Australian dollar strengthening against the New Zealand dollar.

Despite challenging macro conditions, our revenue increased by 6.5% during FY26, including approximately $10 million of growth in online sales. Gross margin also improved by 120 basis points to 57.7%, reflecting stronger inventory management, improved product mix and more disciplined marketplace execution.

Kathmandu delivered consistent momentum, with same-store sales increasing 8.2% during the year as consumers responded positively to product innovation and brand initiatives.

Profitability improved significantly. Underlying EBITDA increased 138% from $17.7 million in FY25 to $42.0 million, while underlying EBITDA margin improved from 1.8% to 4.0%. Just as importantly, the quality of the business improved. Inventory level reductions remain a priority, with more disciplined focus on buying, planning and inventory management.

The Group reported a statutory loss after income tax of $414.4 million compared with $93.6 million in the prior year. The result includes a non-cash impairment of intangible assets relating to all three operating segments and restructuring charges.

While we are encouraged by this progress, this is only the first year of our turnaround. The challenges we face cannot all be fixed overnight – but they will be fixed and our job is to continue to do exactly that. The progress already achieved in FY26 provides clear proof points that our strategy is working.

FY27: From reset to execution

As we move into FY27, our focus immediately shifts from resetting the business to the sustained and relentless execution of our initiatives to create long-term shareholder value.

We now have a solid platform for future growth.

We expect to see increasing benefits over time from the product, marketing and capability changes implemented during FY26 as new product ranges impact consumers, brand storytelling is reset and we transform to a more modern and agile brand portfolio.

We will maintain discipline around cost, inventory and working capital, while continuing to focus on improving profitability, generating stronger cash flow and reducing leverage.

We know what is working, what is getting in our way, what we need to protect, and where we need to change.

A stronger foundation, clear direction

FY26 was a year of action. There is still significant work ahead, but the progress achieved during FY26 confirms our path forward. Our brands have deep emotional consumer ties, our categories remain attractive and the opportunities in front of us are significant.

Next Level has created a more disciplined business, with clear priorities and greater alignment across the Group. As we enter FY27, our focus is on relentless execution, and continued performance improvement.

Thank you to our shareholders for your continued support and patience as we execute the turnaround. Thank you to our Directors for the support, constructive challenge and counsel over a year of significant transformation. Finally, I would like to thank our teams around the world for their ongoing commitment, resilience and agility.

We enter FY27 with strong foundations, clear direction and confidence in the rewards ahead.

Brent Scrimshaw
Group CEO and Managing Director

STRATEGY

11

Our bold new transformation strategy

The KMD Brands Next Level Strategy is a three-year, Group-wide transformation plan focused on unlocking the full potential of our iconic brand portfolio and delivering sustainable, profitable growth.

In FY26, the Group and brands aligned under the following strategic pillars with significant progress made:

KMD BRANDS

Next Level Strategic Pillars

01

A brand & product-led offence

Reset the Kathmandu brand to focus on product innovation for the outdoor consumer:

– Launched the XT Series advanced hike range, which **won two global ISPO awards**.
– Launched the customisable Trailhead Pack, which won an ISPO Award and contributed to **strong sales growth** in the pack category.
– Expanded the award-winning Feather Flight luggage range, driving **incremental revenue growth** while accelerating sales of the original Feather Flight carry-on.

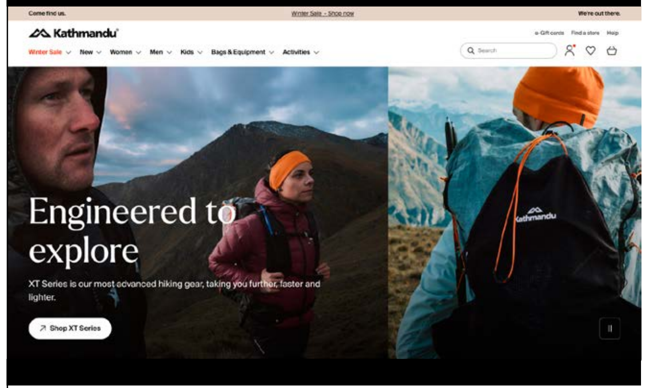
Reset the Rip Curl brand for the Next Generation consumer:

– Launched the youth-focused Archive range, which became the brand's **best-selling collection of FY26**.
– Launched a second collaboration with Brazilian lifestyle leader Farm Rio, bringing a more **youthful, fashion-forward expression** to the brand.
– **Centralised the global product team** under one 'centre of excellence' in Torquay, with regional teams restructured to support this model.

Reset the Oboz brand to focus on the core hike consumer:

– Launched the Katabatic II, further **expanding the Fast Hike category**.
– Launched the Katabatic Storm which **won a global ISPO Award**.
– Launched the Orbit Vault which **sold out in 24 hours** and contributed to a +15% increase in Sawtooth II sales.

02



Efficient, scalable processes and data-led intelligence

– Migrated Rip Curl and Oboz to the Shopify platform, supporting **improved performance across both brands**.
– Accelerated **rollout of Kathmandu Ship From Store**, to capture additional ecommerce demand.
– Delivered the successful **implementation of D365 ERP at Rip Curl**, establishing a more integrated business platform.
– Launched and implemented Dayforce across all brands and regions, establishing a **unified global HR platform**.
– Achieved targeted reduction in Rip Curl's product range by **removing 2,000+ SKUs**, delivering enhanced operational efficiency.
– Enhanced reporting via business intelligence tooling, with emphasis on inventory, order and shipping data visibility to **improve trade decisions**.

03

Delivering sustainable profitability

– **Grew top-line revenue by +$64.0 million** (including +$9.8m online sales).
– **Expanded gross margin** by 120bps YOY to 57.7%.
– **Grew underlying EBITDA** by 138% to $42.0m from $17.7m.
– Group underlying **EBITDA margin now at +4.0%** vs +1.8% in FY25.
– **Delivered $27.5 million cost savings** – exceeding FY26 target of $25.0 million.
– Simplified organisational structure, creating a **more efficient operating model**.
– Closed 17 stores and significantly **improved profitability of our retail fleets**.
– Consolidated Torquay distribution centre into **one multi-brand asset in Truganina**.
– Announced **divestment of Southeast Asian manufacturing facility**.
– **Inventory at a four year low.**

Kathmandu®

Improve the wellbeing of the world through the outdoors

Fiscal Year 2026 Financial Highlights

$402.3m	Total Sales
$16.1m	Underlying EBITDA [1]
$1.1m	Underlying EBIT [1]
-$69.2m	Statutory EBITDA
-$136.7m	Statutory EBIT

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 FY26 Results Presentation for a reconciliation of Statutory to Underlying results.

Brand performance

Next Level
Strategic priorities

01

Accelerated product innovation

- Average **growth of +9.0% across all product categories** (excluding footwear).
- Delivered **gross margin expansion** through product mix changes and full price technical product sell through, reinforcing growth in premium positioning.
- Increased **seasonal, quick-to-market**, limited-edition releases and collaborations.
- **Launched the XT Series** advanced hike range, which won two global ISPO awards.
- Launched the customisable Trailhead Pack, which won an ISPO Award and contributed to **strong sales growth** in the pack category.
- Expanded the award-winning Feather Flight luggage range, driving incremental revenue growth while **accelerating sales** of the original Feather Flight carry-on.

02

Digitally-led, integrated marketplace

- Delivered **+9.6% YOY online sales growth**.
- **Accelerated growth** through performance marketing, powered by a step-change in content strategy, customer targeting and product storytelling.
- Accelerated **rollout of Ship From Store**, to capture additional ecommerce demand.
- Enhanced merchandising, inventory optimisation and fulfilment to **improve customer experience and operational outcomes**.
- **Reset international operations**, moving from owned model to distributor partnerships.

03

Retail excellence

- Delivered **+8.2% same-store sales growth**.
- Delivered **step-change in store profitability**.
- Opened **three next-generation flagship stores**, deepening customer engagement through enhanced product storytelling.
- **Optimised retail fleet** by closing seven underperforming stores, strengthening overall portfolio performance.

Kathmandu®

"XT Series is a powerful expression of our new strategy – bringing Kathmandu's outdoor heritage together with leading technical innovation to create product that genuinely elevates performance. It's about designing smarter, lighter and more capable gear for people who expect more from their time outdoors."

Megan Welch
Chief Executive Officer, Kathmandu

XT SERIES

Innovation for the next generation of adventurers

Kathmandu's XT Series represents a new approach to outdoor performance, combining technical innovation, durability and versatility for advanced hiking and alpine pursuits. The range has gained international recognition with two products – the Women's XT Series Hybrid Octa Fleece Hooded Jacket and XT Series Pack 40L – named ISPO Award winners.

The ISPO Award is one of the outdoor industry's most respected benchmarks, judged by industry experts, designers and outdoor professionals. Recognition is based on genuine product performance, design and sustainability, giving Kathmandu a powerful proof point with credibility among serious outdoor audiences.

The Women's Hybrid Octa Fleece was recognised for its women-specific technical performance, combining breathable Octa fleece with recycled Cordura stretch panels, lightweight packability and a design free from intentionally added PFAS. The XT Series Pack 40L was praised for its exceptional versatility, combining an ultra-lightweight Aluula composite construction with high durability, modular components and innovative repairability.

To launch the range, Kathmandu created a targeted campaign across specialist outdoor media and adventure influencers, putting the XT Series through its paces in real-world conditions. Outdoor experts tested the gear firsthand, while selected media and creators joined Kiwi athlete Gemma McCaw on a hike that showcased the range's performance, versatility and durability across demanding terrain.

This immersive approach gave trusted voices within the outdoor community first-hand experience of the XT Series and generated authentic content and storytelling around its technical credentials. The campaign delivered **68.8 million media impressions** and generated a **potential public relations (PR) reach of 14.5 million** across Australia and New Zealand, helping build awareness and credibility for the new range.

RIPCURL

Live the search

Fiscal Year 2026 Financial Highlights

$571.2m	Total Sales
$34.4m	Underlying EBITDA [1]
$15.4m	Underlying EBIT [1]
-$205.2m	Statutory EBITDA
-$267.8m	Statutory EBIT

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 FY26 Results Presentation for a reconciliation of Statutory to Underlying results.

Brand performance

Next Level Strategic priorities

01

Reset for next gen connection

- Launched the youth-focused Archive range, which became the brand's **best-selling collection of FY26**.
- **Increased online traffic** across youth-focused social media platforms, including TikTok.
- Launched a second collaboration with Brazilian lifestyle leader Farm Rio, bringing a **more youthful, stylistic expression** to the brand.
- Launched a new Stephanie Gilmore collection, translating the 8x World Champion's influence into **marketable capsules for the next generation**.
- **Evolved our athlete strategy** to build stronger relevance with the next generation of team riders.

02

Serve the core, embrace the beach

- Delivered **stronger like-for-like performance from beach-segmented stores**, with further expansion planned.
- **Expanded product lines** to engage beach and lifestyle customers, broadening the brand's relevance while maintaining strong appeal with the core customer.
- **Opened new stores** in key beach locations, including Ibiza, Spain and Lacanau, France.
- Expanded reach beyond the core surf customer through a broader beach lifestyle positioning and **women-focused store concepts**, including Bondi Women's.
- **Expanded distribution** into key wholesale partners, including Dicks in North America.

03

Digitally-led, global integrated marketplace

- Delivered **double-digit digital sales growth** across ANZ and Asia, with incremental growth across the Americas.
- Rebuilt Rip Curl's global digital infrastructure through the implementation of Shopify, Klaviyo and PIM, creating a **more scalable global ecommerce foundation**.
- Reset the digital operating model to build stronger internal capability and enable a **more agile, customer-focused approach to digital growth**.
- Delivered **deeper customer and consumer insights research**, enabling more sophisticated segmentation and sharper, evidence-based decision-making across the business.

RIP CURL

"Archive brings the best of Rip Curl's heritage into a fresh, contemporary expression for the next generation. We have leveraged the styles and attitude that made the brand iconic and reimagined them in a way that feels relevant, distinctive and unmistakably Rip Curl today."

Ashley Reade

Chief Executive Officer, Rip Curl

THE ARCHIVE COLLECTION

Designing product for the Next Generation of core customers

The Archive Collection brought the best of Rip Curl's 1990s and Y2K surf heritage back to life, reimagining iconic denim shapes, heavyweight fleece and vintage graphics through a contemporary lens. Inspired by Rip Curl's 2000s catalogues, the collection brought script logos, raw graphics, check prints and nostalgic silhouettes back into rotation, creating a fresh expression of the brand's authentic surf heritage.

The collection was developed to connect with the next generation of Rip Curl customers, who value heritage, authenticity and the stories behind the brands they wear. By revisiting distinctive styles from the '90s and Y2K, Rip Curl created product that made its heritage relevant to Next Gen customers, while continuing to invest in the athletes who represent this audience, including Dane Henry, Tya Zebrowski, Erin Brooks and Molly Picklum.

Our marketing strategy is evolving alongside the product, using contemporary creative, social-first storytelling, culture-led content and the athletes and communities that resonate with Next Gen audiences to bring Rip Curl's heritage to life in a way that feels relevant today.

The success of the Archive Collection has established a strong platform for Rip Curl to continue building on, reconnecting authentic brand DNA with a new generation. The campaign reached over 4 million consumers, creating strong visibility for the collection across key audiences and channels. Archive was Rip Curl's best-selling collection in FY26, highlighting strong consumer demand and reinforcing the enduring strength of the brand's heritage as a platform for future growth.

RIP CURL

Oboz®

Blaze the trail

Fiscal Year 2026 Financial Highlights

$79.5m	Total Sales
$2.5m	Underlying EBITDA[1]
$2.0m	Underlying EBIT[1]
-$34.3m	Statutory EBITDA
-$35.4m	Statutory EBIT

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Brand performance

Next Level
Strategic priorities

01

More with the core

- Launched the Sawtooth Ascent, which delivered **strong sell-through growth**.
- Launched the Orbit Vault, which **sold out within 24 hours** and contributed to a +15.0% increase in Sawtooth II sales.
- Launched Sawtooth LT, **modernising our core hike product** and providing a lighter option in the category offering.
- **Evolved our ambassador and athlete strategy**, alongside targeted partnerships and publications, to build stronger relevance, awareness and connectivity with our core audience.

02

Fast trail elevation

- Launched the Katabatic II, further **expanding the Fast Hike category**.
- The Katabatic LT Low GTX became the first fast-hiking style to rank among the **top five online sellers**.
- Launched the Katabatic Storm which **won a global ISPO Award**.
- Introduced **Anabatic Wind Evo and Wind Carbon**, expanding our offering with our first dedicated trail running styles.
- Evolved our ambassador and athlete strategy, alongside participation in events and community initiatives, to build **stronger relevance and connection within the trail running** community and engage new audiences.
- Established a partnership with Montana State University's Neuromuscular Biomechanics Laboratory to **advance research into sports performance** and orthopaedic biomechanics.

03

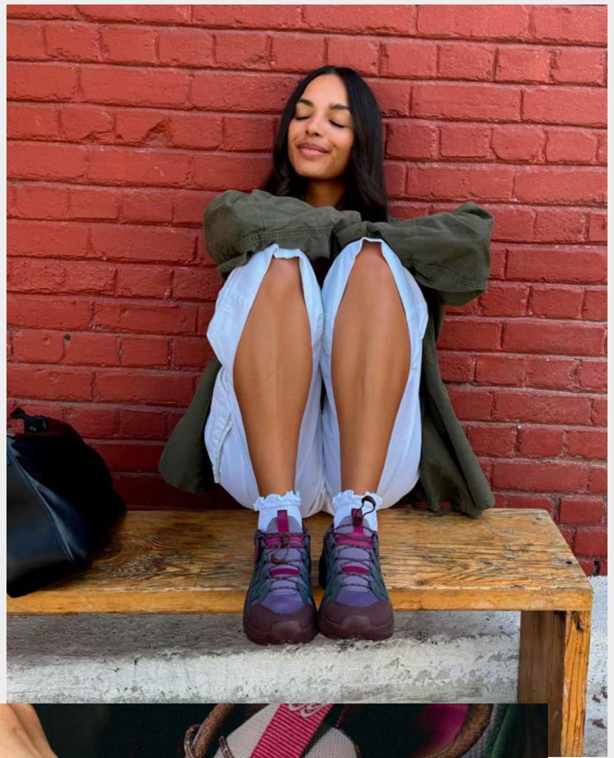
Digital leadership, diversified channels

- **Launched Shopify** and completed the transition of performance marketing, strengthening customer acquisition capability.
- **Increased online sales by +11.8% YOY** in the five months following the Shopify launch.
- **Leveraged collaborations** to broaden customer engagement with the Gorp Girls limited edition selling out across online and wholesale channels within 48 hours.
- Delivered **wholesale sales growth +2.8% YOY**.
- Strengthened our presence with key Amazon partners, delivering **double-digit growth** and increasing brand awareness.

Obōz

"Our partnership with Gorp Girls shows how strategic collaborations can broaden Oboz's reach and engage new consumers. The limited edition selling out within 48 hours demonstrates the power of bringing technical outdoor product to new audiences in fresh, relevant ways."

Amy Beck
President Oboz & KMD Brands, North America



OBOZ X GORP GIRLS

Building brand relevance through community and culture

Oboz's Gorp Girls collaboration brought together the outdoor footwear brand and a community of women redefining what adventure looks like. The partnership focused on building relevance and connection with a new generation of core outdoor customers, combining Oboz's expertise in durable, adventure-ready footwear with the Gorp Girls community, creativity and passion for getting on the trail.

The partnership was supported by a targeted influencer marketing and PR campaign designed to reach new audiences, spark meaningful engagement and tell the story of the collaboration. Through early-seeded creators, community content, media and social, the campaign showcased Oboz products in authentic outdoor environments and positioned the brand within a broader conversation around accessible, inclusive adventure.

The campaign generated authentic user generated content, helping extend the collaboration's reach and build momentum around the launch. On Instagram, the campaign reached hundreds of thousands of potential customers and drove traffic to our online store. Earned media coverage generated over 1.3 million impressions.

The collaboration also demonstrated strong commercial demand, selling out across retail and online within 48 hours of launch, reinforcing the opportunity for Oboz to continue building relevance through culture and community.

GROUP OVERVIEW

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Our Company

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 to Kathmandu, Oboz and Rip Curl. 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.

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®

Kathmandu's journey began in Aotearoa New Zealand 40 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.

Obōz®

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).

RIP CURL

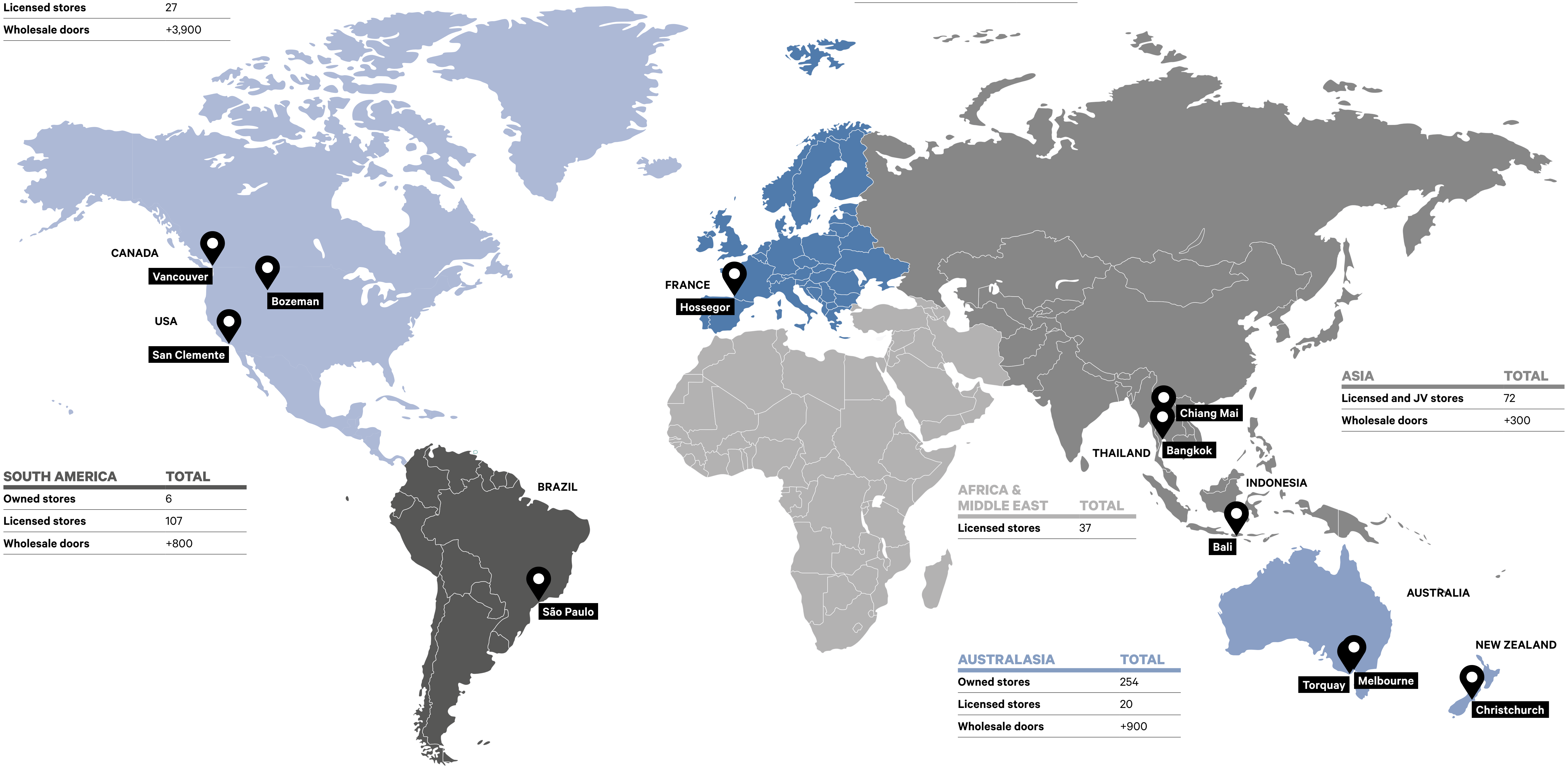
Founded in 1969 in Bells Beach, Australia, Rip Curl is the ultimate surfing company. For almost 60 years, we have led the surfing market and become synonymous with surf culture. 'The Search' – the relentless pursuit of the perfect wave – lives in the spirit of everything we do. Our vision is to be the ultimate surfing company in all that we do.

Global footprint

Global Office Locations

NORTH AMERICA	TOTAL
Owned stores	26
Licensed stores	27
Wholesale doors	+3,900

EUROPE	TOTAL
Owned stores	32
Licensed stores	10
Wholesale doors	+1,900



ASIA	TOTAL
Licensed and JV stores	72
Wholesale doors	+300

SOUTH AMERICA	TOTAL
Owned stores	6
Licensed stores	107
Wholesale doors	+800

AFRICA & MIDDLE EAST	TOTAL
Licensed stores	37

AUSTRALASIA	TOTAL
Owned stores	254
Licensed stores	20
Wholesale doors	+900

Board of Directors

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 FY26 Corporate Governance Statement, including Director Skills Matrix, is included in the Additional Disclosures section of this Report.

In May 2026, following the announcement that Philip Bowman would succeed David Kirk as Chair of KMD Brands, the Board commenced a renewal program focused on identifying two non-executive directors whose skills and experience would strengthen governance, support performance and provide additional optionality for longer-term Chair succession. Those appointments included John Strowger (announced in June 2026), a former Chapman Tripp partner with extensive corporate governance experience, including as Chair of Skellerup Holdings and a director of Sanford, and Ian Morrice (announced in July 2026), former CEO of Metcash and The Warehouse Group, who brings deep expertise in retail, business transformation, strategic growth and value creation.

Philip Bowman

Chairman – **appointed May 2026, succeeding David Kirk**
Appointed as a non-executive director 2 October 2017

Brent Scrimshaw

Group CEO and Managing Director
Appointed 2 October 2017

Abby Foote

Non-Executive Director
Appointed 15 October 2021

Andrea Martens

Non-Executive Director
Appointed 1 August 2019

John Strowger

Non-Executive Director
Appointed 1 July 2026

Ian Morrice

Non-Executive Director
Appointed 20 August 2026

Executive team

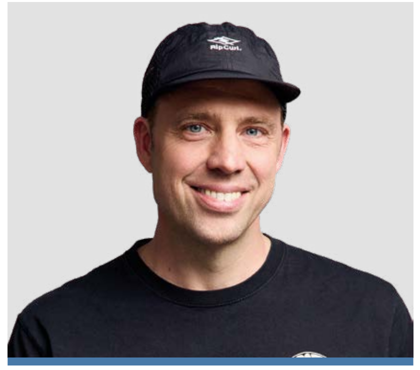
The management team takes care of the day-to-day management and operation of KMD Brands, regularly reporting to the Board on all aspects of group performance. A brief biography of each member of the management team can be found in the "Board and Management" section of the company's investor website.

Brent Scrimshaw

Group CEO and Managing Director
Joined KMD Brands in 2025

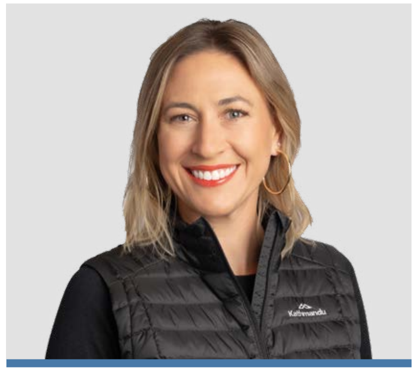
Carla Webb-Sear

Group Chief Financial Officer
Joined KMD Brands in 2025



Jonas Golze

Group Chief Operations Officer
Joined KMD Brands in 2025



Megan Welch

Chief Executive Officer, Kathmandu
Joined Kathmandu in 2023

Ashley Reade

Chief Executive Officer, Rip Curl
Joined Rip Curl in 2025

Amy Beck

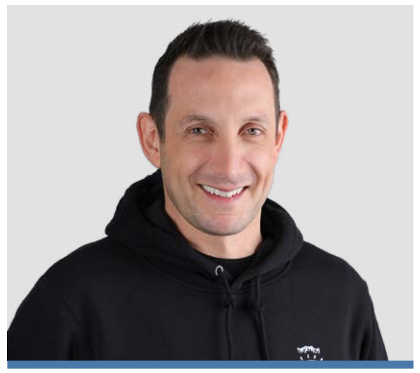
President Oboz & KMD Brands, North America
Joined Oboz in 2019

Frances Blundell

Chief Legal & ESG Officer
Joined Kathmandu in 2017

Lachlan Farran

Chief Commercial Officer
Re-joined Rip Curl in 2016



Michael Ross

Chief Information Officer
Joined KMD Brands in 2024

ESG strategy

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. The Group will publish an update on its ESG progress in our FY26 Impact Report, which will be released in November 2026.

SUSTAINABLE DEVELOPMENT GOALS

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

8 DECENT WORK AN ECONOMIC GROW

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

SDG 8

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

SDG 10

Reduce inequality within and among countries.

SDG 12

Ensure sustainable consumption and production patterns.

SDG 13

Take urgent action to combat climate change and its impacts.

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

COMMUNITIES

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

13 CLIMATE ACTION

CLIMATE

Transition to a low carbon future

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CIRCULARITY

Eliminate the linear take-make-waste approach to business

Certified B Corporation

KMD Brands has successfully recertified as a B Corporation under B Lab's enhanced certification standards, reaffirming our commitment to operating as a business that creates positive environmental and social impact alongside financial performance. KMD Brands is also part of the first cohort of companies globally to adopt the Version 2 standards for B Corp Certification.

Recertification is an important milestone because it provides independent verification of how we manage our impacts, govern our business and deliver value for our stakeholders. The process requires transparency, accountability and rigorous assessment across a broad range of environmental, social and governance criteria.

This achievement reflects the collective effort of teams across KMD Brands and all of our brands, each of which continues to advance its own sustainability priorities while contributing to our shared commitments. While we are proud to have achieved recertification, it is part of our ongoing journey of continuous improvement and raising the standard of our performance over time.

FINANCIAL REPORT

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.

Contents

Directors' Approval of Consolidated Financial Statements For the Year Ended 31 July 2026

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 23 September 2026.

Approval by Directors

The Directors present the Consolidated Financial Statements of KMD Brands Limited for the year ended 31 July 2026 on pages 39 to 83.

23 September 2026

Philip Bowman *Date*

23 September 2026

Brent Scrimshaw *Date*

For and on behalf of the Board of Directors

Consolidated Statement of Comprehensive Income For the Year Ended 31 July 2026

	Section	2026 NZ$'000	2025 NZ$'000
Sales	2.2	1,053,019	989,015
Cost of sales		(445,841)	(429,755)
Gross profit		607,178	559,260
Other income	2.2	1,938	3,169
Selling and marketing expenses		(280,617)	(283,884)
Administration and general expenses		(189,473)	(182,636)
Impairment expense	3.2-3.3	(462,658)	(45,363)
		(930,810)	(508,714)
Earnings before interest, tax, depreciation, and amortisation		**(323,632)**	**50,546**
Depreciation and amortisation	3.2-3.4	(131,501)	(131,077)
Earnings before interest and tax		**(455,133)**	**(80,531)**
Finance income		1,373	2,772
Finance expenses		(31,199)	(26,901)
Finance costs (net)	4.1.1	(29,826)	(24,129)
(Loss) before income tax		**(484,959)**	**(104,660)**
Income tax benefit	2.3	70,585	11,081
(Loss) after income tax		**(414,374)**	**(93,579)**
(Loss) for the year attributable to:			
Shareholders of the Company		(415,959)	(95,058)
Non-controlling interest		1,585	1,479
Other comprehensive income that may be reclassified subsequently to (loss):			
Movement in cash flow hedge reserve	4.3.2	(7,667)	2,116
Movement in foreign currency translation reserve	4.3.2	33,801	1,022
Other comprehensive income for the year, net of tax		**26,134**	**3,138**
Total comprehensive profit / (loss) for the year		**(388,240)**	**(90,441)**
Total comprehensive profit / (loss) for the year attributable to:			
Shareholders of the Company		(390,403)	(91,875)
Non-controlling interest		2,163	1,434
			Restated
Basic earnings per share	2.4	(749.2cps)	(194.2cps)
Diluted earnings per share	2.4	(749.2cps)	(194.2cps)
Weighted average basic ordinary shares outstanding ('000)	2.4	55,523	48,954
Weighted average diluted ordinary shares outstanding ('000)	2.4	56,721	49,703

Consolidated Statement of Changes in Equity

For the Year Ended 31 July 2026

	Share capital NZ$'000	Cash flow hedge reserve NZ$'000	Foreign currency translation reserve NZ$'000	Share-based payments reserve NZ$'000	Other reserves NZ$'000	Retained earnings NZ$'000	Non-controlling interest NZ$'000	Total equity NZ$'000
Balance as at 31 July 2024	**629,383**	**1,684**	**23,019**	**824**	**(47)**	**125,067**	**5,748**	**785,678**
Profit / (loss) after tax	-	-	-	-	-	(95,058)	1,479	(93,579)
Other comprehensive income	-	2,116	1,067	-	-	-	(45)	3,138
Dividends paid	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	391	-	-	-	391
Deferred tax on share-based payment transactions	-	-	-	45	-	-	-	45
Lapsed share options	-	-	-	(154)	-	154	-	-
Amounts transferred to initial carrying amount of hedged items 4.3.2	-	(4,450)	-	-	-	-	-	(4,450)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(1,281)	(1,281)
Balance as at 31 July 2025	**629,383**	**(650)**	**24,086**	**1,106**	**(47)**	**30,163**	**5,901**	**689,942**
Profit / (loss) after tax	-	-	-	-	-	(415,959)	1,585	(414,374)
Other comprehensive income	-	(7,667)	33,223	-	-	-	578	26,134
Dividends paid	-	-	-	-	-	-	-	-
Issue of share capital	61,935	-	-	-	-	-	-	61,935
Share based payment expense	-	-	-	361	-	-	-	361
Deferred tax on share-based payment transactions	-	-	-	(26)	-	-	-	(26)
Lapsed share options	-	-	-	(416)	-	416	-	-
Amounts transferred to initial carrying amount of hedged items 4.3.2	-	6,761	-	-	-	-	-	6,761
Dividends paid to non-controlling interest	-	-	-	-	-	-	(1,339)	(1,339)
Balance as at 31 July 2026	**691,318**	**(1,556)**	**57,309**	**1,025**	**(47)**	**(385,380)**	**6,725**	**369,394**

Consolidated Balance Sheet

As at 31 July 2026

	Section	2026 NZ$'000	2025 NZ$'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.2	40,973	34,284
Trade and other receivables	3.1.3	96,600	92,291
Inventories	3.1.1	251,501	254,039
Derivative financial instruments	4.2	1,298	2,217
Current tax assets		4,336	3,594
Asset classified as held for sale	3.5.1	6,057	-
Other current assets	3.1.5	1,197	1,263
Total current assets		**401,962**	**387,688**
Non-current assets			
Trade and other receivables	3.1.3	2,438	2,614
Property, plant and equipment	3.2	60,658	75,254
Intangible assets	3.3	197,405	626,099
Derivative financial instruments	4.2	38	123
Deferred tax assets	2.3	25,717	15,849
Right-of-use assets	3.4.1	233,955	243,025
Total non-current assets		**520,211**	**962,964**
Total assets		**922,173**	**1,350,652**
LIABILITIES			
Current liabilities			
Trade and other payables	3.1.6	151,703	188,670
Derivative financial instruments	4.2	2,462	2,225
Current tax liabilities		518	588
Lease liabilities	3.4.2	85,621	88,157
Total current liabilities		**240,304**	**279,640**
Non-current liabilities			
Trade and other payables	3.1.6	23,252	23,488
Interest bearing liabilities	4.1	89,025	87,085
Non-current derivative financial instruments	4.2	8	-
Deferred tax liabilities	2.3	10,547	70,864
Lease liabilities	3.4.2	189,643	199,633
Total non-current liabilities		**312,475**	**381,070**
Total liabilities		**552,779**	**660,710**
Net assets		**369,394**	**689,942**
EQUITY			
Contributed equity - ordinary shares	4.3.1	691,318	629,383
Reserves	4.3.2	56,731	24,495
Retained earnings		(385,380)	30,163
Non-controlling interest		6,725	5,901
Total equity		**369,394**	**689,942**

Consolidated Statement of Cash Flows

For the Year Ended 31 July 2026

	Section	2026 NZ$'000	2025 NZ$'000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		1,040,911	986,964
Government grants received		14	2
Interest received		1,073	948
Income tax received		-	8,279
		1,041,998	996,193
Cash was applied to:			
Payments to suppliers and employees		942,095	832,950
Income tax paid		4,825	9,990
Interest paid		28,324	27,091
		975,244	870,031
Net cash inflow from operating activities		**66,754**	**126,162**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		402	120
		402	120
Cash was applied to:			
Purchase of property, plant and equipment	3.2	12,159	13,132
Purchase of intangible assets	3.3	8,154	11,446
		20,313	24,578
Net cash (outflow) from investing activities		**(19,911)**	**(24,458)**
Cash flows from financing activities			
Cash was provided from:			
Proceeds from share issue		65,600	-
Proceeds from borrowings		277,725	260,332
		343,325	260,332
Cash was applied to:			
Dividends paid		1,338	1,281
Repayment of borrowings		283,010	266,909
Repayment of lease liabilities		98,444	93,284
Payments in relation to share issue		3,665	-
		386,457	361,474
Net cash (outflow) from financing activities		**(43,132)**	**(101,142)**
Net increase / (decrease) in cash and cash equivalents held		**3,711**	**562**
Opening cash and cash equivalents		34,284	33,948
Effect of foreign exchange differences		2,978	(226)
Closing cash and cash equivalents	3.1.2	**40,973**	**34,284**

Reconciliation of net loss after taxation with cash inflow from operating activities

	Section	2026 NZ$'000	2025 NZ$'000
(Loss) after taxation		(414,374)	(93,579)
Movement in working capital:			
Decrease / (increase) in trade and other receivables		1,270	(3,506)
Decrease in inventories		20,847	11,359
Decrease in other current assets		125	764
(Decrease) / increase in trade and other payables		(50,545)	28,509
(Decrease) / increase in current tax liabilities		(1,063)	5,490
		(29,366)	42,616
Add non-cash items:			
Depreciation of property, plant and equipment	3.2	24,255	23,346
Amortisation of intangibles	3.3	14,274	16,027
Depreciation of right-of-use assets	3.4.1	92,972	91,704
Impairment of assets	3.2, 3.3, 3.4.1	462,972	60,812
Foreign currency translation of working capital balances		(10,649)	2,977
(Decrease) in deferred taxation		(74,348)	(18,282)
Employee share-based remuneration	6.3	361	391
Loss on sale or disposal of property, plant and equipment and intangibles	3.2, 3.3	657	150
		510,494	177,125
Cash inflow from operating activities		**66,754**	**126,162**

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 23 September 2026.

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

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 (such as severe or unusual weather patterns and events) or transitional (such as changes to government regulation, customer preferences and supplier requirements).

The Group regularly assesses its operating environment to monitor its exposure to risk, including climate-related risk.

The Group completed climate-related risk assessment and scenario modelling in a prior year. In respect of the year ended 31 July 2026, the Group undertook an internal review of climate-related risks and opportunities and concluded that no matters had arisen that would change its previous assessment that there are no significant impacts requiring specific disclosure in these 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). Identified climate-related risks and opportunities, including both physical and transitional impacts, have been considered as part of the relevant accounting judgements and estimates.

Section 2: Results for the Year

IN THIS SECTION...

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

2.1 Segment information

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

The Group has three operating segments, representing three brands owned by the Group and a Corporate segment. These segments have been determined based on the reports reviewed by the Group Chief Executive Officer and Group Executive Management team.

Rip Curl – designer, manufacturer, wholesaler and retailer of surfing equipment and apparel.

Kathmandu – designer, retailer, and wholesaler of apparel, footwear, and equipment for outdoor travel and adventure.

Oboz – designer, wholesaler and online retailer of outdoor footwear.

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

The default basis of allocating shared costs is percentage of revenue with other bases being used where appropriate.

31 July 2026	Rip Curl NZ$'000	Kathmandu NZ$'000	Oboz NZ$'000	Corporate NZ$'000	Total NZ$'000
Total segment sales	571,201	402,277	81,427	-	1,054,905
Sales to internal customers	-	-	(1,886)	-	(1,886)
Sales to external customers	**571,201**	**402,277**	**79,541**	**-**	**1,053,019**
Impairment expense	278,003	147,482	36,736	437	462,658
EBITDA	**(205,174)**	**(69,217)**	**(34,267)**	**(14,974)**	**(323,632)**
Depreciation and amortisation	(62,611)	(67,527)	(1,169)	(194)	(131,501)
EBIT	**(267,785)**	**(136,744)**	**(35,436)**	**(15,168)**	**(455,133)**
Total segment assets	**453,427**	**403,964**	**39,827**	**24,955**	**922,173**
Total assets include:					
Non-current assets	220,116	297,672	1,354	1,069	520,211
Additions to non-current assets	48,902	56,456	3,128	457	108,943
Total segment liabilities	**235,498**	**202,725**	**20,173**	**94,383**	**552,779**

31 July 2025	Rip Curl NZ$'000	Kathmandu NZ$'000	Oboz NZ$'000	Corporate NZ$'000	Total NZ$'000
Total segment sales	550,444	362,107	79,997	-	992,548
Sales to internal customers	-	(167)	(3,366)	-	(3,533)
Sales to external customers	**550,444**	**361,940**	**76,631**	**-**	**989,015**
Impairment expense	-	-	(45,363)	-	(45,363)
EBITDA	**65,116**	**48,961**	**(48,821)**	**(14,710)**	**50,546**
Depreciation and amortisation	(60,892)	(68,297)	(1,711)	(177)	(131,077)
EBIT	**4,224**	**(19,336)**	**(50,532)**	**(14,887)**	**(80,531)**
Total segment assets	**715,272**	**542,218**	**76,887**	**16,275**	**1,350,652**
Total assets *include:*					
Non-current assets	487,977	435,830	35,453	3,704	962,964
Additions to non-current assets	53,764	53,356	2,084	12,807	122,011
Total segment liabilities	**298,299**	**225,966**	**34,420**	**102,025**	**660,710**

Sales to external customers by region

	2026 NZ$'000	2025 NZ$'000
Australia	532,517	501,518
New Zealand	120,558	108,442
North America	219,213	207,085
Europe	113,966	104,804
Rest of world	66,765	67,166
	1,053,019	**989,015**

Non-current assets by region

	2026 NZ$'000	2025 NZ$'000
Australia	372,676	661,888
New Zealand	57,294	157,096
North America	46,293	84,132
Europe	30,223	35,304
Rest of world	13,725	24,544
	520,211	**962,964**

Sales to external customers by channel

	2026 NZ$'000	2025 NZ$'000
Retail	639,693	599,440
Online	112,487	102,663
Wholesale	285,446	272,977
Licensing	13,213	12,740
Other	2,180	1,195
	1,053,019	**989,015**

2.2 Profit / (loss) 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.

	2026 NZ$'000	2025 NZ$'000
Sale of goods	1,042,681	978,805
Royalty revenue	9,337	9,326
Commission revenue	1,001	884
	1,053,019	**989,015**

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

	2026 NZ$'000	2025 NZ$'000
Government grants	14	2
Insurance proceeds	220	1,892
Other	1,704	1,275
	1,938	**3,169**

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 grants to support sustainability initiatives.

In the current period insurance proceeds relate to claims for the Onsmooth factory flood in Thailand.

Employee entitlements

	2026 NZ$'000	2025 NZ$'000
Wages, salaries, and other short-term benefits	232,840	221,069
Post-employment benefits	16,033	14,580
Employee share-based remuneration	361	391
	249,234	**236,040**

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:

	2026 NZ$'000	2025 NZ$'000
Short-term lease expense	4,070	4,894
Low-value lease expense	1,109	1,149
Variable lease expense	1,132	866
Rent concessions and abatements	(980)	(830)
Lease outgoings	21,394	20,685
Depreciation right-of-use asset (3.4.1)	92,972	91,704
Interest expense related to lease liabilities (3.4.2)	13,917	13,585
	133,614	**132,053**

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 0.8% (2025: 0.7%) 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 $137,182,000 (2025: $130,345,000).

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

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:

	2026 NZ$'000	2025 NZ$'000
Current income tax expense	4,043	7,231
Deferred income tax (benefit)	(74,628)	(18,312)
Income tax (benefit) reported in the consolidated statement of comprehensive income	**(70,585)**	**(11,081)**

To understand how, in the consolidated statement of comprehensive income, a tax (benefit) of ($70,585,000) (2025: ($11,081,000)) arises on (loss) before income tax of $(484,959,000) (2025: $(104,660,000)) the taxation (benefit) that would arise at the standard rate of New Zealand corporate tax is reconciled to the actual tax (benefit) / expense as follows:

	2026 NZ$'000	2025 NZ$'000
(Loss) before income tax	(484,959)	(104,660)
Income tax calculated at 28%	(135,789)	(29,305)
Adjustments to taxation:		
Adjustments due to different rate in different jurisdictions	(7,623)	(11)
Non-taxable income	(948)	(1,124)
Expenses not deductible for tax purposes	69,527	10,809
Utilisation of tax losses by group companies	860	1,411
Forfeited foreign tax credits	2,630	3,593
Adjustments in respect of prior years	(915)	(293)
Tax losses not recognised	242	545
Deferred tax assets derecognised	1,431	3,294
Income tax (benefit) / expense reported in the consolidated statement of comprehensive income	**(70,585)**	**(11,081)**

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 (2025: nil).
The tax expense / (benefit) relating to components of other comprehensive income is as follows:

	2026 NZ$'000	2025 NZ$'000
Movement in cash flow hedge reserve before tax	(8,003)	1,126
Tax (benefit) / expense relating to cash flow hedge reserve	336	990
Movement in cash flow hedge reserve after tax	(7,667)	2,116
Foreign currency translation reserve before tax	33,801	1,022
Tax expense / (benefit) relating to foreign currency translation reserve	-	-
Movement in foreign currency translation reserve after tax	33,801	1,022
Other reserves before tax	-	-
Tax expense / (benefit) relating to other reserves	-	-
Movement in other reserves after tax	-	-
Total other comprehensive income before tax	25,798	2,148
Total tax (benefit) / expense on other comprehensive income	336	990
Total other comprehensive income after tax	26,134	3,138
Current tax	-	-
Deferred tax	336	990
Total tax expense on other comprehensive income	**336**	**990**

Taxation – Consolidated balance sheet

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

	Employee obligations NZ$'000	Intangibles NZ$'000	Leases NZ$'000	Other temporary differences NZ$'000	Reserves NZ$'000	Tax losses NZ$'000	Total NZ$'000
As at 31 July 2024	**4,401**	**(112,496)**	**11,082**	**15,540**	**(999)**	**7,700**	**(74,772)**
Recognised in the consolidated statement of comprehensive income	(9)	2,952	3,742	4,749	-	6,878	18,312
Recognised in other comprehensive income	-	-	-	-	990	-	990
Recognised directly in equity	45	-	-	-	-	-	45
Foreign exchange	(29)	660	(76)	(86)	3	(62)	410
As at 31 July 2025	**4,408**	**(108,884)**	**14,748**	**20,203**	**(6)**	**14,516**	**(55,015)**
Recognised in the consolidated statement of comprehensive income	(345)	70,758	(2,817)	6,623	-	409	74,628
Recognised in other comprehensive income	-	-	-	-	336	-	336
Recognised directly in equity	(26)	-	-	-	-	-	(26)
Foreign exchange	353	(8,269)	723	1,380	12	1,048	(4,753)
As at 31 July 2026	**4,390**	**(46,395)**	**12,654**	**28,206**	**342**	**15,973**	**15,170**

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:

	2026 NZ$'000	2025 NZ$'000
Deductible temporary differences	1,431	3,105
Tax losses	5,922	6,759
	7,353	**9,864**

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

	2026 NZ$'000	2025 NZ$'000
Imputation credits available for use in subsequent reporting periods based on a tax rate of 28%	296	251

The above amounts represent the balance of the imputation account as at 31 July 2026, 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 2026 is nil (2025: Nil).

2.4 Earnings per share

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 $(415,959,000) (2025: $(95,058,000)) by the weighted average number of ordinary shares in issue during the year of 55,523,173 (2025 restated: 48,953,949).

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. Consistent with the Board's intention that participants holding unvested LTI awards be placed in a neutral position following the equity raising and subsequent share consolidation (refer note 6.3), the dilutive impact of these awards has been reflected in the calculation of diluted EPS through an adjustment to the weighted average number of shares on issue, assuming all share options are exercised / performance rights taken.

	2026 '000	2025 (restated) '000
Weighted average number of basic ordinary shares outstanding	55,523	48,954
Adjustment for:		
Share options / performance rights	1,198	749
Weighted average diluted ordinary shares outstanding	56,721	49,703

Details of the Groups equity settled long term incentive plan is further outlined within note 6.3.

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.

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 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:

	2026 NZ$'000	2025 NZ$'000
Raw materials and consumables	4,588	7,751
Work in progress	380	698
Trading inventory	233,586	216,800
Goods in transit	12,947	28,790
	251,501	**254,039**

Inventory has been reviewed for obsolescence and a provision of $3,884,000 (2025: $5,832,000) has been made.

3.1.2 Cash and cash equivalents

	2026 NZ$'000	2025 NZ$'000
Cash on hand	489	472
Cash at bank	38,764	32,200
Short term investments convertible to cash	1,719	1,612
Short term deposits	1	-
	40,973	**34,284**

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

	2026 NZ$'000	2025 NZ$'000
USD	14,457	5,780
EUR	8,394	7,889
IDR	4,735	2,420
THB	3,699	5,744
AUD	3,135	5,590
BRL	1,729	1,725
NZD	1,489	1,370
GBP	1,177	1,489
CAD	842	712
JPY	728	786
Other currencies	588	779
	40,973	**34,284**

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.

	2026 NZ$'000	2025 NZ$'000
Current		
Trade receivables	71,808	67,624
Allowance for expected credit losses	(3,907)	(3,954)
Prepayments	16,944	17,434
Other receivables	11,755	11,187
	96,600	**92,291**
Non-current		
Other debtors	2,438	2,614
	2,438	2,614

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:

	2026 NZ$'000	2025 NZ$'000
AUD	34,967	15,136
USD	18,636	34,956
EUR	15,020	7,489
THB	9,334	9,836
NZD	7,813	6,947
BRL	4,861	4,504
CAD	4,407	5,282
GBP	2,627	7,479
IDR	1,288	1,801
Other currencies	85	1,475
	99,038	**94,905**

Allowance for expected credit losses

	2026 NZ$'000	2025 NZ$'000
Opening balance	(3,954)	(5,973)
Additional allowance recognised in the consolidated statement of comprehensive income	(1,381)	(697)
Receivables written off during the year	681	1,638
Unused provision released to the consolidated statement of comprehensive income during the year	826	1,102
Foreign exchange	(79)	(24)
Closing balance	**(3,907)**	**(3,954)**

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 Trade and other receivables Derivative financial instruments	Credit ratings Ageing analysis Review of exposure with regular terms of trade	Obtaining customer credit rating information Confirming references 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):

	2026 NZ$'000	2025 NZ$'000
Cash and cash equivalents	40,484	33,812
Net trade receivables	67,901	63,670
Other receivables	13,381	12,512
Derivative financial instruments	(1,134)	2,340
	120,632	**112,334**

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:

	2026 NZ$'000	2025 NZ$'000
Cash and cash equivalents:		
Standard & Poors - A+	19,525	7,526
Standard & Poors - A	1,152	-
Standard & Poors - AA-	9,789	16,441
Standard & Poors - BBB	7,319	3,735
Standard & Poors - BB	1,302	435
Standard & Poors - BB+	713	1,452
Standard & Poors - BBB+	684	4,223
	40,484	**33,812**

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 $23,871,000 (2025: $23,775,000) were past due. A provision of $3,907,000 (2025: $3,954,000) 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:

	2026 NZ$'000	2025 NZ$'000
Receivables past due		
1 to 30 days	8,049	8,947
30 to 60 days	4,247	4,626
60 to 90 days	3,612	2,586
90 days and over	7,963	7,616
	23,871	**23,775**

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.

	2026 NZ$'000	2025 NZ$'000
Right of return assets		
Opening balance	1,263	2,036
Additional amounts recognised	10,316	10,081
Amounts incurred and charged	(8,304)	(10,673)
Foreign exchange	(2,078)	(181)
	1,197	**1,263**

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.

	2026 NZ$'000	2025 NZ$'000
Current		
Trade payables	80,380	109,591
Employee entitlements	25,854	28,077
Sundry creditors and accruals	34,669	45,014
Provisions	9,988	5,686
Revenue received in advance	812	302
	151,703	**188,670**
Non-current		
Employee entitlements	4,215	2,926
Provisions	13,473	12,979
Sundry creditors and accruals	5,564	7,583
	23,252	**23,488**

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

	2026 NZ$'000	2025 NZ$'000
AUD	71,850	66,867
USD	55,908	88,785
EUR	21,066	17,927
NZD	13,706	24,511
THB	4,674	6,357
BRL	3,004	2,634
IDR	2,764	2,294
CAD	1,517	2,140
GBP	440	597
Other currencies	26	46
	174,955	**212,158**

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 refunded to customers on return of the product. The Group also recognises a right to the returned goods as disclosed in note 3.1.5.

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

	Warranties NZ$'000	Restructuring NZ$'000	Lease restoration NZ$'000	Sales returns NZ$'000	Other NZ$'000	Total NZ$'000
Year ended 31 July 2025						
Opening balance	1,495	1,187	12,541	4,771	-	19,994
Additional provisions recognised	773	(120)	1,256	23,919	1,060	26,888
Provisions used during the year	(818)	(944)	(704)	(24,271)	-	(26,737)
Provisions remeasured during the year	25	(125)	(147)	(1,243)	-	(1,490)
Foreign exchange	(8)	2	33	(17)	-	10
Closing balance	**1,467**	**-**	**12,979**	**3,159**	**1,060**	**18,665**
As at 31 July 2025						
Current	1,467	-	-	3,159	1,060	5,686
Non-current	-	-	12,979	-	-	12,979
	1,467	**-**	**12,979**	**3,159**	**1,060**	**18,665**
Year ended 31 July 2026						
Opening balance	1,467	-	12,979	3,159	1,060	18,665
Additional provisions recognised	1,018	4,411	1,187	5,637	140	12,393
Provisions used during the year	(587)	-	(1,518)	(2,386)	-	(4,491)
Provisions remeasured during the year	(129)	-	(26)	(3,109)	(1,060)	(4,324)
Foreign exchange	128	61	851	178	-	1,218
Closing balance	**1,897**	**4,472**	**13,473**	**3,479**	**140**	**23,461**
As at 31 July 2026						
Current	1,897	4,472	-	3,479	140	9,988
Non-current	-	-	13,473	-	-	13,473
	1,897	**4,472**	**13,473**	**3,479**	**140**	**23,461**

3.2 Property, plant and equipment

Accounting policies

Property, plant and equipment

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

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

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

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

Depreciation

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

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

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

Impairment of assets

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

Property, plant and equipment

Property, plant and equipment can be analysed as follows:

	Land & buildings NZ$'000	Leasehold improvements NZ$'000	Office, plant & equipment NZ$'000	Furniture & fittings NZ$'000	Computer equipment NZ$'000	Total NZ$'000
As at 31 July 2024						
Cost	12,435	117,305	33,499	109,017	18,875	291,131
Accumulated depreciation	(5,171)	(88,244)	(20,860)	(74,784)	(15,611)	(204,670)
Closing net book value	**7,264**	**29,061**	**12,639**	**34,233**	**3,264**	**86,461**
Year ended 31 July 2025						
Opening net book value	7,264	29,061	12,639	34,233	3,264	86,461
Additions	1,037	4,174	398	6,599	924	13,132
Disposals	(1)	(50)	(36)	(167)	(2)	(256)
Depreciation	(343)	(8,778)	(1,990)	(10,805)	(1,430)	(23,346)
Impairment (incl reversal of impairment)	-	(584)	-	-	-	(584)
Transfers between categories, intangibles and assets held for sale	3,311	(1,326)	(3,226)	244	(95)	(1,092)
Foreign exchange	642	(138)	249	167	19	939
Closing net book value	**11,910**	**22,359**	**8,034**	**30,271**	**2,680**	**75,254**
As at 31 July 2025						
Cost	20,728	114,073	28,286	114,244	18,716	296,047
Accumulated depreciation	(8,818)	(91,714)	(20,252)	(83,973)	(16,036)	(220,793)
Closing net book value	**11,910**	**22,359**	**8,034**	**30,271**	**2,680**	**75,254**
Year ended 31 July 2026						
Opening net book value	11,910	22,359	8,034	30,271	2,680	75,254
Additions	14	5,787	326	5,566	318	12,011
Disposals	(445)	(185)	(6)	(472)	(1)	(1,109)
Depreciation	(359)	(8,768)	(2,654)	(11,336)	(1,138)	(24,255)
Impairment (incl reversal of impairment)	-	287	(85)	(95)	(9)	98
Transfers between categories, intangibles and assets held for sale	(8,202)	1,466	345	2,221	(772)	(4,942)
Foreign exchange	(102)	1,538	618	1,404	142	3,600
Closing net book value	**2,816**	**22,484**	**6,578**	**27,560**	**1,220**	**60,658**
As at 31 July 2026						
Cost	5,190	123,436	29,749	122,657	19,193	300,225
Accumulated depreciation	(2,374)	(100,952)	(23,171)	(95,097)	(17,973)	(239,567)
Closing net book value	**2,816**	**22,484**	**6,578**	**27,560**	**1,220**	**60,658**

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.

	2026 NZ$'000	2025 NZ$'000
Loss on sale and disposal of property, plant and equipment	657	136

Capital commitments

Capital commitments contracted for at balance sheet date include property, plant and equipment of $3,425,000 (2025: $4,405,000).

3.3 Intangible assets

Accounting policies

Goodwill

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

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

Brand

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

Customer relationships

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

Software costs

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

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

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

Software-as-a Service (SaaS) arrangements

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

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

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

Other intangibles

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

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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

Intangible assets

	Goodwill NZ$'000	Brand NZ$'000	Customer relationship NZ$'000	Software NZ$'000	Other intangibles NZ$'000	Total NZ$'000
As at 31 July 2024						
Cost	294,684	367,746	42,570	104,119	4,728	813,847
Accumulated amortisation and impairment	(42,557)	-	(25,777)	(76,983)	(1,671)	(146,988)
Closing net book value	**252,127**	**367,746**	**16,793**	**27,136**	**3,057**	**666,859**
Year ended 31 July 2025						
Opening net book value	252,127	367,746	16,793	27,136	3,057	666,859
Additions	-	-	-	22,477	28	22,505
Disposals	-	-	-	(14)	-	(14)
Amortisation	-	-	(3,692)	(12,335)	-	(16,027)
Impairment	(36,075)	(9,288)	-	-	-	(45,363)
Transfers from / (to) property, plant and equipment	-	-	-	1,092	-	1,092
Foreign exchange	(945)	(2,095)	(110)	26	171	(2,953)
Closing net book value	**215,107**	**356,363**	**12,991**	**38,382**	**3,256**	**626,099**
As at 31 July 2025						
Cost	293,739	365,651	42,261	127,775	5,020	834,446
Accumulated amortisation and impairment	(78,632)	(9,288)	(29,270)	(89,393)	(1,764)	(208,347)
Closing net book value	**215,107**	**356,363**	**12,991**	**38,382**	**3,256**	**626,099**
Year ended 31 July 2026						
Opening net book value	215,107	356,363	12,991	38,382	3,256	626,099
Additions	-	-	-	7,323	831	8,154
Disposals	-	-	-	-	-	-
Amortisation	-	-	(3,342)	(10,931)	-	(14,273)
Impairment	(227,026)	(231,887)	(350)	(3,150)	-	(462,412)
Transfers from / (to) property, plant and equipment	-	-	-	(967)	-	(967)
Foreign exchange	11,919	26,627	1,132	1,086	40	40,804
Closing net book value	**-**	**151,103**	**10,431**	**31,744**	**4,127**	**197,405**
As at 31 July 2026						
Cost	306,185	392,341	46,172	122,277	5,919	872,894
Accumulated amortisation and impairment	(306,185)	(241,238)	(35,741)	(90,533)	(1,792)	(675,489)
Closing net book value	**-**	**151,103**	**10,431**	**31,744**	**4,127**	**197,405**

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.

	2026 NZ$'000	2025 NZ$'000
Loss on sale and disposal of intangibles	-	14

Capital commitments

Capital commitments contracted for at balance sheet date include intangible assets of $Nil (2025: $ 8,800,000).

Impairment tests for goodwill and brand

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

	Goodwill		Brand	
	2026 NZ$'000	2025 NZ$'000	2026 NZ$'000	2025 NZ$'000
Kathmandu	-	122,367	138,988	151,437
Oboz	-	-	-	33,201
Rip Curl	-	92,740	12,115	171,725
	-	**215,107**	**151,103**	**356,363**

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.

The recoverable amount of all three CGUs have been determined based on value in use, using five-year projected cashflows.

The discounted cash flow valuations were calculated using post tax cash flow projections based on FY27 financial budgets and the three-year Next Level strategic plan prepared by management and approved by the Directors for the year ended 31 July 2027. The valuation cash flows beyond the three-year forecast period are based on management's growth expectations, long-term historical revenue growth rates and margin assumptions. Assumptions relating to working capital requirements and ongoing investment in the business are adjusted to reflect expected long-term operating conditions.

Post-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. Higher weighted average cost of capital rates than in prior years were applied, reflecting increased risk and uncertainty in forecast cash flows.

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.

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.

While management expects trading conditions to improve over time and Group businesses to recover towards normalised levels of profitability, the updated impairment assessment and resulting impairment charges across all three CGUs reflect current market conditions and the medium-term outlook, which indicate that growth is likely to be more moderate than previously forecast.

Changes in market dynamics, together with ongoing economic headwinds, softer consumer confidence, macroeconomic uncertainty and continued volatility across global sourcing and supply chain networks, continue to influence trading conditions across the industry. Management has developed initiatives and growth plans to improve profitability; however, achieving growth and maintaining or expanding gross margins will remain challenging in the current environment. Accordingly, revenue growth assumptions have been reduced over forecast period to reflect prevailing market conditions and management's revised expectations for future demand.

The carrying amount of each CGU exceeded its recoverable amount, resulting in the recognition of the following impairment losses during the year:

- **Kathmandu** – total impairment of $147,482,000 (2025: $Nil), recoverable amount of $203,984,000.
- **Rip Curl** – total impairment of $278,003,000 (2025: $Nil), recoverable amount of $177,915,000.
- **Oboz** – total impairment of $37,173,000 (2025: $45,363,000), recoverable amount of $12,724,000.

The Oboz CGU impairment of $37.2 million includes $0.4 million relating to allocated corporate assets for impairment testing purposes.

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

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

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

Assumptions

	2026			2025		
	Kathmandu	Rip Curl	Oboz	Kathmandu	Rip Curl	Oboz
Post-tax WACC rate	18.5%	13.3%	15.7%	10.1%	10.1%	10.9%
Terminal growth rate	2.5%	2.5%	2.5%	2.9%	3.0%	2.5%
Revenue growth (5 year CAGR)	5.2%	3.1%	6.3%	5.7%	4.5%	10.5%
EBIT margin (average)	9.1%	4.8%	5.2%	4.6%	3.7%	1.1%

Impairment loss impact	+5%			-5%		
	Kathmandu	Rip Curl	Oboz	Kathmandu	Rip Curl	Oboz
Revenue change	59,293	106,227	10,233	(56,819)	(108,474)	(10,459)
	+0.5%			**-0.5%**		
	Kathmandu	Rip Curl	Oboz	Kathmandu	Rip Curl	Oboz
Terminal growth rate	1,998	2,077	-	(1,913)	(1,914)	-
	+1%			**-1%**		
	Kathmandu	Rip Curl	Oboz	Kathmandu	Rip Curl	Oboz
Discount rate	(11,526)	(11,468)	(1,075)	13,159	13,092	1,227
	+1%			**-1%**		
	Kathmandu	Rip Curl	Oboz	Kathmandu	Rip Curl	Oboz
EBIT margin	18,742	35,522	5,023	(18,464)	(35,731)	(5,091)

3.4 Leases

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 (2025: ten years). The average lease term for vehicle leases is four years (2025: four years).

3.4.1 Right-of-use assets

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

	2026 NZ$'000	2025 NZ$'000
Opening net book value	243,025	262,571
Additions and modifications to right-of-use asset	69,317	86,318
Depreciation for the period	(92,972)	(91,704)
Impairment for the period	(119)	(14,865)
Foreign exchange	14,704	705
Closing net book value	**233,955**	**243,025**
Cost	677,577	617,472
Accumulated amortisation & impairment	(443,622)	(374,447)
Closing net book value	**233,955**	**243,025**

3.4.2 Lease liabilities

The movements in lease liabilities were as follows:

	2026 NZ$'000	2025 NZ$'000
Opening lease liabilities	287,790	294,176
Additions and modifications to lease liability	69,980	85,881
Interest expense on lease liabilities	13,917	13,585
Repayment of lease liabilities (including interest)	(113,160)	(106,431)
Foreign exchange	16,737	579
Closing lease liabilities	**275,264**	**287,790**

Lease liability maturity analysis

	Gross lease payments NZ$'000	Interest NZ$'000	Carrying amount NZ$'000
As at 31 July 2025			
Within 1 year	99,139	(10,982)	88,157
1 to 5 years	190,638	(16,098)	174,540
Beyond 5 years	26,172	(1,079)	25,093
	315,949	**(28,159)**	**287,790**
Current			88,157
Non-current			199,633
			287,790
As at 31 July 2026			
Within 1 year	97,010	(11,389)	85,621
1 to 5 years	187,635	(16,586)	171,049
Beyond 5 years	20,023	(1,429)	18,594
	304,668	**(29,404)**	**275,264**
Current			85,621
Non-current			189,643
			275,264

3.5 Assets held for sale

Accounting policies

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on disposal is allocated first to goodwill, then the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories and financial assets which continue to be measured in accordance with the Group's accounting policies.

3.5.1 Assets held for sale

	2026 NZ$'000	2025 NZ$'000
Assets held for sale	6,057	-

In the current year, the Group commenced divestment of the Southeast Asian manufacturing facility in OnSmooth Thai Co Ltd (OnSmooth) with a phased production wind down over the next 12 months. OnSmooth relates to the Rip Curl segment. Management ultimately intends to realise value from the sale of land and buildings and these have been reclassified as held-for-sale at year end. No adjustment to the carrying value has been recognised on transfer to held for sale.

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:

	2026 NZ$'000	2025 NZ$'000
Current portion	-	-
Non-current portion	89,025	87,085
	89,025	**87,085**

Group Facility Agreement

The Group has renewed its multi-option syndicated facility during the year. The Group has a multi-option syndicated facility, which consists of an A$140.1 million multi-currency revolving facility and a NZ$27.3 million multi-currency revolving facility. Both facilities are sustainability linked with targets such as reducing greenhouse gas emissions, continued B Corp certification, improving due diligence and transparency within the Group supply chain, and supply chain water management. A$30.4 million and NZ$5.8 million of the facilities will expire on 30 June 2027, with the remaining facilities expiring on 1 October 2028.

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. 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 $841,235,000 (2025: $1,276,966,000).

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 Group is also subject to a Guarantor Coverage Ratio of EBITDA and Total Assets. The calculations of these covenants are specified in the bank facility agreement dated 25 October 2019 as amended and restated on 24 June 2026.

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

The current interest rate, prior to hedging, on the term loans is 6.56% (2025: 5.23%).

Reconciliation of movement in borrowings

	2026 NZ$'000	2025 NZ$'000
Opening balance	87,085	93,600
Net cash flow movement	(5,285)	(6,577)
Capitalised borrowing costs	(1,689)	755
Foreign exchange movement	8,914	(693)
Closing balance	**89,025**	**87,085**

Borrowings maturity analysis

	2026 NZ$'000	2025 NZ$'000
Principal of interest-bearing liabilities:		
Payable within 1 year	-	-
Payable 1 to 2 years	-	87,085
Payable 2 to 3 years	89,025	-
Payable 3 to 4 years	-	-
	89,025	**87,085**

4.1.1 Finance costs

	2026 NZ$'000	2025 NZ$'000
Interest income	(1,072)	(948)
Interest expense on interest bearing liabilities	9,491	9,665
Interest on lease liabilities	13,917	13,585
Other finance costs	3,983	3,651
Net exchange (gain) / loss on foreign currency	3,507	(1,824)
	29,826	**24,129**

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):

	2026 NZ$'000	2025 NZ$'000
Total secured borrowings	89,025	87,085
Less principal covered by interest rate swaps	-	-
Net principal subject to floating interest rates	**89,025**	**87,085**

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 (2025: 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% (2025: 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.

	Carrying amount NZ$'000	-1% Profit NZ$'000	-1% Equity NZ$'000	+1% Profit NZ$'000	+1% Equity NZ$'000
As at 31 July 2026					
Financial assets					
Cash and cash equivalents	40,973	(295)	-	295	-
Financial liabilities					
Interest bearing liabilities	89,025	641	-	(641)	-
Net increase / (decrease)		**346**	**-**	**(346)**	**-**

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

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	Cash flow forecasting	Active working capital management
	Interest bearing liabilities		Flexibility in funding arrangements

The Group has borrowing facilities of $195,027,000 (2025: $316,008,000) 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 $19,348,000 is available for instruments including letters of credit and bank guarantees.

	Less than 1 year NZ$'000	Between 1 - 2 years NZ$'000	Between 2 - 5 years NZ$'000	Over 5 years NZ$'000
As at 31 July 2025				
Trade payables and accrued expenses	148,682	2,019	5,564	-
Interest bearing liabilities	4,565	88,411	-	-
	153,247	**90,430**	**5,564**	**-**
As at 31 July 2026				
Trade payables and accrued expenses	109,040	1,964	3,600	-
Interest bearing liabilities	5,967	5,967	90,039	-
	115,007	**7,931**	**93,639**	**-**

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

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

	Less than 1 year NZ$'000	Between 1 - 2 years NZ$'000	Between 2 - 5 years NZ$'000	Over 5 years NZ$'000
As at 31 July 2025				
Forward foreign exchange contracts				
Inflow	173,146	4,964	-	-
Outflow	(173,143)	(4,852)	-	-
Net inflow	3	112	-	-
As at 31 July 2026				
Forward foreign exchange contracts				
Inflow	211,406	-	-	-
Outflow	(212,540)	-	-	-
Net inflow	(1,134)	-	-	-

4.2 Derivative financial instruments

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

	2026 NZ$'000	2025 NZ$'000
Foreign exchange contracts		
Current asset	1,298	2,217
Current liability	(2,462)	(2,225)
Non-current asset	38	123
Non-current liability	(8)	-
Net foreign exchange contracts - cash flow hedge (liability)/asset	**(1,134)**	**115**
Interest rate swaps		
Current liability	-	-
Non-current liability	-	-
Net interest rate swaps - cash flow hedge (asset / (liability))	-	-
Total derivative financial instruments	**(1,134)**	**115**

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 (2025: nil). The fixed interest rate is nil (2025: nil).

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$107,251,000 / NZ$183,862,000 (2025: US$98,300,500 / NZ$166,089,000).

No material hedge ineffectiveness for interest rate swaps or foreign exchange contracts exists as at balance sheet date (2025: 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% (2025: -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% (2025: -10% / +10%) is reasonable given the exchange rate volatility observed on a historic basis for the preceding five-year period and market expectation for potential future movements.

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

		-10%		+10%	
	Carrying amount NZ$'000	Profit NZ$'000	Equity NZ$'000	Profit NZ$'000	Equity NZ$'000
As at 31 July 2026					
Financial assets					
Cash and cash equivalents	40,973	2,274	-	(1,861)	-
Trade and other receivables	81,282	6,412	-	(5,246)	-
Foreign exchange contracts – cash flow hedge	1,336	-	(10,818)	-	8,853
Financial liabilities					
Trade and other payables	(174,955)	(12,900)	-	10,554	-
Interest bearing liabilities	(89,025)	(7,122)	-	5,827	-
Foreign exchange contracts – cash flow hedge	(2,470)	-	(9,104)	-	7,449
Net increase / (decrease)		**(11,336)**	**(19,922)**	**9,274**	**16,302**

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

4.3 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

	2026 NZ$'000	2025 NZ$'000
Ordinary shares fully paid	691,318	629,383
Opening balance	629,383	629,383
Shares issued under Executive and Senior Management Long-Term Incentive Plan	-	-
Shares issued under share entitlement offers and share placement, net of share issue costs	61,935	-
Closing balance	**691,318**	**629,383**

Number of issued shares

	2026 '000	2025 '000
Opening balance	711,667	711,667
Shares issued under Executive and Senior Management Long Term Incentive Plan	-	-
Shares issued under share entitlement offers and share placement	1,087,748	-
Share consolidation	(1,727,438)	-
Closing balance	**71,977**	**711,667**

As at 31 July 2026 there were 71,976,827 (2025: 711,667,484) ordinary issued shares in KMD Brands Limited and these are classified as equity.

No shares (2025: nil) were issued under the 'Executive and Senior Management Long Term Incentive Plan 24 November 2010' during the year.

During the year 1,087,747,538 shares were issued in relation to share placement and share entitlement offers. Total capital raised of $65,599,271 is net of share issue costs of $3,664,529.

A 1 for 25 share consolidation was undertaken during the year to rationalise the number of ordinary shares in issue. As a result of the consolidation, the number of shares on issue reduced from 1,799,415,022 to 71,976,827.

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

		2026 NZ$'000	2025 NZ$'000
Cash flow hedging reserve			
Opening balance		(650)	1,684
Realised losses / (gains) transferred to hedged asset		6,761	(4,450)
Revaluation movement		(8,003)	1,126
Deferred taxation movement	2.3	336	990
Closing balance		**(1,556)**	**(650)**
Foreign currency translation reserve			
Opening balance		24,086	23,019
Currency translation differences – gross		33,223	1,067
Currency translation differences – taxation	2.3	-	-
Closing balance		**57,309**	**24,086**
Share-based payments reserve			
Opening balance		1,106	824
Change during the year		361	391
Deferred taxation movement	2.3	(26)	45
Transfer to share capital on vesting of shares to employees		-	-
Share options / performance rights lapsed		(416)	(154)
Closing balance		**1,025**	**1,106**
Other reserves			
Opening balance		(47)	(47)
Current year expense recognised in other comprehensive income		-	-
Deferred taxation movement	2.3	-	-
Closing balance		**(47)**	**(47)**
Total reserves		**56,731**	**24,495**

4.3.3 Dividends

	2026 NZ$'000	2025 NZ$'000
Prior year final dividend paid	-	-
Current year interim dividend paid	-	-
Dividends paid	-	

4.3.4 Capital risk management

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

In April 2026 the Group completed a successful $65,599,271 equity raising to strengthen its balance sheet and liquidity position. The capital raise has strengthened the balance sheet and reduced net debt to $48m (2025: $53m) at balance date.

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

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 2026	Parent % holding 2025
Parent entity:				
KMD Brands Limited	√	New Zealand		
Subsidiaries:				
Kathmandu Group Limited	√	New Zealand	100%	100%
KMD Brands Investments Limited	√	New Zealand	100%	100%
KMD Brands Finance (NZ) Limited		New Zealand	100%	100%
KMD Brands Finance (AU) Pty Limited	√	Australia	100%	100%
KMD Brands Managed Services (NZ) Limited	√	New Zealand	100%	100%
KMD Brands Managed Services (AU) Pty Ltd	√	Australia	100%	100%
Kathmandu Limited		New Zealand	100%	100%
Kathmandu Pty Ltd	√	Australia	100%	100%
Kathmandu (U.K.) Limited		United Kingdom	100%	100%
Kathmandu US Holdings LLC		United States of America	100%	100%
Oboz Footwear LLC		United States of America	100%	100%
Barrel Wave Holdings Pty Ltd	√	Australia	100%	100%
Rip Curl Group Pty Ltd	√	Australia	100%	100%
Rip Curl International Pty Ltd	√	Australia	100%	100%
PT Jarosite		Indonesia	100%	100%
Rip Curl Pty Ltd	√	Australia	100%	100%
Onsmooth Thai Co Ltd		Thailand	100%	100%
Rip Curl (Thailand) Ltd		Thailand	50%	50%
Ozmosis Pty Ltd	√	Australia	100%	100%
Rip Curl Japan Co., Ltd		Japan	100%	100%
Curl Retail No 1. Pty Ltd		Australia	100%	100%
RC Surf NZ Limited		New Zealand	100%	100%
Rip Curl Finance Pty Ltd	√	Australia	100%	100%
Rip Curl Europe S.A.S		France	100%	100%
Rip Curl Spain S.A.U		Spain	100%	100%
Rip Curl Suisse S.A.R.L		Switzerland	100%	100%
Rip Surf – Artigos De Desporto, Unipessoal, LDA		Portugal	100%	100%
Rip Curl UK Ltd		United Kingdom	100%	100%
KMD Brands Germany GmbH		Germany	100%	100%
Rip Curl Nordic AB		Sweden	100%	100%
KMD Brands Italy SRL		Italy	100%	100%
Rip Curl Inc		United States of America	100%	100%
Rip Curl Canada Inc		Canada	100%	100%
Rip Curl Brazil LTDA		Brazil	100%	100%

5.2 Deed of Cross Guarantee

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

It is a condition of the ASIC Corporations Instrument that the Company and each of the subsidiaries listed enter a Deed of Cross Guarantee. The effect of the Deed is that each party guarantees to each creditor of each other party payment in full of any debt in the event of winding up of the other party under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the guarantee will only apply if after six months after a resolution or order winding up any creditor has not been paid in full.

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

Cross Guarantee entities Consolidated Statement of Comprehensive Income and Retained Earnings for the year ended 31 July 2026

	2026 NZ$'000	2025 NZ$'000
Sales	549,483	514,853
Expenses (inc impairment)	(887,830)	(529,354)
Finance costs – net	(4,430)	(27,883)
(Loss) before income tax	**(342,777)**	**(42,384)**
Income tax (expense) / benefit	56,614	9,229
(Loss) after income tax	**(286,163)**	**(33,155)**
Other comprehensive income / (loss)	19,233	(5,108)
Total comprehensive income / (loss) for the year	**(266,930)**	**(38,263)**
Opening retained earnings	**(142,309)**	**(109,308)**
(Loss) for the year after income tax	(286,163)	(33,155)
Dividends paid	-	-
Share options / performance rights lapsed	416	154
Closing retained earnings	**(428,056)**	**(142,309)**

Note 5.2 Deed of Cross Guarantee continued

Cross Guarantee entities Consolidated Balance Sheet as at 31 July 2026

	2026 NZ$'000	2025 NZ$'000
ASSETS		
Current assets		
Cash and cash equivalents	8,293	5,879
Trade and other receivables	32,565	30,537
Inventories	121,783	108,632
Derivative financial instruments	537	1,623
Current tax assets	767	410
Total current assets	**163,945**	**147,081**
Non-current assets		
Trade and other receivables	227,429	202,635
Investments	364,083	352,530
Property, plant and equipment	35,983	39,267
Intangible assets	183,119	486,995
Derivative financial instruments	38	-
Right-of-use assets	149,020	143,764
Total non-current assets	**959,672**	**1,225,191**
Total assets	**1,123,617**	**1,372,272**
LIABILITIES		
Current liabilities		
Trade and other payables	62,195	87,061
Derivative financial instruments	2,364	860
Current tax liabilities	-	615
Current lease liabilities	57,346	58,754
Total current liabilities	**121,905**	**147,290**
Non-current liabilities		
Derivative financial instruments	5	-
Non-current trade and other payables	14,534	15,858
Interest bearing liabilities	89,302	87,190
Loans with related parties	496,553	473,245
Deferred tax	2,741	58,560
Non-current lease liabilities	113,791	108,125
Total non-current liabilities	**716,926**	**742,978**
Total liabilities	**838,831**	**890,268**
Net assets	**284,786**	**482,004**
EQUITY		
Contributed equity – ordinary shares	691,318	629,383
Reserves	21,524	(5,070)
Retained earnings	(428,056)	(142,309)
Total equity	**284,786**	**482,004**

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 $1,192,000 (2025: $79,000) were paid to Chapman Tripp for services provided to the Group (largely related to corporate governance, capital raise and debt refinancing). Abby Foote is a Director of KMD Brands and is married to a partner of Chapman Tripp. As at 31 July 2026, the Group owed outstanding legal fees of $21,400 (2025: $19,000) to Chapman Tripp.

Key management personnel compensation

	2026 NZ$'000	2025 NZ$'000
Salaries	8,334	6,664
Other short-term employee benefits	679	1,909
Post-employment benefits	254	422
Termination benefits	-	356
Share-based payments expense	288	234
	9,555	**9,585**

6.2 Fair values

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

Trade receivables, trade payables & cash and cash equivalents

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

Interest bearing liabilities

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

Foreign exchange contracts and interest rate swaps

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

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

These derivatives have all been determined to be within level 2 (for the purposes of NZ IFRS 13) of the fair value hierarchy as all significant inputs required to ascertain the fair value of these derivatives are observable.

Guarantees and overdraft facilities

The fair value of these instruments is estimated on the basis that management do not expect settlement at face value to arise. The carrying value and fair value of these instruments are approximately nil. All guarantees are payable on demand.

6.3 Employee share-based remuneration

Accounting policy

Equity settled long term incentive plan

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

Executive and Senior Management Long Term Incentive Plan

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

Long Term Performance Rights

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

	Opening balance	Granted during the year	Vested during the year	Lapsed during the year	Closing balance
Grant date					
1 Aug 2025	-	17,460,729	-	-	17,460,729
7 Apr 2025	3,836,782	-	-	-	3,836,782
12 Dec 2024	10,246,680	-	-	(903,157)	9,343,523
20 Dec 2023	5,260,860	-	-	(73,391)	5,187,469
20 Dec 2022	1,340,453	-	-	(1,340,453)	-
	20,684,775	**17,460,729**	**-**	**(2,317,002)**	**35,828,503**

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
1 Aug 2025	Tranche 1	50%	50%
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%

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%x
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	2026	2025
Tranche 1	36 months to 31 July 2028	36 months to 31 July 2027

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:

	2026	2025
Fair value of TSR rights	$0.16	$0.20
Current price at grant date	$0.27	$0.41
Risk free interest rate	3.17%	3.80%
Expected life (years)	3	3
Expected share volatility	38.50%	25.4%

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 2026 (2025: 31 July 2025). The applicable performance periods are:

Tranche	2026	2025
Tranche 1	FY28 EPS relative to FY25 EPS	FY27 EPS relative to FY24 EPS

The percentage of the 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.

During FY26, the Board intended that participants holding unvested LTI awards be placed in a neutral position following the equity raising and subsequent share consolidation.

Subsequent to balance date, the Board approved a reduction to the EPS performance hurdles and the number of Performance Rights on issue to neutralise the impact of these capital restructuring events, preserve the original design intent of the awards, maintain their economic and proportionate value, and align executive and shareholder outcomes while ensuring the revised performance conditions remained appropriately challenging.

Performance Rights continue to be subject to performance conditions and represent an opportunity to earn, rather than a guaranteed outcome.

Expenses arising from equity settled share-based payments transactions

	2026 NZ$'000	2025 NZ$'000
Long term performance rights	361	391
Short term performance rights	-	-
	361	**391**

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 $2,408,000 of contingent liabilities as at 31 July 2026 (2025: $2,659,000).

The most material contingent liability relates to ongoing discussions with the French customs duty authority in relation to the customs value of imported goods. During the year, a portion of the customs assessment was settled, with the related amount covered by a provision recognised in prior periods. 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 €1,000,000. 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

The Group has submitted an MDBI insurance claim arising from COVID public health authority mandates. The claim has been lodged with the Group's insurer and is currently under negotiation. Based on legal advice received to date and the terms of the insurance policy, the directors consider there is a valid claim. However, at the reporting date the outcome amount recoverable cannot yet be measured reliably, as negotiations are ongoing. Accordingly, no asset has been recognised in these financial statements in respect of the insurance recovery, however, the claim is considered material to the Group's financial position. The Group will recognise an insurance recovery only when its realisation becomes virtually certain, in accordance with the requirements of NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

There are no other contingent assets as at 31 July 2026 (2025: nil).

6.6 Events occurring after balance sheet date

On 15th September 2026 the Group satisfied key FCCR covenant milestones contained in its financing arrangements and the remaining working capital facility was made available. As a result, the Group's multi-option syndicated facility increased to A$147.3 million multi-currency revolving and NZ$28.8 million multi-currency facilities.

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

6.7 Supplementary information

Directors' fees

	2026 NZ$'000	2025 NZ$'000
Directors' fees	964	1,039

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

- Philip Bowman (appointed as Chairman May 2026)
- David Kirk (stepped down as Chairman April 2026)
- Abby Foote
- Andrea Martens
- Zion Armstrong (stepped down May 2026)
- John Strowger (appointed as a director July 2026)

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:

	2026 NZ$'000	2025 NZ$'000
Audit services – Group auditor		
Group audit – KPMG New Zealand	571	559
France statutory audit – KPMG France	123	159
Thailand statutory audit – KPMG Thailand	55	52
	749	**770**
Audit services – other audit firms	129	60
Total fees for audit services	**878**	**830**
Non-audit services – Group auditor		
Greenhouse Gasses (GHG) Assurance – KPMG NZ	-	48
Revenue certificates – KPMG New Zealand	-	1
Banking compliance certificates – KPMG New Zealand	6	6
	6	**55**

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	NZ IFRS 18 *Presentation and Disclosure in Financial Statements* will supersede NZ IAS 1 *Presentation of Financial Statements* and is intended to improve comparability and transparency in the presentation of financial statements. NZ IFRS 18 introduces three key new requirements (among others): • A change in the structure of the statement of profit or loss – requires the presentation of profit and loss items by operating, investing and financing activities and specified subtotals including operating profit or loss • Management defined performance measures to be included in a note in the financial statements • Enhanced aggregation/ disaggregation clarification The new standard also amends the classification in the statement of cash flows. The Group's assessment of the impact remains ongoing.

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 2026;
- 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 39 to 83 present fairly in all material respects:

- the Group's financial position as at 31 July 2026 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 engagement for bank covenant compliance, and agreed upon procedures for store revenue certificates. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $3.5 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	
As the Group holds significant indefinite useful life assets, there is the requirement to perform an annual impairment review as set out in note 3.3. These assets are a result of the historical acquisitions of the Kathmandu, Oboz and Rip Curl businesses. An impairment of $147.5 million was recognised on Kathmandu, $278.0 million on Rip Curl and $37.2 million on Oboz. The impairment assessment 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	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; • Performing an independent evaluation of the recoverable amount of the relevant CGUs using our own valuation methodology and assumptions; • Utilising our corporate finance specialists to independently determine a range of discount rates and terminal growth rates using market-based inputs and comparable industry data; • Assessing the integrity and mechanical accuracy of the impairment models used in our independent evaluation; • Evaluating forecast cash flows by reference to historical performance, current market conditions and other available evidence; 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.

The key audit matter	How the matter was addressed in our audit
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.	

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.

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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

KPMG
Christchurch
23 September 2026

ADDITIONAL DISCLOSURES

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Corporate governance statement

The Board and Management of KMD Brands Limited (the "**Company**" or "**KMD**") 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 31 March 2026 ("**NZX Code**") and Listing Rules ("**NZX Listing Rules**").

This Corporate Governance Statement details the Company's key corporate governance arrangements. 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.

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**.

The information in this Corporate Governance Statement is provided as at 31 July 2026 (except where otherwise specified). This Corporate Governance Statement has been approved by the Board.

KMD has a full listing on the NZX Main Board and a Foreign Exempt listing on the ASX. KMD confirms that, for the purposes of ASX Listing Rule 1.15.3, it has complied with and continues to comply with the Listing Rules of the NZX, which is its home exchange.

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.

The Code of Ethics applies to all Directors, managers, employees, secondees, third-party contractors and consultants of the Group. Communication about the Code of Ethics, which includes the Group's anti-corruption policies and procedures, was provided to all employees in Australia, New Zealand, USA and Canada in 2026.

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 wrong-doing 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; the Chief Operations 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 officers 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 and assessment of independence

At 31 July 2026, the Board is comprised of five Directors, namely Abby Foote, Andrea Martens, Philip Bowman, Brent Scrimshaw and John Strowger. The Chairperson of the Board is Philip Bowman, an independent Director. Four out of the five Directors are non-executive Directors. Brent Scrimshaw (Managing Director and Group CEO) is the only executive Director on the Board. At least two directors ordinarily reside in New Zealand.

On 7 July 2026, KMD announced that Ian Morrice would join the Board as a non-executive Director, effective 20 August 2026.

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. Abby Foote, Andrea Martens, Philip Bowman and John Strowger 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.

During the reporting period, the Board also assessed the independence of David Kirk. While Mr Kirk's tenure exceeds the period referred to in the commentary to Recommendation 2.4 of the NZX Code, the Board concluded that this did not give rise to a disqualifying relationship. In reaching this conclusion, the Board considered the absence of any material business or other relationship with the Company, Mr Kirk's continued exercise of independent judgement, and his ongoing contribution as an effective independent director. Accordingly, the Board determined that Mr Kirk remained an independent Director during the reporting period. Mr Kirk resigned from the Board effective 1 July 2026.

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.

During the reporting period, the Board conducted a comprehensive search for two additional independent non-executive Directors to join the Board, to bring specific credentials to the Board, complementing the existing skills, experience and diversity of the Directors, and supporting the Company in the next phase of its strategic agenda. The Board was assisted in this process by Hourigan International. The new appointments were identified through a process of assessing each potential candidate against clear selection criteria.

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

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 Board received regular briefings and training on emerging governance, legal, regulatory and matters relevant to the Group's operations and strategic priorities.

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

Skills of our Directors

		Philip Bowman	Andrea Martens	Abby Foote	Brent Scrimshaw	John Strowger
Brand, customer and market	Global brand, consumer goods product innovation and differentiation	Substantial	Substantial	Medium	Substantial	Medium
	Multi-channel customer, direct -to-customer, loyalty and retail execution	Substantial	Substantial	Medium	Substantial	Some
Strategy, growth and portfolio	Strategy development and commercial acumen	Substantial	Substantial	Substantial	Substantial	Substantial
	Capital allocation, M&A and portfolio optimisation	Substantial	Medium	Substantial	Medium	Substantial
Digital, technology and transformation	Unified commerce, digital, data, AI and cyber resilience	Medium	Substantial	Some	Substantial	Some
Governance, risk and financial stewardship	Governance experience of listed companies	Substantial	Substantial	Substantial	Substantial	Substantial
	Risk management including non-financial and operational risk	Substantial	Substantial	Substantial	Medium	Medium
	Finance, integrated reporting and audit	Substantial	Medium	Substantial	Medium	Medium
People, Sustainability and responsible business	People, culture, talent and workforce transformation	Substantial	Substantial	Medium	Substantial	Medium
	Sustainability for communities, climate and product circularity	Medium	Medium	Substantial	Some	Medium
Global operations and leadership	International business, sourcing and supply chain resilience	Substantial	Medium	Medium	Substantial	Medium
	Executive leadership at scale	Substantial	Substantial	Medium	Substantial	Some

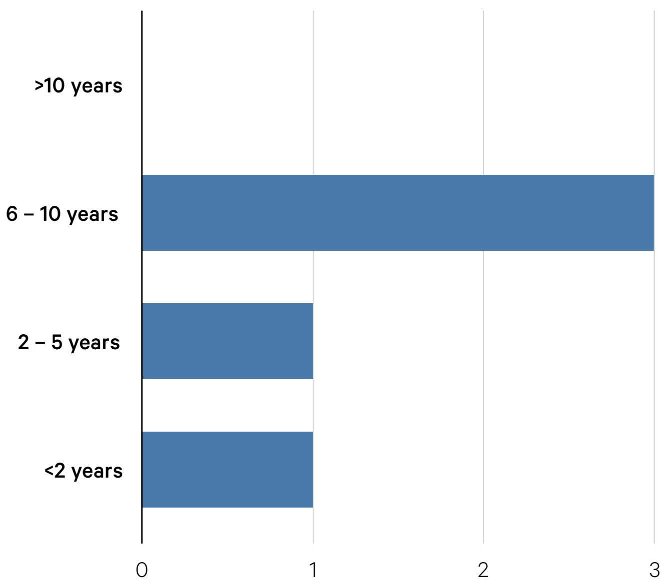
Substantial Experience · Medium Experience · Some Experience

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 5.4 years with the following tenure mix:

Tenure of Non-Executive Directors



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. The Board considers that the Company continued to make progress against the objectives of its Diversity Policy during FY26 through ongoing diversity and inclusion initiatives. Progress against measurable diversity objectives will be reported in our FY26 Impact Report.

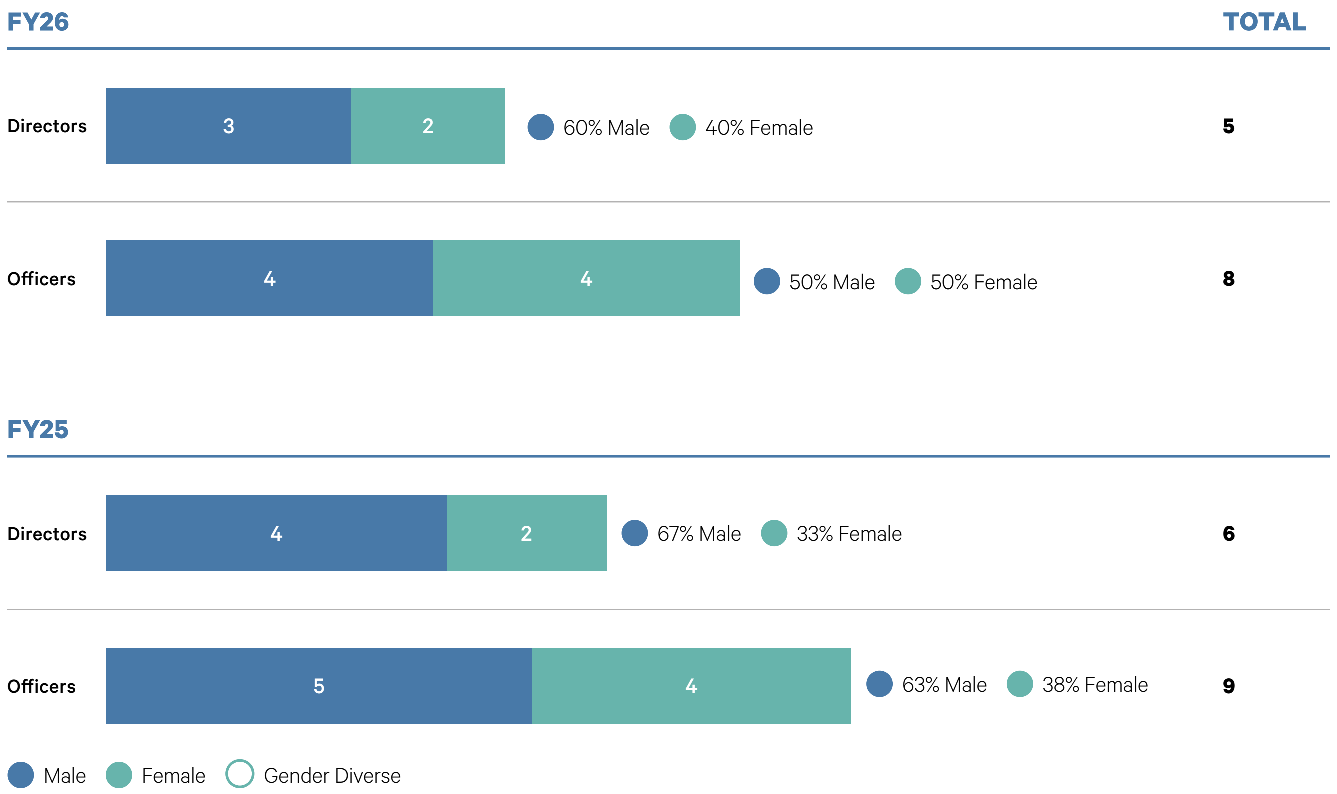
Gender Composition of the Company's Board of Directors and Officers

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 by assessing its performance against these targets annually and will transparently disclose its progress on these objectives. As at 31 July 2026, the Company's Board gender diversity objective was met.

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 2026, the gender composition of the Company's Board and Officers is as follows:



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.**

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 majority of Committee members are independent directors. Management only attends Committee meetings by invitation. During the reporting period, John Strowger joined the Audit and Risk Committee following the resignations of Zion Armstrong and David Kirk. Philip Bowman, as Chairperson of the Board, is a member of both Committees.

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.

The following chart summarises the roles, responsibilities and membership of these two Board Committees (as at 31 July 2026).

	Audit and Risk Committee	People and Remuneration Committee
Roles and responsibilities	• 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; • Monitoring the Group's compliance with laws and regulations and the Company's Code of Ethics; • Encouraging effective relationships with, and communication between, the Board, management and the Company's external auditor; and • 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.	• Overseeing the development and application of the Group People strategy, the remuneration framework and associated policies; • Assisting the Board in relation to matters concerning remuneration of senior executives and Directors; • Providing effective remuneration policies and programs to motivate high performance from all employees; and • Confirming that appropriate and effective policies for managing the performance and development of employees at all levels are in place.
Membership	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. Current members: • Abby Foote (Chair) • Philip Bowman • John Strowger	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. Current members: • Andrea Martens (Chair) • Abby Foote • Philip Bowman

Attendance

The number of meetings of the Board of Directors and the Board Committees held during the year ended 31 July 2026 and the numbers of meetings attended by each Director were:

	Board		Audit and Risk Committee		People and Remuneration Committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
David Kirk*	11	11	4	5	3	4
Andrea Martens	13	13	–	–	4	4
Brent Scrimshaw	13	13	–	–	–	–
Philip Bowman	13	13	5	5	1	1
Abby Foote	13	13	5	5	4	4
Zion Armstrong**	8	8	2	3	–	–
John Strowger***	2	2	–	–	–	–

* Retired 1 July 2026. ** Retired 1 May 2026. *** Appointed effective 1 July 2026

Takeover Protocols

The Board has appropriate protocols in place that set out the procedure to be followed in respect of a control transaction for the Company. An independent committee of Directors would be formed which would have responsibility for managing the control transaction process in accordance with the Board protocols and relevant New Zealand legal requirements.

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/**

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 previous Integrated Reporting approach, the Company has described the material ESG risks and opportunities facing the Group and how those matters are managed. The Company uses and reports in reference to the GRI Standards framework, as well as the B Corp framework, to identify, monitor and manage these matters.

The Company published its second Climate-Related Disclosure statement under the Aotearoa New Zealand Climate Standards in 2025. The New Zealand Government has announced proposed changes to the climate-related disclosure regime, including increasing the reporting threshold for listed issuers, which would remove the Company from the scope of the mandatory reporting requirements if enacted in their current form. While these legislative changes had not been enacted as at the date of this report, the Board continues to oversee climate-related risks and opportunities as part of its governance responsibilities.

For FY26, the Company intends to publish an Impact Report in November 2026, outlining its environmental and social impact and performance against its ESG strategy and metrics for the reporting period but will not prepare a Climate-Related Disclosure statement under the Aotearoa New Zealand Climate Standards given the interim no action relief provided to listed issuers by the Financial Markets Authority. The Impact Report will include emissions data and climate-related information, and will be accompanied by modern slavery disclosures, including reporting on the Company's actions to identify, assess and address modern slavery risks within its operations and supply chain.

Principle 5 – Remuneration

Remuneration at a glance FY26

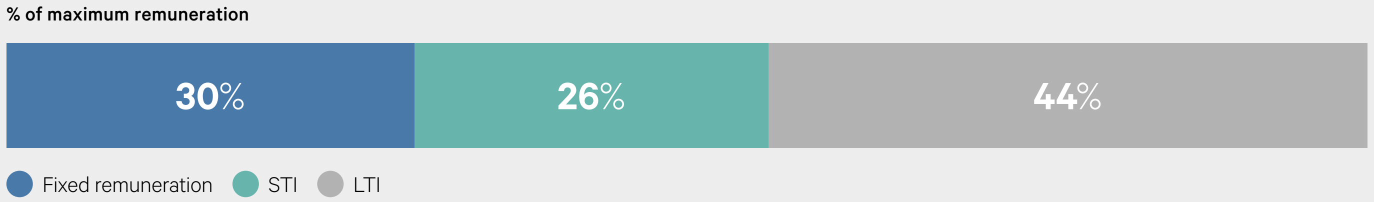
Remuneration framework

Executive remuneration comprises three components:

COMPONENT	PURPOSE	KEY FEATURES
Base Salary or Fixed Remuneration	Attracts and retains talent through provision of market-competitive remuneration for role responsibilities.	Base salary and benefits (where applicable), reviewed annually
Short-Term Incentive (STI)	Rewards annual performance against financial and strategic objectives	Cash-based; linked to financial and individual performance measures
Long-Term Incentive (LTI)	Aligns remuneration with long-term shareholder value creation	Equity-based; subject to multi-year performance conditions

Group CEO remuneration mix

70% of the Group CEO's maximum remuneration opportunity is performance based and at risk.



FY26 remuneration outcomes – Group CEO

COMPONENT	OUTCOME
Fixed remuneration	A$1,203,331
STI Financial component	Nil
STI Non-Financial component	Nil
FY26 LTI grant	Subject to ongoing performance conditions
FY25 LTI grant	Subject to ongoing performance conditions

FY26 remuneration outcomes – Other Executives

- Financial gateways not achieved for Group, Kathmandu and Rip Curl participants with no STI awarded
- Oboz participants achieved above-target financial outcomes
- No LTI awards vested during FY26

Remuneration Framework

Approach to Remuneration

KMD Brands' remuneration philosophy is designed to support the delivery of the Group's strategy and long-term sustainable value creation. Our remuneration framework is designed to attract, retain and motivate high calibre executives, while aligning remuneration outcomes with the delivery of the Group's strategy and the creation of long-term shareholder value.

The Board seeks to provide a clear link between pay and performance by:

- Placing a substantial proportion of executive remuneration "at risk" and contingent on performance outcomes;
- Balancing short-term and long-term incentives to drive both annual performance and sustained value creation; and
- Linking incentive outcomes to a mix of financial and strategic performance measures aligned to the Group's Next Level Transformation strategy.

Remuneration outcomes are determined by the Board following recommendation from the People and Remuneration Committee, having regard to Company performance, individual contribution and the broader market environment.

Link Between Pay and Performance

The Company's remuneration framework is designed to directly align executive reward with Company performance:

- Financial performance measures (including earnings and shareholder return) underpin both STI and LTI outcomes;
- Strategic and operational objectives support delivery of the Group's transformation and long-term growth; and
- A significant portion of remuneration is deferred and subject to future performance, reinforcing long-term alignment with shareholder value.

Remuneration Governance

People and Remuneration Committee

The People and Remuneration Committee is responsible for overseeing remuneration arrangements for the Group, including reviewing remuneration for the Group CEO and senior executives, and making recommendations to the Board.

Remuneration decisions are made in accordance with the Remuneration Policy (available at **www.kmdbrands.com/Corporate-Governance**) with regard to:

- Company performance and strategic outcomes;
- individual performance and contribution; and
- relevant market data and benchmarking.

Benchmarking

Base salaries and fixed annual remuneration (comprising base salary, employer superannuation contributions and cash benefits for Australian Executives) are reviewed periodically, and typically on an annual basis, having regard to the scope of the role, individual performance, market competitiveness and broader remuneration outcomes across the Group. The Group's remuneration philosophy is to position base salaries or fixed remuneration around the median (50th percentile) of relevant market benchmarks, with actual remuneration varying based on skills, experience and performance.

The Committee may seek independent external advice where appropriate. During the year, the Group purchased remuneration benchmarking data from Korn Ferry for comparable companies to support assessments across key global markets. The Board is satisfied that the benchmarking is free from undue influence.

Board discretion

The Board retains discretion, in accordance with the STI and LTI plan rules, in determining remuneration outcomes to ensure alignment with shareholder interests and overall Company performance.

STI and LTI outcomes are reviewed and approved by the Board following recommendation from the People and Remuneration Committee. In determining outcomes, the Board applies judgement having regard to overall Company performance, including both financial results and broader business performance, individual contribution and alignment with shareholder outcomes.

Refer to Principle 3 – Board Committees for more information about membership, responsibilities and meeting attendance relating to the People and Remuneration Committee for FY26.

Other governance disclosures

The Board retains discretion, in accordance with the Company's Malus and Clawback policy, to adjust, cancel or amend unvested incentives, and in certain circumstances, may seek to recover incentives already vested or paid, including in cases of material misstatement, gross misconduct, or material non-compliance.

The Company does not have a mandatory share ownership requirement for the Group CEO or Executive team.

Enhancing remuneration disclosures

The Company continues to evolve its remuneration disclosures to enhance transparency and comparability, taking into account NZX guidance, investor feedback and emerging market practice.

The FY26 disclosures represent a step towards greater clarity in remuneration reporting, balancing transparency with appropriate protection of commercially sensitive information.

Executive Remuneration structure

Executive remuneration comprises:

- base salary and benefits (reviewed annually to assess appropriateness to the position and competitiveness within the market);
- Short Term Incentives ("**STI**"); and
- Long Term Incentives ("**LTI**").

This structure is designed to balance short-term performance with long-term value creation and aligns a significant proportion of remuneration with performance outcomes.

Short Term Incentive (STI)

How the STI operates

Executives are eligible to participate in an annual STI plan, providing cash-based rewards linked to financial and strategic performance.

STI outcomes are subject to Board discretion and are determined based on:

- Financial performance, with a primary focus on Group and Brand earnings ("**EBIT**"); and
- Strategic and individual performance, aligned to delivery of the Group's transformation priorities.

Achievement of the underlying EBIT targets act as a gateway condition for both the Financial and Non-Financial measures for both Group and Brand participants. If the underlying EBIT thresholds (being a minimum of 80% of the target) are not met, no STI is payable under either the Financial or Non-Financial measures.

For Brand participants, the Group and Brand components of the Financial measure operate independently. If the Brand EBIT target is achieved but the Group target is not, the Brand component of STI will be funded, while the Group component will not.

The Board considers underlying EBIT an appropriate measure as it reflects the profitability and operational performance of the Group. Strategic objectives are selected annually to support delivery of key transformation and growth initiatives.

For FY26:

- the Group CEO had a target STI opportunity of 60% and maximum of 90% of fixed remuneration; and
- other executives had opportunities ranging from 30% to 75% depending on role.

FY26 STI structure

KMD Brands Group participants (including Group CEO):

Measure	Target	Weighting
Financial (Underlying Group EBIT)	NZD $19.152m	60%
Non-Financial (Individual Transformation KPIs)		40%

Brand participants:

Measure	Target	Weighting
Financial* (Underlying Group EBIT)	NZD $19.152m	18%
Financial* (Underlying Brand EBIT)	Rip Curl AUD $25.034m Kathmandu NZD $6.303m Oboz USD $(1.351m)	42%
Non-Financial (Individual Transformation KPIs)		40%

* The Group/Brand split of financial metrics for Brand participants is weighted to 30% based on Group outcomes and 70% on Brand outcomes.

FY26 STI outcomes

STI outcomes were determined based on performance against Group financial measures (including earnings performance) and individual strategic objectives linked to the Next Level Transformation program.

For Oboz Brand participants, 110% of the Brand financial performance target was achieved for FY26, resulting in that financial component of the STI being funded at 100% of the maximum opportunity. Final STI outcomes for individual participants are determined based on individual performance against their individual transformation KPIs.

For Rip Curl Brand participants, Kathmandu Brand participants, and KMD Brands Group participants, the underlying EBIT thresholds were not achieved and, accordingly, no STI was payable under either of the Financial or Non-Financial performance components of the FY26 STI plan.

Long Term Incentive (LTI)

How the LTI operates

The LTI plan aligns executive remuneration with long-term shareholder value through the grant of performance share rights ("**PSRs**"), subject to multi-year performance conditions. Participants and award entitlements are subject to the discretion of the Board each year.

LTI awards are assessed over a three-year performance period and are based on two key measures, which operate independently:

- 50% based on Earnings Per Share ("**EPS**") Compound Annual Growth Rate ("**CAGR**"), reflecting financial performance with vesting commencing at 50% for performance of 5% CAGR and increasing on a straight-line basis to 100% at 15% CAGR, with no vesting below the threshold; and
- 50% based on relative total shareholder return ("**TSR**"), measured against a peer group of ASX-listed consumer discretionary sector companies[1] with 100% vesting achieved at or above the 75th percentile relative to the peer group, and proportionate straight-line vesting from 50% at the 50th percentile to full vesting at the 75th percentile (no vesting below the 50th percentile).

1. 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 occurs progressively, on a sliding scale, based on performance against these measures over the performance period.

Other key terms

The Company's TSR must be positive for vesting of the TSR portion to occur.

Performance is measured at the end of the applicable three-year performance period with no ability to re-test.

PSRs are granted at nil cost and typically lapse if employment ceases prior to the end of the performance period, subject to limited exceptions, including redundancy, death or total and permanent disability, or any other reason as determined by the Board.

For FY26, the grant value was determined by dividing the target LTI opportunity by the volume-weighted average share price for the Company's shares as traded on the NZX/ASX (as applicable) in the 30 business days prior to the Company's Annual Shareholders' Meeting.

Each PSR entitles the holder to acquire (at no cost) one fully paid ordinary share in the Company if vesting conditions are met. No distribution rights accrue or are paid in respect of PSRs.

For FY26, there were 41 participants in KMD's LTI plan, including 26 Executive participants across the Group and Brands.

For FY26, participant entitlements were reduced in order to comply with NZX Listing Rule 4.6, with Executive participation, other than the Group CEO, ranging from 20% to 40% of fixed remuneration depending on role. As explained further in the LTI award adjustments section below, at the time of making the FY26 grant, the Group CEO's FY26 opportunity was limited to 124.5% of his fixed remuneration. The Group CEO's contractual LTI opportunity is 150% of fixed remuneration (FY25 entitlement: 150%). The shortfall has subsequently been remedied as discussed further below.

Participants in the LTI are prohibited from entering into transactions to hedge or otherwise limit the economic risk of participation.

LTI award adjustments

Following the equity raising and subsequent share consolidation completed during FY26, the Board reviewed the operation of the performance conditions applying to unvested LTI awards. The Board determined that adjustments to the EPS performance hurdles were appropriate to neutralise the impact of the changes to the Company's capital structure, preserve the original design intent of the awards, align executive and shareholder outcomes, and ensure the performance conditions remained appropriately challenging.

The Board also approved a reduction to the number of Performance Rights on issue for participants holding unvested LTI awards. These adjustments reflected the effects of the equity raising and share consolidation and were intended to maintain the economic and proportionate value of the awards following these capital restructuring events, to align participant interests with driving long-term value creation for shareholders. All Performance Rights remain subject to their performance conditions and represent opportunity to earn rather than any guaranteed outcome.

For all participants other than the Group CEO in respect of the FY26 grant, Performance Rights were adjusted to reflect the equity raising and share consolidation by applying an adjustment factor of 0.06784. For the Group CEO's FY26 grant, a different adjustment factor of 0.081734 was applied to address both the impact of the capital restructuring and a shortfall in the original grant relative to his contractual LTI entitlement. At the time of making the FY26 grant, the Group CEO's FY26 opportunity was limited to 124.5% of his fixed remuneration, rather than his contractual 150% opportunity, in order to comply with relevant Listing Rule limits. This created a shortfall in the original grant, which has been remedied through the application of the differential adjustment factor.

FY26 LTI outcomes

No LTI awards vested during FY26, with all awards for Plan year FY23 (performance period 1 August 2022 to 31 July 2025) lapsed.

LTI awards for Plan year FY24 (performance period 1 August 2023 to 31 July 2026) are not expected to vest and will lapse.

Current LTI grants remain subject to performance conditions and are tracking around or above threshold performance levels over their respective performance periods.

Group CEO Remuneration

Remuneration structure

For the Group CEO, a substantial portion of total remuneration is performance based and weighted towards long-term equity-based incentives. For the Group CEO, 70% of maximum remuneration opportunity is "at risk", with the pay mix of 30:26:44 (FAR:STI:LTI) The STI represents 26% of maximum total remuneration, with a greater weighting to long-term equity-based incentives at 44% of maximum total remuneration. For FY26, the Group CEO's non-financial STI KPIs included:

1. 'Lead a 'step change' in the development and execution of a group and brand turnaround strategy.
2. Create efficiency through technology enabled process and decision intelligence capabilities.
3. Deliver team transformation with new capability and a results orientated culture.
4. Build strong investor engagement through improved market communication.

The Group CEO, Brent Scrimshaw, has a permanent employment agreement with the Company. The agreement includes a notice period of six months.

FY26 outcomes

For FY26, the Group CEO's remuneration outcomes reflected Company performance and challenging trading conditions during the year:

- While significant progress was made on the transformation KPIs, the underlying EBIT performance threshold was not met and therefore no STI award was made under either the financial or non-financial metrics; and
- LTI awards granted during the year, and in respect of FY25, remain subject to future performance conditions.

As a result, realised remuneration was materially below maximum opportunity.

Given that the Group CEO only commenced in his role in FY25, he did not have any PSRs due to vest during the reporting period.

The Group CEO remuneration for the role in each financial year since taking up the position on 24 March 2025 is set out in the table below:

Group CEO Remuneration (AUD)

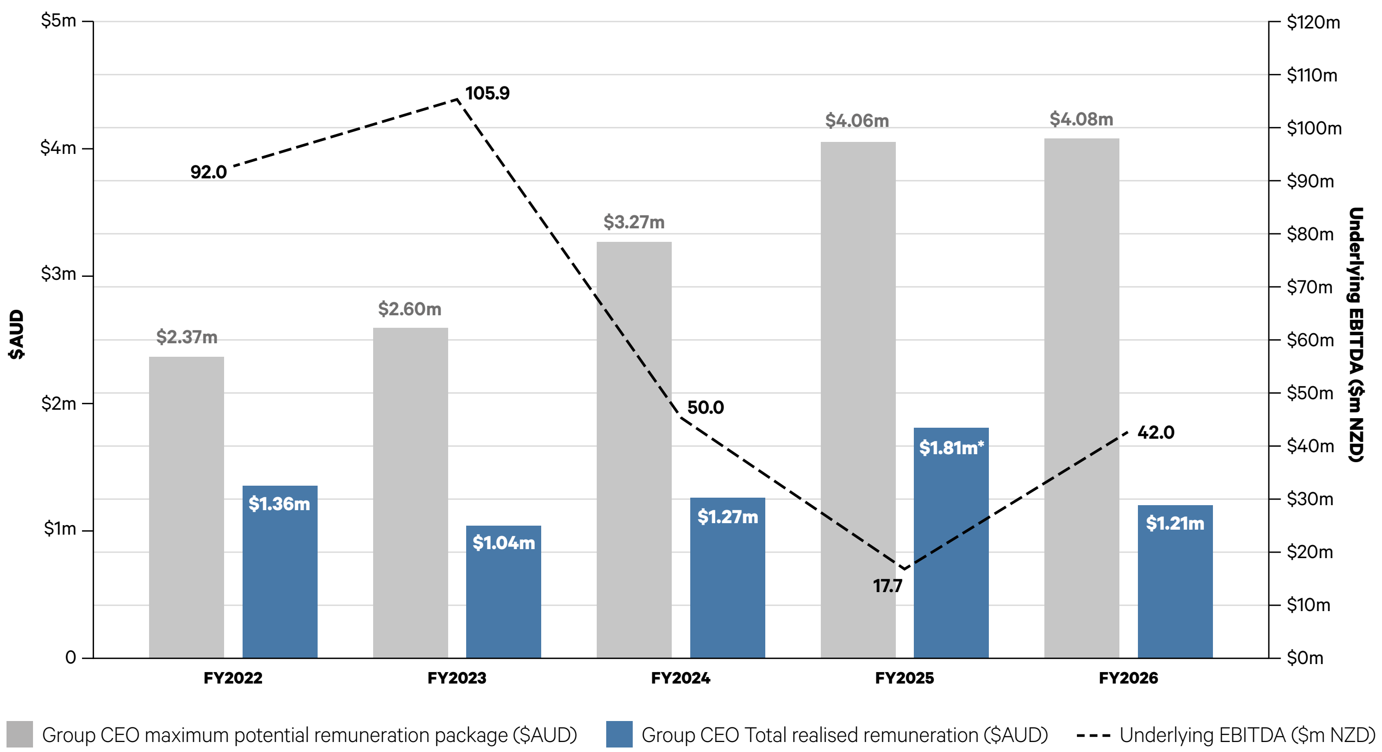
Financial Year	Fixed Remuneration		Short Term Incentive (STI)		Long Term incentive (LTI)			Other bonus	Total Earned
	Base Salary	Other Taxable Benefits [2]	STI Earned [3]	STI Earned as a % of maximum Award	Number of Shares Vested	% of Maximum Awarded for the relevant performance period	Market value at Vesting Date		
FY26	1,155,068	48,263	0	0	-	-	-		1,203,331
FY25	377,618 [4]	25,021	399,938 [5]	100	-	-	-	600,000 [6]	1,402,576

Group CEO LTI summary as at 31 July 2026

PSR Award Date	Performance Period	Balance of PSRs at 31 July 2025	Awarded during the reporting period		PSRs lapsed during the reporting period	Shares Vested during the reporting period			Shares issued/transferred during the reporting period			Balance of PSRs at 31 July 2026	Balance of PSRs following adjustment
			PSRs Awarded	Value at grant date ($ AUD)		Shares Vested	Market Price at Vesting Date	Vesting Date	Shares issued / transferred	Market Price at issue / transfer date	Issue / transfer date		
18 December 2025	1 August 2025 to 31 July 2028	-	5,674,653	1,777,602 [7]	-	-	To be determined at vesting	30 September 2028	-	To be determined at vesting	N/A	5,674,653	463,812 [8]
7 April 2025	1 August 2024 to 31 July 2027	3,836,782		1,777,500	-	-	To be determined at vesting	30 September 2027	-	To be determined at vesting	N/A	3,836,782	260,287 [9]

2. Other taxable benefits include superannuation and the grossed up value of the Group CEO's clothing allowance.
3. Target STI opportunity is 60% of FY26 Fixed Annual Remuneration (base salary plus superannuation), with maximum opportunity of 90%.
4. FY25 salary for Brent Scrimshaw pro-rated for four months of employment.
5. Brent Scrimshaw's pro-rated STI payment for FY25 was Earned in FY25 but paid in FY26 (September 2025) after the FY25 balance date. As part of the terms of his employment package, this STI payment was guaranteed for FY25 and pro-rated for four months of employment.
6. For FY25, Brent Scrimshaw received a sign-on bonus of A$600,000 as part of his employment contract, of which A$250k was used to purchase shares in the Company.
7. Calculated on the average volume weighted price for the Shares as traded on the ASX in the 30 business days prior to the Annual Shareholders' Meeting, being $0.26 AUD.
8. FY26 LTI award adjusted by a factor of 0.081734 for the impacts of equity raise and share consolidation during the reporting period, and to address a shortfall in the original grant relative to the contractual LTI entitlement, which arose due to the application of NZX Listing Rule 4.6.1 limits at the time of grant. At the time of the making the FY26 grant, the Group CEO was issued 5,674,653 Performance Rights with a market price of AUD 1,475,410, representing an opportunity of 124.5% of FAR. Following application of the adjustment factor, the FY26 award represents an entitlement of 150% of the Group CEO's fixed remuneration..
9. Initial PSR award for FY25 of 3,836,782 performance rights adjusted by a factor of 0.06784 for the impacts of equity raise and share consolidation during the reporting period.

Pay for performance history



* During FY25, the Group CEO role transitioned from Michael Daly to Brent Scrimshaw. To facilitate year-on-year comparison, Brent Scrimshaw's total remuneration as Group CEO and Managing Director has been annualised to reflect the remuneration that would have been payable had he held the role for the full 12-month period. Also included is the total value of his once-off sign-on bonus.

Workforce Remuneration and Equity

Group CEO/worker ratio

As at the balance date, 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 29:1. For FY25, this ratio was NZD 32:1.

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 base salary, superannuation contribution, bonuses and cash allowances.

Gender pay gap

The Company monitors pay equity across its global workforce and undertakes periodic reviews to identify and address pay differentials.

As at 31 July 2026, the Group had a total of 3054 female employees, 1659 male employees, and 39 employees with undisclosed gender.

In FY26, we completed an equal pay analysis across our support office roles as part of our remuneration setting processes, reviewing instances where two or more employees within a brand and region share a job title. Any differences in pay were flagged and assessed on an individual basis.

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 2025 Australian Workplace Gender Equality Agency (WGEA) report at **www.kmdbrands.com/communities**.

Remuneration bands

The following table notes the number of employees or former employees of the issuer, not being directors of the issuer, who, during the reporting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded NZD$100,000 per annum, in brackets of NZD$10,000. The value of remuneration benefits analysed includes:

- Fixed remuneration
- Employer superannuation contributions
- Short-term cash incentives
- Redundancy and other payments made on termination of employment.

The figures do not include amounts paid after 31 July 2026 that relate to the year ended 31 July 2026.

Remuneration (NZD $)			Number of Employees
$100,000	–	$110,000	90
$110,000	–	$120,000	68
$120,000	–	$130,000	40
$130,000	–	$140,000	35
$140,000	–	$150,000	34
$150,000	–	$160,000	23
$160,000	–	$170,000	17
$170,000	–	$180,000	19
$180,000	–	$190,000	13
$190,000	–	$200,000	8
$200,000	–	$210,000	14
$210,000	–	$220,000	15
$220,000	–	$230,000	6
$230,000	–	$240,000	6
$240,000	–	$250,000	2
$250,000	–	$260,000	3
$260,000	–	$270,000	5
$270,000	–	$280,000	4
$280,000	–	$290,000	7
$290,000	–	$300,000	4
$300,000	–	$310,000	6
$310,000	–	$320,000	7
$330,000	–	$340,000	4

Remuneration (NZD $)			Number of Employees
$340,000	–	$350,000	1
$350,000	–	$360,000	3
$360,000	–	$370,000	1
$370,000	–	$380,000	3
$380,000	–	$390,000	2
$400,000	–	$410,000	2
$410,000	–	$420,000	2
$430,000	–	$440,000	2
$450,000	–	$460,000	1
$480,000	–	$490,000	1
$550,000	–	$560,000	2
$590,000	–	$600,000	2
$620,000	–	$630,000	1
$630,000	–	$640,000	1
$640,000	–	$650,000	1
$650,000	–	$660,000	1
$670,000	–	$680,000	1
$700,000	–	$710,000	1
$820,000	–	$830,000	1
$980,000	–	$990,000	1
$990,000	–	$1,000,000	1
$1,810,000	–	$1,820,000	1

Director Remuneration

Non-executive Directors are remunerated through fixed fees within an aggregate pool approved by shareholders. When determining the fees for non-executive Directors, the Board considers setting non-executive Directors' remuneration that enables the Company to attract and retain high quality Directors with the relevant experience. The levels at which fees are set reflect the time commitment and responsibilities of the roles of non-executive Directors. In order to maintain independence and impartiality, non-executive Directors do not receive performance-based remuneration. Additional fees are paid to Board and Committee Chair roles, however no additional fees are paid for attendance at Board Committee meetings.

The Board reviews Director fees periodically by engaging external remuneration consultants to benchmark NED fees at least every three years, complemented by internal desktop benchmarking based on publicly available data between reviews, to ensure alignment with market practice and responsibilities.

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 2026, total fees paid to non-executive Directors amounted to AUD $824,475. The Board has resolved that the fee allocation below will remain unchanged for FY27, representing the fourth consecutive year in which non-executive Director fees have been held at the same level.

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 tables below.

For FY26, the Board has determined the following allocation from the current fee pool:

Governance Body	Position	Fees (per annum) (AUD)
Board	Chair	$252,244
	Director	$136,328
Audit and Risk Committee	Chair	$31,000
	Member	N/A
People and Remuneration Committee	Chair	$30,000
	Member	N/A

FY26 Director remuneration outcomes

A breakdown of Board and Committee fees for the period ending 31 July 2026 are set out in the table below:

Director	Board Fee (AUD)	Fee for Audit & Risk Committee (AUD)	Fee for People and Remuneration Committee (AUD)	Total Fees (AUD)
David Kirk	$211,905	$	$	$211,905
Philip Bowman	$165,307	$	$	$165,307
Andrea Martens	$136,328	$	$30,000	$166,328
Abby Foote	$136,328	$31,000	$	$167,328
Zion Armstrong	$102,246	$	$	$102,246
John Strowger	$11,361	$	$	$11,361
Total	**$763,475**	**$31,000**	**30,000**	**$824,475**

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 control risks. The KMD Brands risk framework supports risk identification to reduce potential negative impacts and improve the likelihood of beneficial outcomes, while providing a standard to drive consistency and, in turn, confidence that risk is being managed consistently. 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 aligns with the 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.

The Company has identified the following strategic enterprise risks that could affect results and performance:

Principal risks	Description and potential impact	Management approach
Macroeconomic and Consumer Demand	KMD operates in discretionary consumer markets and is exposed to changes in economic conditions, inflation, interest rates, foreign exchange movements, geopolitical events and consumer confidence. A sustained reduction in consumer spending or increased operating costs could adversely affect sales, profitability and cash flow.	Diversified portfolio of brands, geographies, channels and price points; regular review of market conditions; disciplined cost management; focus on product innovation and customer experience.
Supply Chain and Sourcing	Disruption to global supply chains, geopolitical events, trade restrictions, freight availability, supplier capacity constraints or increases in raw material costs may affect product availability, lead times and gross margins.	Diversified supplier base and sourcing locations; strategic supplier relationships; demand and inventory planning processes; active monitoring of geopolitical and trade developments.
Product, Brand and Customer Relevance	Failure to anticipate consumer trends, maintain brand relevance, innovate successfully or execute effective marketing and product strategies may result in reduced demand, market share loss and weakened brand equity.	Long-term brand strategies; investment in product development and innovation; consumer and market research; marketing effectiveness monitoring and portfolio management.

Principal risks	Description and potential impact	Management approach
Technology, Cyber Security and Data	Technology failures, cyber security incidents, data breaches or ineffective use of information may disrupt operations, impact decision-making, compromise customer or employee information and damage the Group's reputation.	Cyber security framework, security monitoring and testing, employee training, disaster recovery and business continuity planning, ongoing enhancement of data and reporting capabilities.
Inventory and Operational Execution	Inaccurate forecasting, ineffective inventory management or poor execution of key initiatives may lead to excess inventory, lost sales opportunities, margin pressure and lower returns on investment.	Formal planning and governance processes, sales and operations planning, inventory controls, project governance and regular performance monitoring.
People and Capability	The Group's success depends on attracting, retaining and developing talented employees and leaders. Loss of key personnel, capability gaps or ineffective succession planning may affect performance and execution of the Group's strategy.	Succession planning, leadership development, employee engagement initiatives, talent development programmes and knowledge-sharing processes.
Strategic Delivery and Transformation	Failure to effectively develop and execute strategy, including transformation initiatives, may limit the Group's ability to achieve its objectives, realise expected benefits and create long-term shareholder value.	Board oversight of strategy, structured planning processes, defined strategic priorities, performance monitoring and governance of major initiatives.
Retail Footprint and Distribution	An inappropriate retail network, changing consumer shopping behaviours, lease commitments or ineffective channel strategies may adversely affect profitability and growth.	Regular review of store performance, disciplined capital allocation, portfolio optimisation and continued development of digital and wholesale channels.
Regulatory, Compliance and Reputation	Failure to comply with laws, regulations and stakeholder expectations, or events that adversely affect KMD's reputation, could result in legal, financial and reputational consequences.	Code of Ethics, governance policies, risk management framework, compliance programmes, internal controls and Board oversight.
Funding, Capital Markets and Shareholder Support	Failure to maintain sufficient funding capacity, comply with debt facility requirements or retain shareholder confidence could adversely impact liquidity, strategic flexibility and business performance. A sustained depressed share price may also increase the risk of shareholder activism or unsolicited takeover activity.	Ongoing monitoring of liquidity and covenant headroom, proactive lender and investor engagement, regular capital planning and forecasting, disciplined capital allocation and Board oversight of funding, execution of strategy and performance initiatives designed to restore growth, profitability and shareholder value.

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 Group's principal health and safety risks include occupational violence and aggression in retail stores and manual handling activities across its operations. These risks are managed through an integrated health and safety framework that includes training, induction, incident reporting and investigation, targeted risk reduction initiatives and ongoing education to reinforce safe behaviours. The Board receives regular reporting on these risks, associated controls and health and safety performance indicators as part of its oversight responsibilities.

As a lag indicator of health and safety risks, performance and management, the following metrics are included in Board reporting:

Metric	Description	Target	FY26 performance
Actual Group TRIFR	Total Recordable Injury Frequency Rate (Rolling 12 months)	<9.5 (Retail)	6.29
		<15.7 (Distribution centre/manufacturing)	1.32

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, and will step down as audit partner after the current reporting period.

During the reporting period, the Company has continued with limited internal audit function due to resource constraints. The Company considers that 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 cyber security testing 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**) 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**. 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. The Board considers it complied with Recommendation 8.4 for the equity capital raising undertaken during the reporting period. The Company raised capital via a 1 for 0.73 pro-rata accelerated renounceable entitlement offer ("**AREO**") and institutional placement in April 2026. The Company chose to utilise a placement and AREO structure to raise equity after carefully considering alternative equity raising structures, taking expert investment banking advice and weighing the benefits of this structure against the expected impact on non-participating shareholders. All shares issued under the placement and the AREO were issued at the same price, with the placement conducted on no more favourable terms than the AREO. The Board determined that for that particular equity capital raising, a placement and AREO structure achieved the best outcome for all shareholders and was in the best interests of the Company having regard to:

- the need for certainty in the execution of the equity capital raising;
- eligible retail shareholders who took up all of their entitlement in the AREO being able to offset any dilution to their shareholding arising from the placement by applying for additional shares under the retail bookbuild for the AREO at the clearing price; and
- the placement introduced new investors to the Company who were expected to be supportive long term holders.

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**.

Company information

Disclosure of interests

General notices

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.

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
Ascentia Advisory Pty Limited**	Director
Ascentia Holdings Pty Limited**	Director
David Kirk*	
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 Rescue Trust	Director
New Zealand Rugby Union Incorporated	Chairperson
New Zealand Rugby Commercial	Director
John Strowger**	
Skellerup Holdings Limited	Chairperson
Sanford Limited	Director
Qestral Corporation Limited	Director
Caspex Corporation Limited	Director
Chapman Tripp	Consultant
Philip Bowman	
Sky Network Television Limited	Chairperson
Tegel Group Holdings Limited	Chairperson
Ferrovial NV	Director
Vinula Pty Ltd	Director
Vinula Superfund Pty Ltd	Director
Tom Tom Holdings Inc	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

* Ceased to hold office during the period from 1 August 2025 to 31 July 2026
** Commenced to hold office during the period from 1 August 2025 to 31 July 2026
*** Entries removed by notices given by the directors during period from 1 August 2025 to 31 July 2026

Directors' shareholdings

Directors held interests in the following ordinary shares of the Company as at 31 July 2026:

Director/senior manager	Nature of interest	Number held at 31 July 2025	Acquired	Disposed	Number held pre-share consolidation	Total held at 31 July 2026**
David Kirk*	Beneficial owner	1,000,000	821,918	-	1,821,918	588,079
	Registered holder and beneficial owner	300,000	15,616,348	-	15,916,348	121,451
					17,738,266	**709,530**
Philip Bowman	Beneficial owner	1,950,000	15,869,726	-	17,819,726	712,789
	Registered holder and beneficial owner	300,000	-	-	300,000	12,000
					18,119,726	**724,789**
Abigail Foote	Registered holder and beneficial owner	230,000	1,241,191	-	1,471,191	**58,848**
Zion Armstrong*	Registered holder and beneficial owner	42,330	575,994		618,324	**24,733**
Brentley Scrimshaw	Beneficial owner	838,919	1,282,245	-	2,121,165	**84,847**
Andrea Martens	Registered holder and beneficial owner	25,000	131,857	-	156,857	**6,274**
John Strowger	-	-	-	-	-	**-**

* Ceased to hold office as a Director during the period from 1 August 2025 to 31 July 2026
** Updated for share consolidation effective 2 July 2026

Subsidiary company details

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 2026, is included in the relevant bandings for remuneration disclosed on page 105.

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 2026, and those who ceased to hold office during the year ended 31 July 2026, are as follows:

Company	*Director / Office Holder*
KMD Brands Investments Limited KMD Brands Managed Services (NZ) Limited KMD Brands Finance (NZ) Limited RC Surf NZ Limited	Benjamin Washington*, Frances Blundell
KMD Brands Managed Services (AU) Pty Limited KMD Brands Finance (AU) Pty Limited	Lachlan Farran*, Benjamin Washington*, Carla Webb-Sear**
Kathmandu Group Limited Kathmandu Limited	Benjamin Washington*, Megan Welch
Kathmandu (U.K) Limited	Benjamin Washington*, Mathieu Lefin, Carla Webb-Sear**
Kathmandu Pty Ltd	Lachlan Farran*, Megan Welch, Carla Webb-Sear**
Barrel Wave Holdings Pty Ltd	Lachlan Farran*, Brent Scrimshaw, Carla Webb-Sear**
Kathmandu US Holdings LLC	Ben Washington*, Brent Scrimshaw, Carla Webb-Sear**
Oboz Footwear LLC	Amy Beck, Ben Washington*, Carla Webb-Sear**
Rip Curl, Inc	Christa Prince*, Amy Beck, Nick Russell**

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

* Ceased to hold office during the period ending 31 July 2026
** Commenced holding office during the period ending 31 July 2026

Subsidiaries' interests registers

During the year ending 31 July 2026, in relation to KMD's subsidiaries, the following notices were made in the Interests Register pursuant to section 140 of the Companies Act 1993.

Director / office holder	Company / entity	Nature of interest
Megan Welch	Fashion & Textiles New Zealand	Board member
Frances Blundell	Clothing Stewardship Australia Limited	Director

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.

KMD's shares and shareholders

KMD Brands Limited's shares are quoted on the NZX and the ASX and trade under the "**KMD**" ticker. The only class of equity securities on issue is ordinary shares.

As at 31 July 2026, the Company had 71,976,827 ordinary shares on issue. During the reporting period, the Company completed a 1 for 25 share consolidation.

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 2026, were as follows:

	Ordinary Shares	%
Allan Gray Group	11,344,455	15.76
New Zealand Superannuation Fund Nominees Limited	7,180,118	9.98
Accident Compensation Corporation	6,733,227	9.35
FirstCape Group Limited*	5,738,886	7.97

* *FirstCape Group Limited's relevant interests include interests held by its subsidiary Harbour Asset Management Limited under investment management and trustee arrangements.*

Twenty largest shareholders at 31 July 2026

Name	Ordinary Shares	%
New Zealand Superannuation Fund Nominees Limited	7,180,118	9.98
Accident Compensation Corporation	6,686,669	9.29
Bnp Paribas Nominees NZ Limited Bpss40	6,220,592	8.64
Citicorp Nominees Pty Limited	5,537,436	7.69
J P Morgan Nominees Australia Pty Limited	4,194,877	5.83
Kaymag Pty Ltd	2,747,872	3.82
New Zealand Depository Nominee	2,580,790	3.59
HSBC Custody Nominees (Australia) Limited	2,159,185	3.00
Briscoe Group Limited	1,920,299	2.67
Seejay Securities Limited	1,914,656	2.66
Bnp Paribas Nominees Pty Ltd	1,592,062	2.21
Apex Custodian Nominees	1,417,349	1.97
Dosh Property Pty Ltd	1,279,113	1.78
HSBC Nominees (New Zealand) Limited	1,005,089	1.40
Citibank Nominees (Nz) Ltd	1,002,666	1.39
Forsyth Barr Custodians Limited	972,924	1.35
Pt Booster Investments Nominees Limited	941,798	1.31
UBS Nominees Pty Ltd	689,219	0.96
Vinula Pty Ltd	682,871	0.95
Phuong Thi Ngoc Duong	638,546	0.89

Distribution of shareholders and holdings as at 31 July 2026

	Number of Holders	%	Number of Ordinary Shares	%
1 to 1,000	6,902	79.61	1,380,609	1.92
1,001 to 5,000	1,149	13.25	2,687,535	3.73
5,001 to 10,000	253	2.92	1,807,592	2.51
10,001 to 50,000	291	3.36	6,158,731	8.56
50,001 to 100,000	36	0.42	2,587,133	3.59
100,001 and over	39	0.45	57,355,227	79.59
Total	**8,670**		**71,976,827**	

Directory

Other information

Donations

During the year ended 31 July 2026, the Group has made total donations of NZD $259,378.

NZX class waivers relied on

During the year ended 31 July 2026, the Company did not rely on any rulings or waivers granted by NZ RegCo.

NZX powers

NZX did not exercise any of its powers under NZX Listing Rule 9.9.3 in relation to KMD during the year ended 31 July 2026.

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

Share registry

KMD's ordinary shares are quoted on the NZX Main board and on the ASX and trade under the code KMD. KMD's International Security Identification Number (ISIN) issued for the Company by the NZX is NZKMDE0007S0 noting this changed on 2 July 2026.

In New Zealand:	MUFG Corporate Markets (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 Corporate Markets (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

Incorporation

The Company is incorporated in New Zealand.

Kathmandu®

Oboz®

RIPCURL

KMD
BRANDS

KMDBrands.com