KMD BRANDS LIMITED

25 September 2024

Full Year Report
For the period ending 31 July 2024

Contents

BRANDS

Results announcement

Results for announcement to the market		
Name of issuer	KMD Brands Limited	
Reporting Period	12 months to 31 July 2024	
Previous Reporting Period	12 months to 31 July 2023	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$979,415	-11.2%
Total Revenue	$979,415	-11.2%
Net profit/(loss) from continuing operations	$(48,323)	-232.0%
Total net profit/(loss)	$(48,323)	-232.0%
Final Dividend		
Amount per Quoted Equity Security	Nil	
Imputed amount per Quoted Equity Security	Nil	
Record Date	Nil	
Dividend Payment Date	Nil	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.15	$0.17
A brief explanation of any of the figures above necessary to enable the figures to be understood	The year end results are based on accounts which have been subject to audit. Refer to accompanying audited financial statements and media release for further information.	
Authority for this announcement		
Name of person authorised to make this announcement	Frances Blundell	
Contact person for this announcement	Frances Blundell	
Contact phone number	+64 3 968 6110	
Contact email address	companysecretary@kmdbrands.com	
Date of release through MAP	Wednesday, 25 September 2024	

Audited financial statements accompany this announcement.

25 September 2024
(All amounts in NZ$ unless otherwise stated)

KMD Brands FY24 Results

KMD Brands Limited (**NZX/ASX: KMD**, **"KMD"** or the **"Group"**) today announces its results for the twelve months ended 31 July 2024 ("FY24").

FY24 financial summary (vs FY23):

- Group sales down -11.2% to $979.4 million.
- Gross margin down -0.2% of sales to 58.9%.
- Underlying operating expenses[1] $19.6 million lower year-on-year ("YOY"), down -3.6%.
- Underlying EBITDA[1] $50.0 million, down -52.8% YOY due to lower sales.
- Statutory NPAT loss -$48.3 million including a one-off non-cash impairment of Oboz goodwill of $40.3 million. Underlying NPAT[1] loss -$1.1 million.
- Net Working Capital $198.3 million, -$21.4 million lower YOY.
- Net Debt $59.7 million, with significant funding headroom of approximately $230 million.
- No final dividend declared as a result of FY24 operating performance and challenging market conditions.

FY25 trading update for the first 8 full weeks to 22 September:

- Kathmandu Australia direct-to-consumer ("DTC") sales up +2.1% YOY. New Zealand DTC sales down -23.2% YOY, cycling strong end of line clearance sales last year.
- Kathmandu gross profit dollars up +5.1% YOY for the first eight full weeks.
- Rip Curl global DTC sales approximately -5% lower YOY in a seasonally non-significant trading period.
- Wholesale forward orders are moderating from double-digit declines in FY24 to single digit declines for the first half of FY25.

Commenting on the FY24 results, Group CEO & Managing Director Michael Daly said:

"We continued to experience the effects of weakness in consumer sentiment. Sales were 11.2% below last year's record result; and decreased for all three of our brands."

"Following Kathmandu's disappointing first half result, sales trends relative to FY23 improved through the third and fourth quarters, with enhanced in-store and online execution and the launch of new products."

[1] Excluding the impact of IFRS 16, restructuring, the notional amortisation of Rip Curl and Oboz customer relationships, and a one-off non-cash impairment of Oboz goodwill.

“Rip Curl and Oboz cycled record sales last financial year, with direct-to-consumer sales outperforming the wholesale channel this year. The wholesale channel has been more challenging for both brands as wholesale accounts continued to reduce their inventory to manage risk in a challenging economic environment.”

“In a challenging sales environment, gross margin remained resilient despite increased promotional activity for Kathmandu. Operating costs reduced year-on-year despite ongoing inflation pressure, and working capital reduced as inventory investments were carefully managed.”

Group financial performance

	Statutory	Underlying[1]		
NZ$ million[2]	**FY24**	**FY24**	**FY23**	**Var %**
Sales	979.4	979.4	1,103.0	(11.2%)
Gross Profit	576.5	576.5	651.9	(11.6%)
Gross Margin	58.9%	58.9%	59.1%	
Operating Expenses	(469.2)	(526.5)	(546.1)	(3.6%)
EBITDA	107.2	50.0	105.9	(52.8%)
EBIT	(21.1)	16.0	74.2	(78.4%)
NPAT	(48.3)	(1.1)	43.3	-

Gross margin decreased -0.2% of sales below last year to 58.9%. Continued gross margin improvement for Rip Curl and Oboz was offset by increased promotional activity for Kathmandu.

Operating expenses decreased $19.6 million below last year on an underlying[1] basis, despite ongoing inflation pressure. Operating expenses benefited from restructuring implemented last year and lower variable costs associated with lower sales.

Rip Curl: Sales impacted by wholesale customer caution

Rip Curl	Underlying[1]		
NZ$ million	**FY24**	**FY23**	**Var%**
Sales	538.9	581.5	(7.3%)
EBITDA	42.0	55.6	(24.5%)
EBIT	28.2	44.0	(35.9%)

Rip Curl total sales decreased -7.3% to $538.9 million, cycling record sales last year. Direct-to-consumer sales, including online, outperformed the wholesale channel this year.

DTC sales decreased by -2.8% for the year, showing continued improvement on first half sales trends during the third and fourth quarters. Stronger results were recorded in Europe, Asia and South America, helped by new store openings. Online sales increased by +8.6% to $37.9 million, comprising 11.9% of DTC sales.

[2] FY24 NZD/AUD conversion rate 0.924 (FY23: 0.917), FY24 NZD/USD conversion rate 0.605 (FY23 0.617)

Wholesale sales decreased by -13.0%, as wholesale accounts continued to reduce their inventory holdings.

In a challenging sales environment, gross margin and operating expenses were well controlled. Gross margin increased +0.5% of sales reflecting channel mix, improved pricing, and exiting low margin business in North America and Europe. Operating expenses were tightly managed despite continued inflation pressure.

Kathmandu: Sales trends improving in Australia

Kathmandu	Underlying[1]		
NZ$ million	FY24	FY23	Var %
Sales	361.1	422.2	(14.5%)
EBITDA	16.0	52.5	(69.6%)
EBIT	(3.3)	33.3	-

Kathmandu total sales decreased -14.5%, cycling strong sales growth last year, with declines in both Australia -13.9%[3] and New Zealand -15.2%.

Following a disappointing first half, sales trends improved in Kathmandu's largest market, Australia, in the third and fourth quarters, supported by strategic store openings, enhanced in-store execution and the launch of new products. Economic settings in New Zealand have resulted in a more challenging consumer environment.

Online sales decreased by -18.9% to $47.7 million, in line with pre-COVID levels, comprising 13.3% of DTC sales. Online sales trends, relative to FY23, improved each quarter to -1.5% YOY in the fourth quarter. Search engine optimisation and new payment methods online have improved conversion and the consumer experience.

Gross margin decreased -2.2% of sales, driven by clearance of end of line products in August 2023, increased promotional intensity through the fourth quarter, and currency headwinds. Excluding August 2023, gross margin for the period was -1.4% of sales lower YOY.

Operating expenses were more than $10 million lower YOY.

Oboz: Sales impacted by wholesale customer caution

Oboz	Underlying[1]		
NZ$ million	FY24	FY23	Var %
Sales	79.4	99.3	(20.0%)
EBITDA	(0.2)	7.9	-
EBIT	(1.1)	7.1	-

Total sales decreased -20.0%, cycling record sales last year. Wholesale sales remained subdued through the year, as wholesale accounts continued to reduce their inventory to manage risk in a challenging economic environment. Oboz has been impacted by post-

[3] At constant exchange rates.

COVID industry challenges in the North American outdoor footwear category. Participation levels and demand have now moderated, leaving the wider market with higher inventory levels and aggressive promotional behaviour.

The brand benefited from a commitment to diversified sales channels. Online sales grew strongly +31.7% YOY, with increased traffic, conversion, and strategic promotional activity.

In a challenging sales environment, gross margin and operating expenses were well controlled. Gross margin increased +2.1% of sales with improved channel mix, improved pricing, and new product introductions.

Oboz continued to invest in brand, product, and online to support long-term growth objectives, including international expansion. Oboz expects the operating expense investment to be leveraged with future sales growth opportunities as the market recovers and international expansion continues.

Oboz goodwill has been impaired by $40.3 million. The impairment is driven by a conservative view of near-term US wholesale market conditions. This one-off non-cash item does not impact the day-to-day operations of the business. This impairment has been excluded from underlying[1] results.

Balance sheet

At 31 July 2024 the Group had a net debt position of $59.7 million, with funding headroom of approximately $230 million.

Net working capital was $21.4 million lower than 31 July 2023 despite lower sales, with a significant reduction in inventory. Rip Curl and Oboz inventory positions continue to moderate back towards historical levels, with further moderation expected in the second half of FY25.

As previously communicated, the dividend policy remains aligned to earnings, with a target payout ratio of 50% to 70% of underlying NPAT. As a result of the FY24 operating performance and challenging market conditions, the Directors have not declared a final dividend.

Outlook

DTC sales for the first eight full weeks to 22 September are as follows:

- Kathmandu Australia +2.1% YOY, a further improvement on the Q4 FY24 sales trend. Kathmandu New Zealand -23.2% YOY, cycling strong end of line clearance sales in August last year.
- Kathmandu gross profit dollars for the first eight full weeks to 22 September are +5.1% above the equivalent period last year.
- Rip Curl global DTC sales approximately -5% lower YOY, compared to FY24 DTC sales -2.8% YOY in a seasonally non-significant trading period.

Wholesale forward orders are moderating from double-digit declines in FY24 to single digit declines for the first half of FY25. We are seeing order book growth YOY for some regions in 2H FY25, noting that sell-in is not yet complete. Wholesale accounts continue to remain cautious on pre-season commitments.

Commenting on the outlook for the Group, Mr Daly said:

"We remain cautious on consumer sentiment, given the challenging global macroeconomic environment. Global inflationary pressures are easing, but it will take time to directly impact consumer spending."

"In this environment, we are focusing on growing our gross margin, and simplifying our business to drive cost efficiency."

"We remain focused on returning to sales growth and improving profitability in FY25."

"We believe that with our portfolio of iconic global outdoor brands and leadership in sustainability, we remain a unique investment proposition and well-placed for the future."

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

Michael Daly (Group CEO & Managing Director), and Ben Washington (Interim Group CFO) will be holding a briefing session for investors and analysts at 8:30am AEST / 10:30am NZST today (Wednesday 25 September).

Please attend the meeting by following this link: www.virtualmeeting.co.nz/kmdfy24

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

Australia Toll-Free	1800 953 093
New Zealand Toll-Free	+64800005652
USA & Canada Toll-Free	(888) 672-2415
United Kingdom Toll-Free	+44 800 524 4763
France Toll-Free	+33 801 238861
Norway National	+47 57 98 94 28
Spain Toll-Free	+34 800 906908

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

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

\- ENDS -

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

KMD BRANDS

Annual Integrated Report **2024**

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

About this report

This integrated report outlines our financial, economic, social and environmental performance for the year ending 31 July 2024. It marks our third year of integrated reporting.

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

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

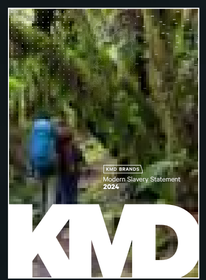
Non-financial information is reported with reference to the Global Reporting Initiative (GRI) Universal Standards. External assurance on non-financial data and information has not been obtained.

We are working towards publishing our first climate disclosure under the Aotearoa New Zealand Climate Standards (NZ CS) later this year, where we will report on our climate-related risks and opportunities and their integration in our business strategy.

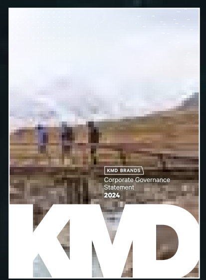
This report serves as KMD Brands' 2024 Annual Report to shareholders and meets the requirements of the NZX Corporate Governance Code dated 1 April 2023.

Reporting suite

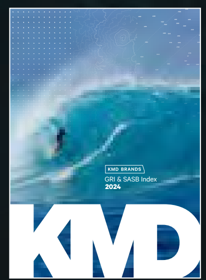
This report should be read in conjunction with the other documents that comprise the 2024 reporting suite, which can be accessed by clicking the below images or visiting: kmdbrands.com/reports



Modern Slavery Statement



Corporate Governance Statement



GRI & SASB Index

GRI 2-5

KMD BRANDS

About KMD Brands

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

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

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

Certified B Corporation

GRI 2-2

CONTENTS

1. OVERVIEW

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

Our group

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

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

OUR PURPOSE AND VISION

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

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

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

PURPOSE

INSPIRING PEOPLE TO EXPLORE AND LOVE THE OUTDOORS.

VISION

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

Our brands

Kathmandu®

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

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

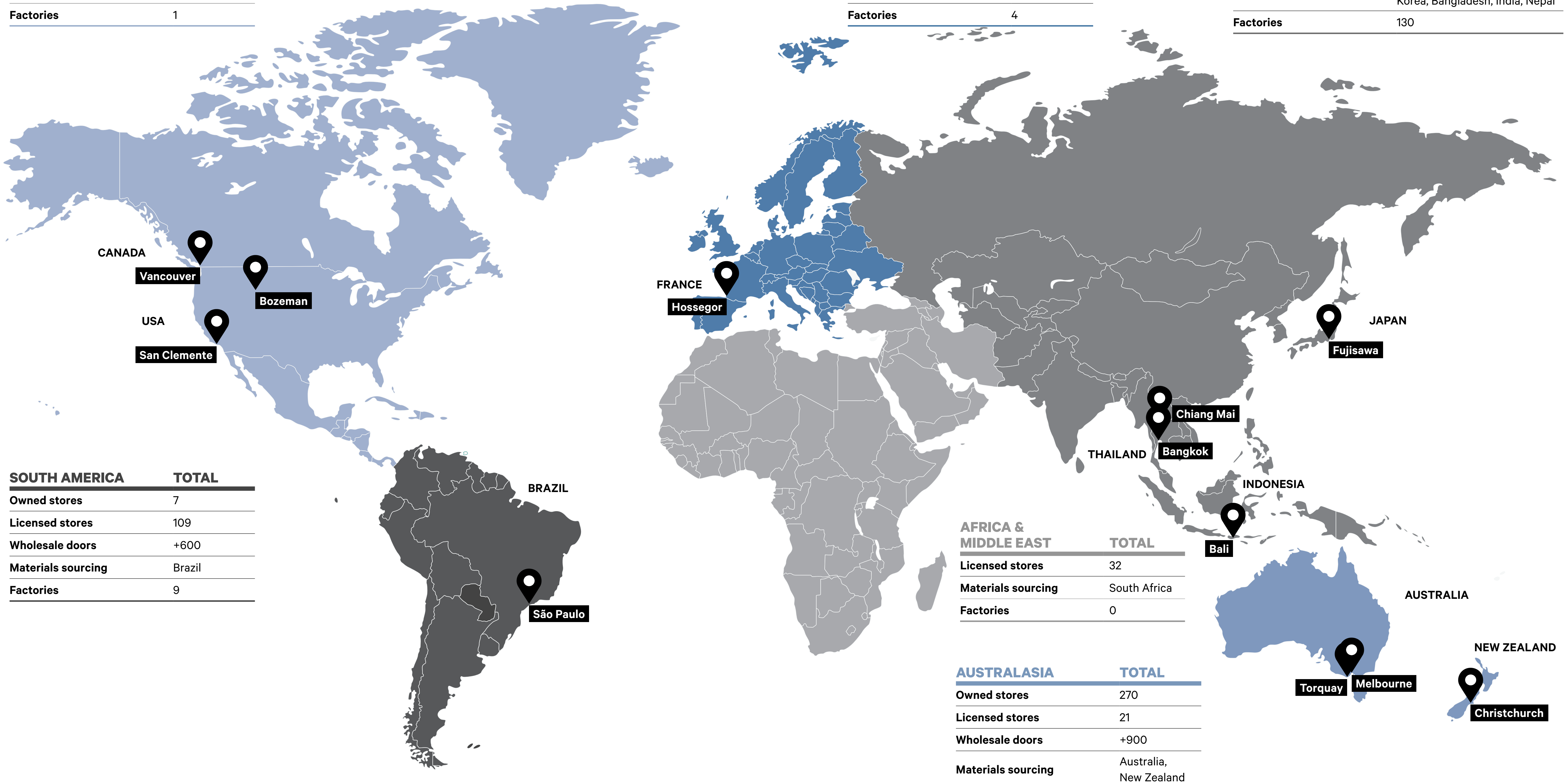
Founded in 1969 in Bells Beach, Australia, Rip Curl is the ultimate surfing company. For more than 50 years, we have led the surfing market and become synonymous with surf culture. 'The Search' – the relentless pursuit of the perfect wave – lives in the spirit of everything we do. Our vision is to be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

Global footprint

NORTH AMERICA	TOTAL
Owned stores	30
Licensed stores	24
Wholesale doors	+3,800
Materials sourcing	USA, Mexico
Factories	1

EUROPE	TOTAL
Owned stores	27
Licensed stores	10
Wholesale doors	+2,000
Materials sourcing	Italy, France
Factories	4

ASIA	TOTAL
Licensed and JV stores	83
Wholesale doors	+600
Materials sourcing	Vietnam, China, Thailand, Taiwan, Japan, Indonesia, South Korea, Bangladesh, India, Nepal
Factories	130



SOUTH AMERICA	TOTAL
Owned stores	7
Licensed stores	109
Wholesale doors	+600
Materials sourcing	Brazil
Factories	9

AFRICA & MIDDLE EAST	TOTAL
Licensed stores	32
Materials sourcing	South Africa
Factories	0

AUSTRALASIA	TOTAL
Owned stores	270
Licensed stores	21
Wholesale doors	+900
Materials sourcing	Australia, New Zealand
Factories	5

FY24 performance overview

	FY24 vs. FY23
$979.4m Total sales	**-11.2%** decrease
58.9% Gross margin	**-0.2%** of sales FY23 59.1%
$50.0m Underlying EBITDA[1]	**-52.8%** decrease
-$1.1m Underlying NPAT[1] loss	FY23 **$43.3m** Underlying NPAT[1] profit
-$48.3m Statutory NPAT loss	FY23 **$36.6m** Statutory NPAT profit

NET DEBT BALANCE

$59.7m

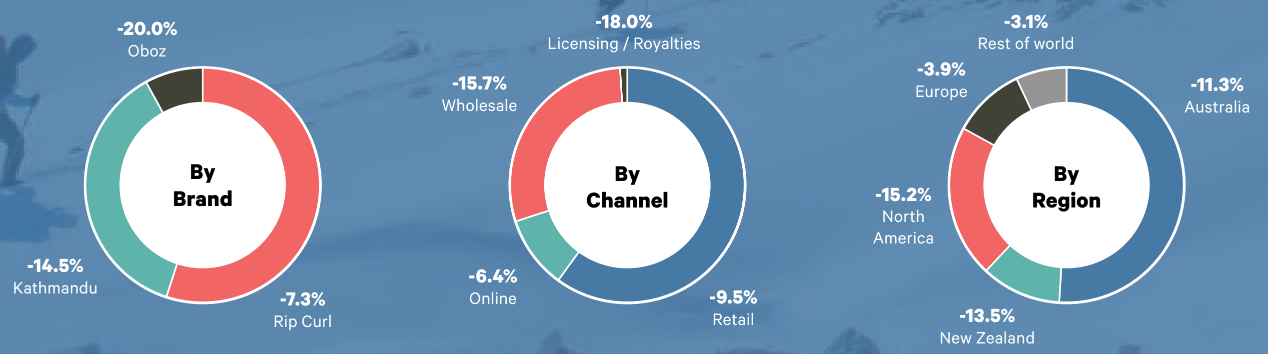
c. $230m
Bank facility headroom

NET WORKING CAPITAL

$198.3m

-9.7% YOY
Jul 23 $219.7m

SALES CHANGE FY24 VS. FY23



1. Statutory results include the impact of IFRS 16 leases. The impacts of IFRS 16, restructuring, the notional amortisation of Rip Curl and Oboz customer relationships, and a one-off non-cash impairment of Oboz goodwill have been excluded from Underlying results. Refer to Appendix 1 of the FY24 Results Presentation for a reconciliation of Statutory to Underlying results.

KATHMANDU

TOTAL SALES

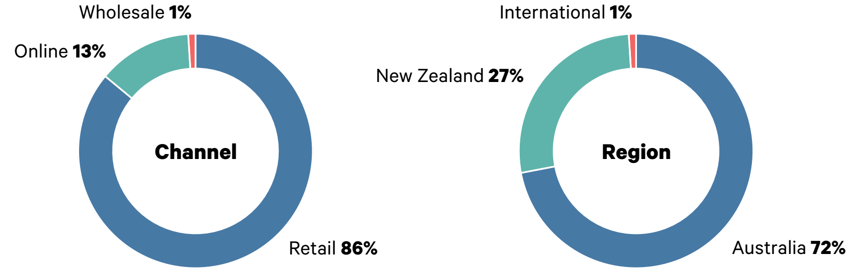
NZD
$361.1m

ONLINE SALES

NZD
$47.7m

representing 13.3% of direct-to-consumer sales

SALES MIX



OBOZ

TOTAL SALES

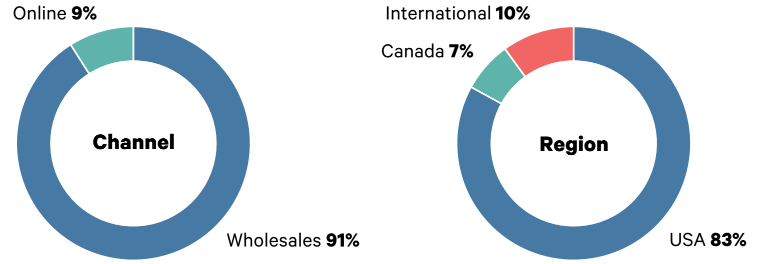
NZD
$79.4m

ONLINE SALES

NZD
$7.4m

+31.7% above last year

SALES MIX



RIP CURL

TOTAL SALES

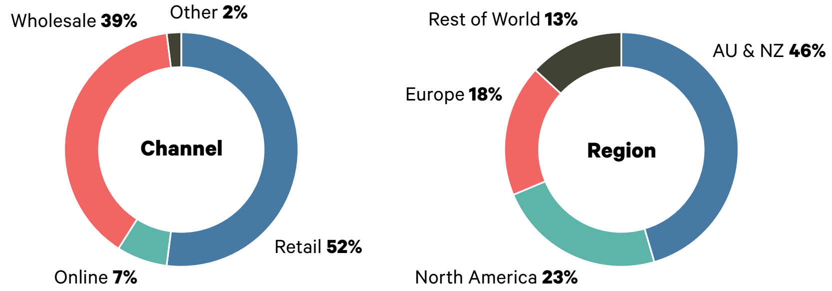
NZD
$538.9m

ONLINE SALES

NZD
$37.9m

representing 11.9% of direct-to-consumer sales

SALES MIX



Chair and CEO message

We present to you the Financial Year '24 Annual Integrated Report for KMD Brands. In this report, you will find a holistic overview of our business, including how we create value for all our stakeholders, the material issues that we have encountered this year, and how we are addressing these.

In FY24, we marked our third year of aligning our reporting with the <IR> framework. This year, we've further refined our approach by structuring the report around the key resources we depend on to create long-term value for our investors and shareholders. We plan to continue reporting in this manner, providing greater transparency on the value of the Group and our three iconic brands.

FY24 was a difficult year. The Board believes the power of the Group and brands will see us through this cyclical downturn.

FY24 performance

Group sales were 11.2% below last year's record result; and decreased for all three of our brands.

Kathmandu had a disappointing first half, with a combination of weaker consumer sentiment, the warmest winter on record in Australia, and reliance on winter weight product, all contributing to lower sales. Sales trends improved in Kathmandu's largest market, Australia, in the third and fourth quarters, supported by strategic airport and DFO store openings, enhanced in-store execution and the launch of new products. Economic settings in New Zealand have resulted in a more challenging consumer environment.

Rip Curl and Oboz cycled record sales last financial year, with direct-to-consumer sales outperforming the wholesale channel this year. Wholesale accounts continued to reduce their inventory to manage risk in a challenging economic environment.

Rip Curl direct-to-consumer sales showed continued improvement on first half trends during the third and fourth quarters. Stronger results were recorded in Europe, Asia and South America, helped by new store openings in Europe and Brazil.

Oboz wholesales were impacted by post-COVID industry challenges in the North American outdoor footwear category. The brand benefited from diversified sales channels, and strong online sales growth.

Gross margin remained resilient, decreasing just 0.2% below last year overall. Continued gross margin improvement for Rip Curl and Oboz was offset by increased promotional activity for Kathmandu.

Underlying operating costs were $19.6 million below last year[1] despite ongoing inflation, benefiting from restructuring implemented last year and lower variable costs associated with lower sales.

Net working capital was $21.4 million lower than 31 July 2023 despite lower sales, with inventory significantly reduced. Rip Curl and Oboz inventory continue to track back to historical levels.

Strategy

We remain guided by our vision to be the world's leading family of global outdoor brands – designed for purpose, driven by innovation, best for people and planet.

We remain focused on our strategic pillars: Building Global Brands; Elevating Digital; Operational Excellence; and being Best for People and Planet (previously Lead in ESG).

We continued to invest in innovation, products and channels to Build Global Brands.

Our initiatives to Elevate Digital focused on improving customer experience and engagement and standardising systems to deliver efficiencies.

Our focus on integrated logistics, investment in systems and sharing best practice drove Operational Excellence across the Group.

As a B Corporation, our dedication to being Best for People and Planet saw us continue to embrace responsible and sustainable business practices, delivering positive social and environmental impact. As a result we continue to be an employer of choice.

1. Statutory results include the impact of IFRS 16 leases. The impacts of IFRS 16, restructuring, the notional amortisation of Rip Curl and Oboz customer relationships, and a one-off non-cash impairment of Oboz goodwill have been excluded from Underlying results. Refer to Appendix 1 of the FY24 Results Presentation for a reconciliation of Statutory to Underlying results

Kathmandu

At our first half results release, we set out the Kathmandu brand's product and marketing challenges. Our goal to reduce the brand's reliance on outerwear and refine its brand marketing execution continues.

Kathmandu's product and marketing teams have been realigned. Chief Executive Megan Welch has separated digital from marketing, hired a new GM of Digital and consolidated most roles in the brand's Christchurch headquarters to ensure cohesion.

New products and enhanced in-store execution improved second half sales trends relative to FY23, particularly in Australia. A new, more authentic brand identity campaign has also been developed and will launch in early FY25.

The Board of Directors is encouraged by the improvements underway and optimistic for the trajectory of the brand. The Board remains committed to positioning Kathmandu as the market leading premium outdoor brand in ANZ.

Dividend

Our dividend policy remains aligned to earnings, with a target payout ratio of 50% to 70% of underlying NPAT. Given FY24 operating performance and continuing challenging market conditions, Directors have not declared a final dividend.

Outlook

Given the global macroeconomic environment, we remain cautious about consumer sentiment. Inflationary pressures are easing, but it will take time to impact consumer spending.

We continue to focus on tightly controlling operating expenses and capital investments, enhancing and growing our gross margin, and simplifying our business to drive cost efficiency.

Our brands have a great deal of equity, and exciting product development opportunities that will see them through these challenging conditions.

On behalf of the Board, we acknowledge the decline in share price and assure investors that we are committed to taking action to improve financial performance and enhance shareholder value. It is the Board's view that the current share price materially undervalues our group of iconic brands. We thank our shareholders for their continued support and our KMD Brands employees for their dedication during a challenging year.

We remain focused on returning to sales growth and improving profitability in FY25. We believe that our portfolio of iconic global outdoor brands and leadership in sustainability makes us a unique investment proposition in this part of the world.

Michael Daly LEFT

Managing Director and Chief Executive Officer

David Kirk RIGHT

Chairman

Our board and executive team

The Board provides overall strategic oversight of KMD Brands, including adherence to best-practice governance principles, maintenance of high ethical standards and protection of core values so that the Group is managed effectively and responsibly.
A brief biography of each Board member can be found in the "Board and Management" section of the company's investor website.
Our FY24 Corporate Governance Statement, including Director Skills Matrix, is available on the company's investor website.

LEFT – RIGHT: Michael Daly, Abby Foote, Brent Scrimshaw, David Kirk, Philip Bowman, Andrea Martens, Zion Armstrong.

1. David Kirk
Chairman
Appointed 21 November 2013

2. Brent Scrimshaw
Non-Executive Director
Appointed 2 October 2017

3. Philip Bowman
Non-Executive Director
Appointed 2 October 2017

4. Andrea Martens
Non-Executive Director
Appointed 1 August 2019

5. Michael Daly
Managing Director/Chief Executive Officer
Appointed 19 May 2021

6. Abby Foote
Non-Executive Director
Appointed 15 October 2021

7. Zion Armstrong
Non-Executive Director
Appointed 1 December 2022

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

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

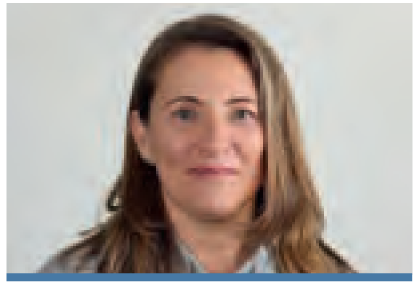
Michael Daly
Managing Director & Chief Executive Officer
Joined Rip Curl in 2002

Megan Welch
Chief Executive Officer, Kathmandu
Joined Kathmandu in August 2023

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

Brooke Farris
Chief Executive Officer, Rip Curl
Joined Rip Curl in 2010

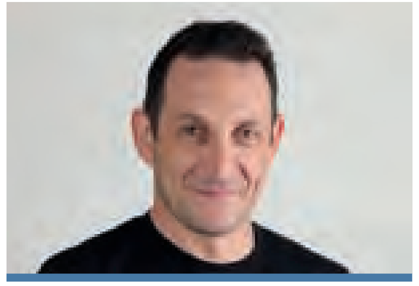
Frances Blundell
Chief Legal & ESG Officer
Joined Kathmandu in 2017



Linda Barlow
Chief People Officer
Re-joined Rip Curl in 2019

Lachlan Farran
Chief Commercial Officer and Interim Co-Chief Financial Officer
Re-joined Rip Curl in 2016

Mathieu Lefin
President KMD Brands, Europe
Joined Rip Curl in 2009



Michael Ross
Chief Information Officer
Joined KMD Brands in 2024

Ben Washington
Interim Co-Chief Financial Officer
Joined KMD Brands in 2020

GRI 2-9, 2-12

Governance at KMD Brands

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

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

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

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

KMD BRANDS

Certified B Corporation

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

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

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

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

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

2. CREATING VALUE

OUR STRATEGY

Our strategic pillars:

Building Global Brands	Elevating Digital
Operational Excellence	Best for People and Planet

Four pillars support KMD Brands' growth as a global, multi-channel business and address our key material issues. Amid challenging and disruptive global conditions, we prioritise a flexible balance sheet that supports capital returns and future acquisitions.

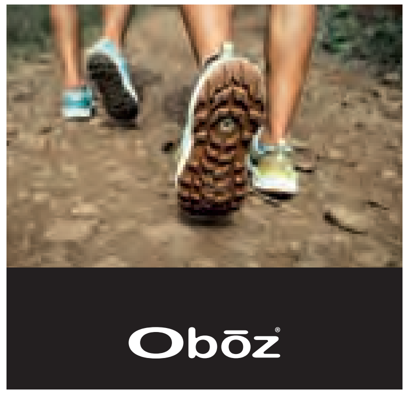
In the subsequent sections of this report, we outline our observations and responses to the material issues we encountered during the year. We consider how our strategic pillars help us mitigate risks and capitalise on opportunities for KMD Brands.

By considering these material issues across the resources we rely on to create value, we disclose the significant impacts on value creation, preservation and erosion, as defined under the Integrated Reporting Framework.

Building on the significant progress we've made under our "Lead in ESG" pillar, we have updated it to "Best for People and Planet" to reflect our broader commitment. This evolution allows us to maintain our momentum while placing our employees firmly at the heart of what we do. For more details, see "Our People" on page 36.

This year, we have continued to strengthen our corporate strategy to position KMD Brands as a global family of outdoor brands. Our commitment remains steadfast to the creation of high-quality, purpose-driven, innovative products that are best for people and planet.

KMD BRANDS



BUILDING GLOBAL BRANDS

We are building brands to connect with customers around the world. Our goal is for Rip Curl to be recognised throughout North America, be among Europe's top three surf brands, and maintain its reputation as the ultimate surf brand in Australasia, South America and South East Asia. Kathmandu is now attracting customers in Canada and Europe, proudly sharing its New Zealand origins and maintaining its market leadership in Australasia. We are leveraging our infrastructure in Europe and Australasia to launch Oboz in Australia, New Zealand and Europe.

ELEVATING DIGITAL

We are elevating our digital experience by investing in platforms that deliver a world-class experience to everyone – consumers, wholesale partners, suppliers and our own employees. Our digital platforms are designed to support a seamless customer experience, streamline processes and drive efficient operations to enhance brand visibility and the Group's growth.

OPERATIONAL EXCELLENCE

To fuel our expansion efforts, we champion collaboration across our businesses. We are investing in programs that strengthen cross-brand connections, drive supply chain efficiencies and core-system capabilities. We are unlocking product innovation by working together to ensure each brand's products resonate in the market and continue to lead in their respective categories. Operational excellence drives our success by improving working capital, scaling efficiencies and sharing financial benefits to maintain a sustainable growth trajectory.

BEST FOR PEOPLE AND PLANET

The best businesses create lasting value for people and the planet, and this belief is at the heart of everything we do at KMD Brands. By fostering a culture of excellence and high performance, we are committed to attracting, developing, and retaining top talent. At the same time, we are embedding our three ESG pillars – communities, climate, and circularity – across all aspects of our business. Through transparency, accountability, and a commitment to positive impact, we are investing in a future where both people and the planet thrive. By connecting our customers and employees with the great outdoors and making this connection central to our culture, we enhance people's appreciation of our planet.

GRI 2-22

ESG strategy and performance

Our strategic pillar 'Best for People and Planet' and company vision drive our ESG strategy, which is focused around three key areas: Communities, Climate and Circularity. This page provides a snapshot of our ESG strategy, focus areas and key FY24 performance metrics against our goals.

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:

COMMUNITIES

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

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.

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Focus area	Our goals	FY24 performance
Provide a people-centred culture and workplace that fosters health, safety, wellbeing and inclusiveness	An equitable, inclusive workplace representative of the diversity within our communities including: • 40:40:20 gender representation in leadership positions (Board, executive and management)	13% increase in female representation in executive leadership positions, reaching 48% (FY23: 34%)
	• Increased representation in employment of local Indigenous Peoples and people from ethnic or racial minorities	9.2% of our team identify as belonging to an ethnic minority
Protect human rights and dignity by addressing modern slavery in our value chain through collaboration and transparency	Genuine transparency of, and effective worker voice communications with, strategic suppliers for each brand	62% increase in factories using our worker voice tools, reaching 13 factories (FY23: 8) 31% increase in individuals participating in worker surveys, reaching 5,947, including 654 responses from Tier 2 factory workers (FY23: 4,520 respondents)
Engage, inspire and protect the communities where we operate and impact	Supported local community projects, through donations, fundraising and paid employee time, to create a positive impact for the wellbeing of people and planet	3.5% increase in local community investment, reaching NZD\$1.18m (FY23: NZD\$1.14m) 42% increase in employee volunteer hours, reaching 4,860hrs (FY23: 3,405hrs)

CLIMATE

Transition to a low carbon future

SDG 13 Take urgent action to combat climate change and its impacts.

13 CLIMATE ACTION

Focus area	Our goals	FY24 performance[1]
Reduce emissions in line with the Paris Agreement goals	Reduced absolute Scope 1 and 2 emissions by a minimum of 47% by July 31 2030, from a FY19 base year	NZD\$91,000 invested in solar system installation at 4 new sites
	Reduced absolute Scope 3 emissions by a minimum of 28% by July 31 2030, from a FY19 base year[2]	118 Tier 1 and 2 factories reporting to us using verified Higg FEM data

1. Our FY24 emissions data and performance will be reported in our Climate Disclosure Statement which is to be published in November 2024.
2. Our Scope 3 target includes the following GHG Protocol categories: purchased goods and services: fuel and energy related activities, upstream transportation and distribution, waste generated in operations, use of sold products, end of life treatment of sold products, and investments.

CIRCULARITY

Eliminate the linear take-make-waste approach to business

SDG 12 Ensure sustainable consumption and production patterns.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Focus area	Our goals	FY24 performance
Foster and invest in circular business models across our businesses	Commercialised brand-led circular business models for product take-back, renewal, repair, recommerce, rental and recycling programs	Increased from 4 to 5 customer programs • Rent a Wetsuit • Watch & Wetsuit in-house repairs • Recycle My Wetsuit • REDU • Upparel & ImpacTex customer textile waste recycling
Increase responsible material content in our products	Dedicated to our own-brand products being responsibly sourced	**Kathmandu:** 64% of polyester used in apparel is recycled or recyclable (target 100% by 2030) (FY23: 58%) **Oboz:** 34% of range using a minimum of 20% environmentally preferred materials by weight (FY23: 9.7%) **Rip Curl:** 66% apparel and accessories containing preferred fibre materials (target: 100% by 2030) (FY23: 54%)
Reduce the waste footprint created across our businesses	Reduced operational and packaging waste including: • Diversion of 90% of waste to landfill from our direct operations by 2030	4% increase in operational waste diverted from landfill, reaching 55% / 908mt (FY23 restated: 51%)
	• All primary and secondary packaging and promotional material is recyclable or made using recycled materials by 2030	Strategic sourcing alignment of 100% recycled plastic LDPE polybag for Kathmandu and Rip Curl in bulk volume style production (FY23: Rip Curl only)

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

GRI 2-22

Materiality approach

We conduct a comprehensive materiality assessment every two years, with the last one undertaken in FY23. This re-evaluated the relevance and importance of material issues identified in 2021 and noted emerging concerns.

This process involved extensive stakeholder engagement, including surveys and confidential interviews. Polls were also conducted in-store and across social media platforms. Specific ESG questions were integrated into surveys conducted at eight supplier locations in Vietnam. We also investigated scientific, industry, economic and political sources to understand emerging trends.

THE MATERIALITY ASSESSMENT PROCESS

More than 30 people were interviewed, representing a broad spectrum of stakeholders. Respondents were asked to evaluate ESG and non-ESG material issues outlined in our FY22 Annual Integrated Report, and to assess the importance of each issue to KMD Brands' business success and reputation, and our ongoing relationship with the relevant stakeholder.

Respondents were also asked to rate the relative importance of each material issue and assess whether KMD Brands met their expectations on each issue.

Key stakeholders were further invited to share their perspectives on:

- Specific ESG sub-issues addressed in our ESG strategy;
- Issues that they believe are missing from our current material issues list and warrant greater attention;
- Emerging issues that may become more material to KMD Brands over the next 5-10 years.

The materiality assessment refresh affirmed that the issues identified in 2021 remain relevant. This was validated unanimously by all stakeholders. Both investors and employees noted progress on key ESG issues, underscoring the importance of KMD Brands' ESG leadership to our ongoing business success and stakeholder engagement. Our stakeholders also highlighted nuanced market changes and emerging issues, prompting the inclusion of biodiversity impact as a new material issue. We also separated geopolitics and digital transformation into distinct categories.

OUR KEY STAKEHOLDERS

In formulating our material topics, we consulted stakeholders who significantly influence our Group and those on whom we have a substantial impact through our business activities:

- Shareholders
- Board of directors, executive and functional leaders
- Employees
- Consumers and wholesale customers
- Suppliers and workers
- Financiers
- Regulators
- Community groups, including athletes and brand ambassadors.

This inclusive approach ensures that KMD Brands' activities are aligned with stakeholder expectations, incorporate emerging concerns into our strategic framework, and sustain our commitment to transparency and accountability in ESG reporting.

GRI 2-12, 2-29, 3-1

Our material issues

Our material issues are defined as those that have the most significant impact on our ability to create value for our stakeholders.

We acknowledge that managing material issues can involve some trade-offs. Making a substantial investment to address one material issue may require significant financial resources but enhance employee satisfaction or elevate customer experience, for instance. Prioritising sustainability initiatives may incur higher costs but strengthen brand reputation and customer loyalty. Each decision reflects the balancing act that KMD Brands undertakes to maximise long-term value while managing immediate impacts on financial performance and stakeholder relationships.

While some factors are beyond our direct control, proactive mitigation measures can minimise the risks to our business. Throughout this report, we discuss these material issues in relation to resources essential for value creation, and how our strategic priorities are shaped to address them. The Board has reviewed and approved these material topics for the current reporting period.

GLOBAL ECONOMY

Managing the impacts of global inflation is crucial as we continue to navigate rising costs across multiple fronts. Inflationary pressures and the rising cost of living continue to influence consumer discretionary spending habits. Shifts in consumer lifestyles are also influencing market dynamics.

GEOPOLITICAL LANDSCAPE

Turbulent geopolitical conditions, including ongoing global conflicts and regional political instability, pose risks of heightened trade tensions, regulatory uncertainties, supply chain disruptions, potential security threats and sanctions. These factors could affect material sourcing, market volatility, operational complexities and market access.

SUPPLY CHAIN RESILIENCE

All global product transport and customer delivery operations are vulnerable to shipping delays, port congestion, and the accessibility of regional freight forwarding. These factors can disrupt the flow of goods, posing challenges to timely product delivery.

CLIMATE CHANGE

Urgent transformative actions to tackle the impacts of climate change are a significant material issue for all businesses. Climate change presents physical, regulatory, market and social risks, while providing opportunities for innovation and growth through mitigation, adaptation, transparency and collaboration. Our commitment to reduce emissions connected with our business and our products, and our commitment to innovate sustainably, are critical to our long-term resilience and growth.

PEOPLE AND WELLBEING

Attracting and retaining talent in a competitive labour market is an ongoing challenge and priority for our business. The wellbeing of people, beyond health and safety, continues to drive us to focus on resilience, inclusion and fostering a supportive workplace culture where everyone can be themselves.

DIGITAL TRANSFORMATION

Adapting to advances in digital technology enhances operational efficiency and customer experience, supports agile operations and ensures KMD Brands has future-fit platforms and tools. Digital transformation helps us to harness data to drive better decision making and accelerate growth across our direct-to-consumer business to elevate the customer experience, enhance efficiency and support innovation.

BRAND POWER

Protecting and enhancing the strength of our brands is fundamental to our business. We strive to deliver relevant products and experiences that resonate with our customers and secure our sustained competitiveness.

BIODIVERSITY LOSS

Biodiversity loss – which encompasses natural resource depletion including ecosystem disruption, habitat loss, pollution and impacts on water quality and availability – has systemic consequences for human health and planetary stability. We look for ways to minimise our environmental footprint and promote biodiversity conservation. We aim to mitigate impacts on natural resources through responsible sourcing and sustainable practices.

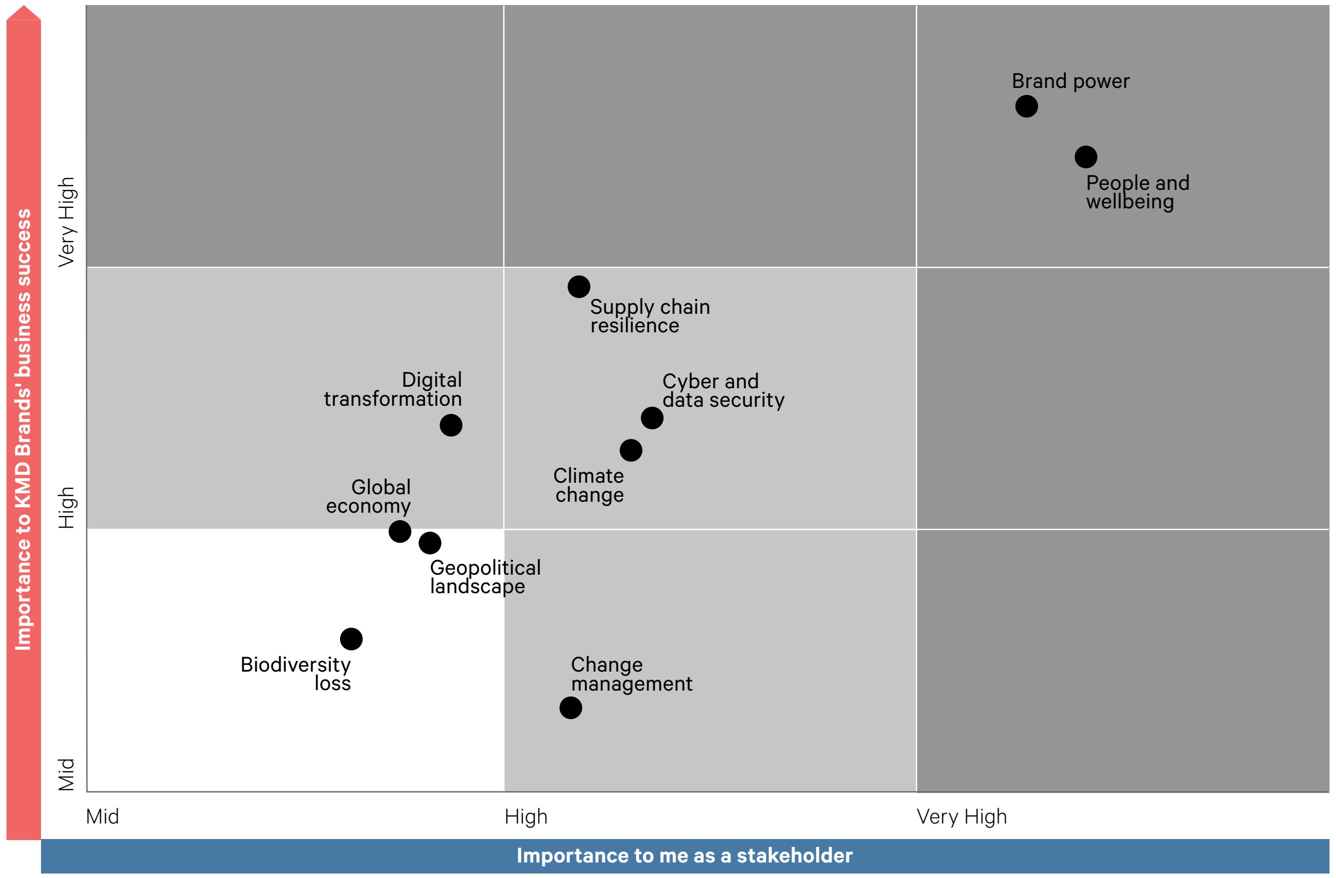
CHANGE MANAGEMENT

Integrating our brands to optimise operational and financial performance requires strategic change management. Effective communication, employee engagement, robust project planning and leadership support are keys to achieving synergies and operational success.

CYBER AND DATA SECURITY

Investing in resilient infrastructure and protecting customer data are paramount amid rising cyber threats. Upholding privacy standards and using data responsibly help us to maintain trust and compliance.

MATERIALITY MATRIX



How we create value

THE RESOURCES WE RELY ON

OUR CREATIVE POWER
Over 3,000 new styles released to market

OUR PRODUCTS AND CHANNELS
Sold in over 8,000 locations (owned stores, licensed stores, wholesale doorways)

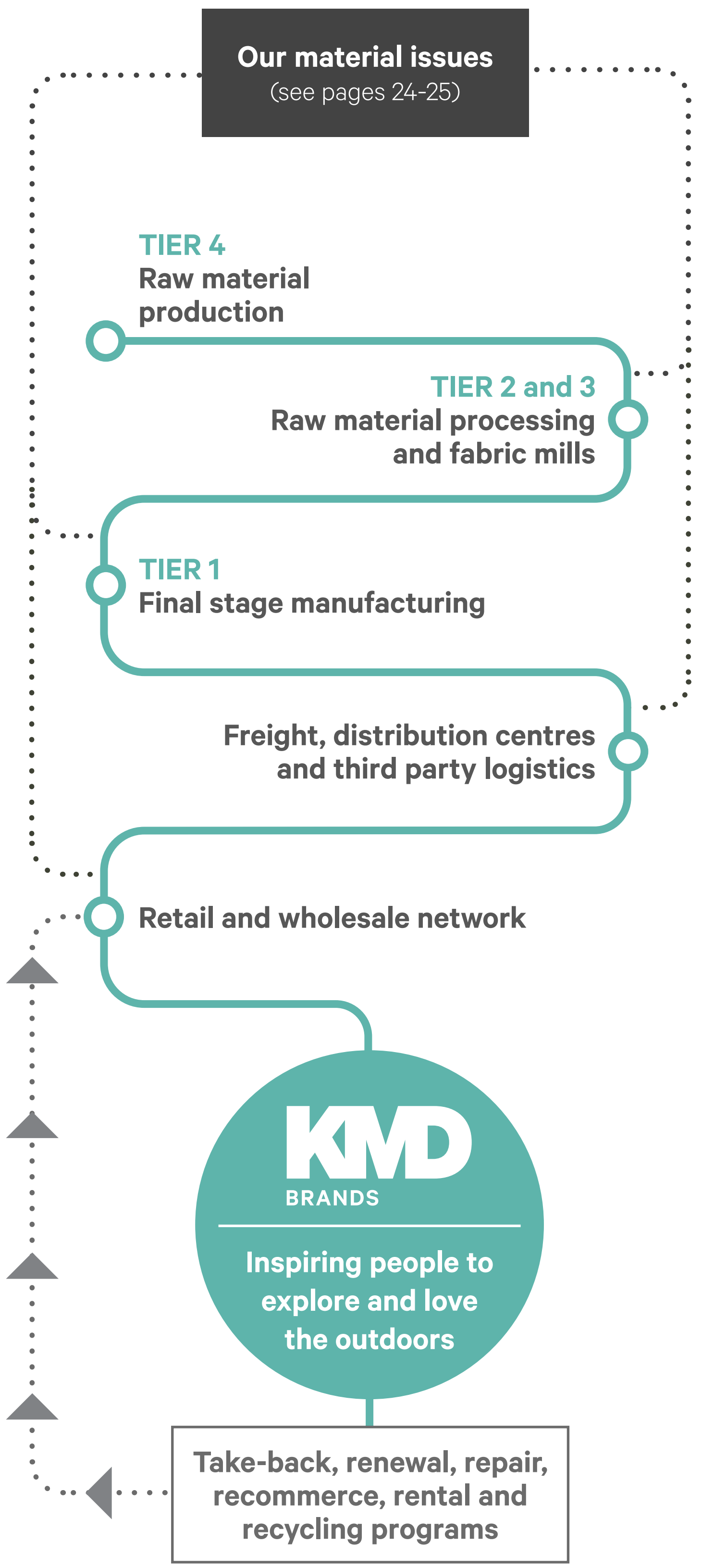
OUR PEOPLE
4,688 employees across 15 countries

OUR PARTNERSHIPS
149 Tier 1 factories making our products

OUR ENVIRONMENT
Materials sourced from 18 countries

OUR FUNDING
Over 10,000 shareholders
$310m syndicated debt facility

OUR VALUE CHAIN



FY24 OUTPUTS	OUTCOMES FOR OUR STAKEHOLDERS
$979.4m total sales	**FOR CUSTOMERS** Designing innovative, technical outdoor lifestyle and sports products
37,000+ training hours delivered (mix of e-learning and facilitated sessions to over 4,500 employees)	**FOR EMPLOYEES** Providing a place for all people to realise their full potential
Underlying[1] operating expenses, reduced year-on-year by: **$19.6m**	**FOR INVESTORS** Controlling operating expenses despite ongoing inflation pressures
$1.18m in support of local community projects and partnerships	**FOR THE COMMUNITY** Creating positive change in the communities we impact
5,947 individual participants in worker voice surveys, across 13 factories	**FOR SUPPLIERS** Providing long-term partnerships, supporting strong worker wellbeing through the use of worker voice tools
26.5 mt of post customer textile waste diverted from landfill through in-store product take-back programs	**FOR THE PLANET** Striving to make a positive impact on the environment across the whole life cycle of our products

1.Statutory results include the impact of IFRS 16 leases. The impacts of IFRS 16, restructuring, the notional amortisation of Rip Curl and Oboz customer relationships, and a one-off non-cash impairment of Oboz goodwill have been excluded from Underlying results. Refer to Appendix 1 of the FY24 Results Presentation for a reconciliation of Statutory to Underlying results.

GRI 2-6

OUR CREATIVE POWER

MATERIAL ISSUES: BRAND POWER • CLIMATE CHANGE • GLOBAL ECONOMY • BIODIVERSITY LOSS

In an increasingly competitive and commoditised market, the best brands continue to stand out to consumers.

At KMD Brands, our creative power lies in our commitment to and investment in industry-leading product design, development, innovation and marketing. These critical elements enhance the short and long-term value of our most vital assets – our brands. Brand equity has been built over time by consistently creating authentic and desirable products that people trust – Rip Curl for 55 years, Kathmandu for 37 and Oboz for 17.

Though our brands have endured market highs and lows over their lifecycles, FY24 presented a very challenging consumer environment. Cost of living pressures softened consumer sentiment globally, which impacted both retail and wholesale sales for the Group. In an increasingly competitive environment, we've had to focus on creating products that truly stand out.

Marketing that connects with the outdoors customer

In FY24, each of our brands invested in marketing strategies to enhance their customer appeal, brand heritage and authenticity.

Rip Curl revitalised "The Search" – a marketing campaign that conveys the DNA of the brand and articulates the never-ending quest for the perfect wave and the adventures that inevitably follow. First launched in the early 1990s and modernised for 2024, The Search captures the hearts and minds of potential customers in surfing markets worldwide.

Kathmandu re-branded its purpose and identity in 2021. Since then, marketing execution has been inconsistent, leading to a lack of connection with target consumers. In the second half of FY24, we focussed on addressing this, with our marketing team undertaking a strategic realignment. New leadership and a new agency have already delivered fresh perspectives, with a focus on outdoor authenticity and building customer connections. A new brand identity campaign was developed in FY24, launching in early FY25.

In 2024, Oboz blazed new trails, significantly increasing education events to drive brand awareness and community engagement. An extension of the retail focussed Outreach + Education Van Tour that supports partners like REI with staff training, Oboz Everywhere also engages the brand with consumers. This year the events extended to New York, California and Washington, targeting the hiking community with education sessions, product trials and guided local hikes.

RIP CURL SIGNS STEPHANIE GILMORE

Rip Curl signed eight times World Champion surfer Stephanie Gilmore on an eight-year contract this year. Stephanie had previously worked with the brand from 2000 to 2010. Her industry-leading re-signing was welcomed by the surf industry for setting a new benchmark in women's sport, with more than 50 media reports from global surf markets sharing the news, as well as almost 100 million consumer impressions on social media. The team has partnered with Stephanie on a capsule collection launching in FY25, which has already received positive feedback from our wholesale partners.

KATHMANDU TEAMS UP WITH LIAM LAWSON

To demonstrate Kathmandu's authentic Kiwi heritage, the brand engaged New Zealand's Liam Lawson, a Red Bull Formula 1 Reserve driver, to launch the new Epiq SE. A special-edition matte black puffer jacket, the Epiq SE's outer fabric is made using recycled plastic waste, including end-of-life car tyres. The campaign was well received on social media and drove significant earned media coverage in the brand's heartland of Australia and New Zealand.

Innovative new products

Whether it's for surfing, hiking or simply exploring nature, our focus on product design, development and innovation across our brands ensures our customers are better equipped for their outdoor adventures.

Newness and innovation drive our global business. In FY24, each brand created new products – over 3,000 across the Group – aimed at attracting new customers and retaining our existing base. After a successful ANZ launch in FY23, Rip Curl rolled out the Flashbomb Fusion wetsuit in key Northern Hemisphere markets this year. The innovative wetsuit was extremely well received, with great sell-in and sell-through. In some markets the Fusion sold out, with the team organising additional production.

Kathmandu delivered innovation that provided greater depth in our offering across activities – hike, adventure travel and outdoor active. These core activities will drive focus in the product range and ensure Kathmandu is top-of-mind for target customers. This included the new Seeker range, targeting the active outdoor enthusiast. Seeker's insulated active vests and jackets are designed for warmth during high-energy outdoor pursuits. The main fabric and lining are also made from 100% recycled materials.

Kathmandu also launched two new iterations of the popular Trailhead franchise – a stretch lightweight jacket for spring and summer, and an insulated version for cooler months. The insulated Trailhead novaLOFT is water and

windproof. The outer shell is also 100% recycled polyester. Both expanded their respective categories, performed well with customers, and will form a key part of our range in FY25.

Pioneering innovation through circular models

We are committed to the principles of circularity and know that design decisions determine how long a product will stay in circulation. This means we actively look for ways to enhance durability, extend product lifecycles, and use materials that simplify recycling when the products reach the end of their first life.

With a goal to deliver commercialised brand-led circular business models for product take-back, renewal, repair,

OBOZ ADVANCES FOOTWEAR

The Katabatic Wind is the brand's most technically advanced footwear yet. Featuring a forked carbon-fibre plate, the Katabatic Wind is engineered to reduce fatigue by channelling energy return and providing a stable ride on tough terrain. This advanced technology opens doors for new distribution and consumer connections, strengthening the Katabatic franchise. As consumers move toward lighter and faster footwear, the new product demonstrates Oboz' commitment to a pipeline of market-leading innovation.

Click or scan to read more on Kathmandu's commitment to circularity

KMD BRANDS ESG GOAL:

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

recommerce, rental or recycling we are also on the path to ensuring our brands plan for the total lifecycle of the products they create. In its second year of operation, Kathmandu's commercialised circular business model, REDU, continued to operate at the flagship Galleria store in Victoria. With ambitions to bring REDU to New Zealand, the team sought customer feedback in order to improve and evolve the offering in the coming year.

Click or scan to read more on Rip Curl's commitment to circularity

Rip Curl extended its commitment to circular business models with the introduction of Rip Curl Wetsuit Rental in Europe. The program allows customers to rent a wetsuit via platform partner Lizee – a leading circular integrated logistics model – and receive their rental wetsuit or gear at home, or directly at their next surf trip location. This initiative further demonstrates Rip Curl's commitment to innovation and increasing the circularity of its products by building on its global wetsuit take-back program. The program launched in FY24 in France, with plans to extend the service to other European countries in the coming months.

GRI 306

OUR PRODUCTS AND CHANNELS

MATERIAL ISSUES: BRAND POWER • CHANGE MANAGEMENT • DIGITAL TRANSFORMATION • GLOBAL ECONOMY

Despite challenging market conditions in FY24, our brands remained focused on offering quality products and strengthening our expansive sales network.

At KMD Brands, we are dedicated to creating innovative products and using strategic channels to provide immersive brand experiences for our customers.

FY24 presented difficult trading conditions which materially affected our business. Kathmandu was heavily impacted at a retail level, and wholesale channels for Rip Curl and Oboz were also tough.

Though we have seen signs of resilience in direct-to-consumer channels and improvements in the fourth quarter of the year for each brand, not all of our challenges in recent years have been due to external factors.

Strengthening our product offering across brands

Strong foundations are made when brands focus on key activities that are built around a deep understanding of customer needs. Each of our brands used FY24 to strengthen their product offering, concentrating on key priorities to improve commercial outcomes.

In FY24, Rip Curl focussed on excelling in core categories, and building greater depth. The brand saw a strong global response to Kids, with increased wholesale sell-in and sell-through in key markets.

Under new leadership, Kathmandu's product team focused on the key priority to reduce the brand's reliance on outerwear. The brand delivered increased newness from lines including heritage t-shirts and fleece. The brand also reacted to the market by increasing category depth on commercially successful products, including packs and bags. These actions drove stronger results, especially in the second half.

To complement the branded product offering, Kathmandu also expanded its third-party brand strategy, including an increased focus on Oboz. In FY24, Kathmandu added On Running shoes, Blunt umbrellas, Hydroflask, and Korjo travel accessories.

Optimising our store network

FY24 was a challenging year for retail due to global market conditions. Our team focused on optimising our sales network and positioning our brands strategically for improved economic conditions.

Kathmandu increased its store footprint by four, opening strategically important stores that target customers in airports on their way to getting 'out there'. The brand opened locations including Sydney domestic and Adelaide airports and a pop-up at Sydney International Airport.

Rip Curl continued to expand its global retail footprint with FY24 seeing the opening of stores including, renowned big wave location Nazaré, as well as Madeira, in Portugal, our first store in Italy, Urbn Surf wave park and Westfield Bondi Junction in Sydney, and Terrigal on the New South Wales Central Coast. In Sydney the brand also refurbished its iconic Manly store and relocated its Cronulla store.

OBOZ INCREASE DIRECT-TO-CONSUMER OFFERING

Oboz continued to focus on efforts to reduce reliance on US wholesale customers. 'Shop-in-shops' in ANZ were established in six key Kathmandu stores including Tower Junction in Christchurch and Frankston in Victoria. The strategic placement of the brand within the vast Kathmandu ANZ store network boosted sell-through and illustrates the power of Group integration through simple and streamlined execution. The North American team also activated 15 shop-in-shops across US retailers, elevating the brand's visual experience for customers in its most important market.

In reflection of subdued consumer sentiment, outlets outperformed other channels across Australia and New Zealand in FY24. Kathmandu opened three additional Australian outlet stores, with these performing ahead of initial expectations.

Kathmandu and Rip Curl continued to maintain strong levels of engagement with customers in ANZ

Kathmandu	Rip Curl
75 Net Promoter Score	**76** Net Promoter Score

Wholesale for Rip Curl and Oboz remained challenging throughout FY24 as accounts reduced their own inventory holdings due to market pressures. Rip Curl ended the year with wholesale sales down -13.0%, and Oboz -23.1%. Oboz experienced a greater impact due to its higher reliance on wholesale sales, while Rip Curl was protected by its stronger direct-to-consumer business.

Driving omnichannel performance

With an ambition to achieve increased online sales, we enhanced the omnichannel experience of each of our brands in FY24. Whether in-store or online, our brands reached customers in new ways, through strategic ecommerce and loyalty initiatives.

Kathmandu's online sales were down year-on-year by -18.9%, although positive signs of recovery emerged in the last quarter of the year. A strategic realignment of priorities led by the brand's new General Manager of Digital saw several improvements to the site's user experience (UX) and user interface (UI). Online sales made up 13.3% of direct-to-consumer sales in FY24.

Rip Curl grew online sales in FY24 by +8.6% on the previous year, reaching 11.9% of direct-to-consumer sales. The brand made user and customer experience improvements to its trading sites throughout the year, including a UX and UI overhaul to improve conversion. Rip Curl also introduced end of season discounting online in FY24, which drove volume.

In only its third full year of direct-to-consumer online trading, Oboz again demonstrated that reaching customers through the brand's own website can unlock growth. Sales were up +31.7%, year-on-year, benefiting from a commitment to diversified sales channels.

Loyalty programs that connect with customers

Customer loyalty is hard to gain, and even harder to retain. In FY24, our marketing and digital teams intensified our focus on providing exceptional loyalty experiences for our customers.

In its second year, Club Rip Curl surpassed 400,000 members. The popular loyalty program launched in the US and also introduced more member-focused shopping enhancements that improved the customer experience. Rip Curl is on track to reach member target goals, with further rollout in other markets planned.

REWARDED FOR GETTING 'OUT THERE'

Kathmandu launched Out There Rewards, replacing Summit Club, with a tiered system that encourages and rewards members for getting 'out there' in the outdoors. Around 1.8 million active members can now earn points for outdoor activities like hiking, discovering a waterfall, or trying a new trail. This proposition is quite different from the original membership program, Summit Club, which focused more heavily on discounts. Over 25,000 members logged outdoor activities and top tier members benefited from targeted gifting, as well as access to subscriptions including AllTrails – the world's most popular hiking app.

OUR PEOPLE

MATERIAL ISSUES: CYBER AND DATA SECURITY • PEOPLE AND WELLBEING

Our people are at the heart of what we do. They are passionate hikers, surfers and adventurers, and all play a part in delivering our vision to be the leading family of global outdoor brands.

In response to a challenging environment for both talent retention and employee burnout we are emphasising our company culture and employee value proposition. Updating our strategic pillar from 'Lead in ESG' to 'Best for People and Planet' is an important step that places our employees firmly at the heart of what we do.

We are focused on key initiatives that invest in the growth and development of talent, that elevate our health and safety systems, and improve employee wellbeing. We are also prioritising the power of the Group, and deploying global systems to optimise effectiveness, such as our new company-wide intranet.

We continue to take key steps towards our long-term goal to ensure an equitable, inclusive workplace that is representative of the diversity within our communities.

Investing in talent, driving a high-performance culture

In FY24, we took important steps to support our people and drive our high-performance culture.

We expanded training and development opportunities with online global platform RedSeed. We also increased internal training, which included programs such as Customer Service & Consumer Law, Cyber Security, ESG, and Leadership Development. In addition to this, we catered to the specific needs of some roles by funding industry and other types of training; empowering teams to grow their skills and contribute to our shared success.

To foster a culture of continuous improvement and accountability, we updated our performance review process. We now set clearer more meaningful goals with quarterly check-ins and updates to keep our teams engaged and aligned with our collective goals. The launch of our 'Elevate' Leadership Program equips our senior leaders with tools to encourage innovation, coach their teams and support a culture of real-time feedback. This ensures we remain agile and forward-thinking. We also offered transition assistance programs to facilitate continued employability and management of career endings due to retirement or termination of employment. Programs included Out Placement Services for all employment levels.

TRAINING HOURS IN FY24

Average hours of online training per employee*

Male	5.9 hours
Female	6.9 hours
Another gender	7.4 hours

* Based on training modules completed through RedSeed learning platform

2,260 hrs

additional training hours delivered in person*

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

GRI 404

PERFORMANCE REVIEWS COMPLETED FOR FY24

Category	Male	Female	Another gender	Total
Group executive	100%	100%	0%	100%
Brand executive	100%	100%	0%	100%
Senior management	69%	80%	0%	74%
Management	95%	88%	0%	91%
Non-management	81%	78%	100%	79%
TOTAL	83%	80%	100%	81%

We also redesigned our rewards and benefits, with new incentives that are more motivating and contribute to our employer of choice ambitions by attracting and retaining top talent.

As we continue to invest in our people and cultivate a culture of high performance, we are enhancing our team's capabilities to drive value for our brands, and ultimately, our shareholders.

Fostering an equitable workplace

In FY24, our commitment to fostering an inclusive and equitable workplace was strengthened through our active allyship training with Rainbow Tick for those in our New Zealand head office. This team also embraced the rich cultural heritage of Aotearoa by participating in Te Reo training, which covered aspects of Māori language (Te Reo) and Māori protocol (Tikanga).

We recognise that inclusion is a continuous journey. Towards the end of the year, we also ran our annual DEI Pulse survey which helps us understand the diverse perspectives and experiences of our people. Though we were pleased to have an increase in employee responses, the difference may impact comparability with FY23 data.

By collecting employee feedback, we identified areas for improvement which will be used to develop strategies to promote a culture of inclusivity, equity and belonging.

SUPPORTING OUR PEOPLE WITH PARENTAL LEAVE

In FY24, KMD Brands introduced a company paid parental leave policy across Australia and New Zealand, with plans for a North American rollout in early FY25. The policy is designed to support families as they welcome a new child, whether through birth, adoption, or surrogacy. The policy empowers parents to continue to progress with their career at KMD Brands, providing increased financial and vocational support. We expect that the policy will contribute towards our ambition to improve gender representation across leadership positions.

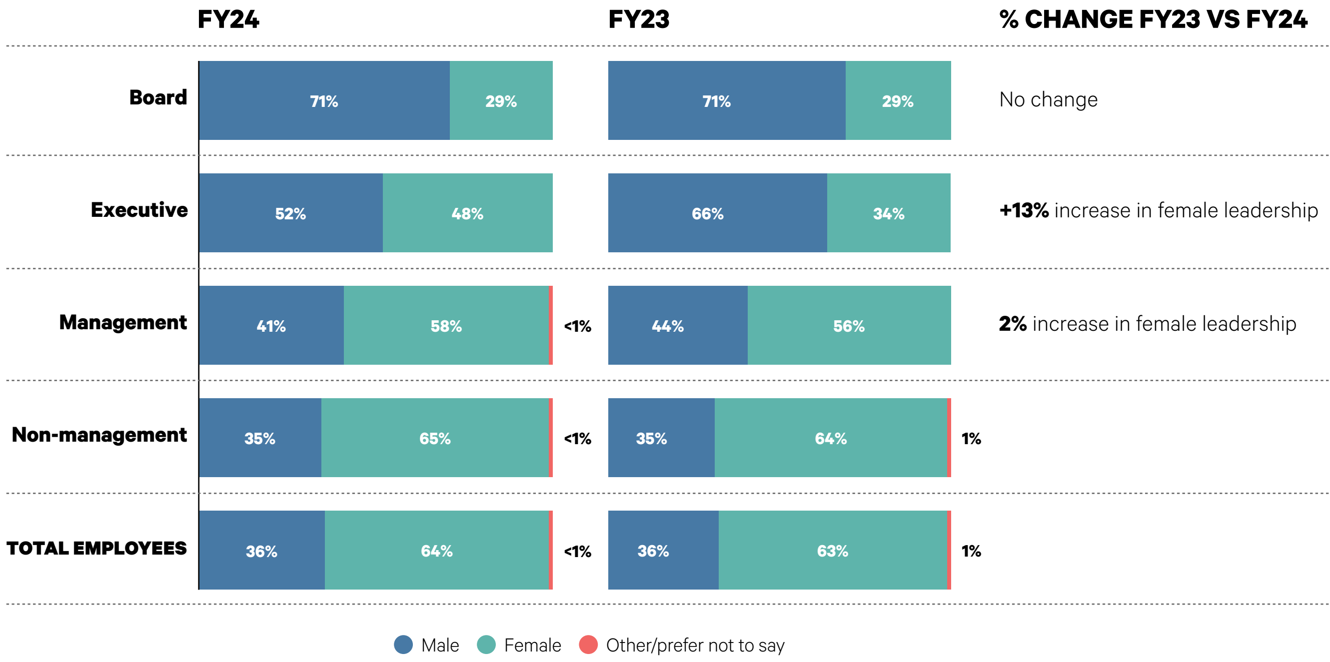
GRI 404

KMD BRANDS ESG GOAL:

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

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

GENDER DIVERSITY BY CATEGORY



MINORITY REPRESENTATION IN OUR TEAM

9.2% of our team identify as belonging to an ethnic minority

10.6% of our team identify as LGBTQIA+

1.1% of our team identify as belonging to a local Indigenous group

9.4% of our team are living with a health condition or disability

*Sourced from survey responses received from employees as part of the KMD Brands Global FY24 Engagement and DEI Pulse Survey.

GRI 405

Keeping our people safe

At KMD Brands, the health and safety of our people is our number one priority. By this, we mean not only physical safety, but psychological safety as well. We strive to promote a culture of wellbeing by providing both proactive and reactive support to our employees.

Our employee assistance program (EAP) run by Converge International, provides our employees with access to a suite of wellbeing resources, along with monthly wellbeing training sessions that proactively tackle all elements of wellbeing including psychological safety. Additionally, Converge International provides our employees with 24/7 access to counselling services should they need it. We actively encourage use of this service; and for issues that can't be tackled by Converge we seek bespoke solutions.

With insights from our workplace health and safety platform, we can see key hazards by region, business area, brand and site. These hazards have been identified through hazard near-miss and incident reports, as well as workplace inspections. This allows us to identify issues and implement initiatives to eliminate risks, or, where that is not possible, reduce them. We are focused on high-risk issues as a priority.

We have established a consultation framework which allows team members across the business to provide input and insight into safety activities, and have recently published a Group consultation, participation and communication procedure. As a result of regular consultation, operational changes to tasks are made to ensure risks are mitigated as far as is reasonably practicable. Our wetsuit manufacturing facility, Onsmooth Thai, maintained its International Safety Standard (ISO) 14001:2015 and ISO 45001:2018 certification for Environmental and Occupational Health and Safety Management Systems. Rip Curl and Kathmandu will continue to work towards the International Safety Standard ISO 45001 over the next 24 months.

Despite our best efforts to protect the health and safety of our employees, there were 36 recordable work-related injuries. The main types of injuries were contusions, cuts, sprains, strains, and soft tissue injuries. Out of these cases, none were high-consequence.

We also had 13 cases of work-related ill health (FY23: 2 cases). Work-related ill health cases included musculoskeletal, anxiety, PTSD and back injuries. We had no incidents of noncompliance with regulations or voluntary codes resulting in a fine, penalty or warning. We had no instances of fatalities from work-related ill health or injury.

Great health and safety practice is also about investing in ways to make our store locations and places of work as safe as possible. We take customer health and safety seriously, and any related incidents are treated as high priority, investigated and the appropriate corrective action taken to prevent recurrence.

We also have quality assurance processes and systems in place to ensure our products are safe. During the year we were notified by a third party about possible inconsistencies in the Ultraviolet Protection Factor (UPF) rating of certain Rip Curl rash vests. Because of variations in test results, we offered customers who had purchased two specific colours in the product range the option of a refund for their purchase.

With customer privacy also a priority, the team invested in a privacy project that ran across the Group. This considered our privacy maturity and opportunities to improve. In FY24 KMD Brands had no substantiated complaints concerning breaches of customer privacy or losses of customer data.

PROVIDING SUPPORT DURING EMERGENCIES

During the last year, there were several emergencies that presented immediate safety risks to our employees. Our Rip Curl and Kathmandu Bondi Junction stores were caught up in an emergency that resulted in the deaths and life-threatening injuries of several people. Our crew in Hawaii were impacted by the Maui wildfires which caused the destruction of our Rip Curl Lahaina store. In Far North Queensland, our Rip Curl Port Douglas store bore the brunt of Tropical Cyclone Jasper. Brazil also experienced the worst flood in 80 years, with three licensed Rip Curl stores damaged, and more than 100 wholesale accounts impacted.

During these emergencies, we responded with support for our team members and the community. In some cases this was through financial relief, donation of product or fundraising.

Further information in relation to our Climate-related risks will be covered in our Climate Related Disclosure which we will publish in November 2024.

OUR PARTNERSHIPS

MATERIAL ISSUES: GEOPOLITICAL LANDSCAPE • PEOPLE AND WELLBEING • SUPPLY CHAIN RESILIENCE • BIODIVERSITY LOSS

Our Group invests in partnerships to enhance our communities, improve transparency across our supply chain, and manage ongoing risk.

In FY24, the Group and each of our brands focused on strengthening engagement with workers, enhancing supply chain transparency, and supporting the communities where we operate.

We also reinforced our commitment to sustainability and responsible business practices through a range of significant memberships and partnerships. Our efforts reflect our ongoing focus on maintaining high standards in social and environmental responsibility. See ‘Our Partners’ section on pages 120 to 126 for more detail.

Enhancing worker engagement in our supply chain

In FY24, KMD Brands engaged AskYourTeam, a New Zealand-based tech company, to support our Worker Voice program. AskYourTeam provided an online solution for surveying factory workers who are employed by contract manufacturers that create our products. This tool enhances our ability to directly engage with workers and address concerns effectively.

We used this tool to collect anonymous feedback from 5,947 workers across manufacturing facilities in China and Vietnam. This effort included input from 654 Tier 2 workers, covering critical topics such as workplace health and safety, remuneration and equality. These insights have identified areas for improvement and given the facilities a clear direction for targeted actions.

KMD BRANDS ESG GOAL:

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

Accountability to KMD Brands Code of Conduct

Tier 1: Suppliers are 100% accountable

Tier 2: Increase by at least one Tier 2 supplier for each brand per year

Transparency

Tier 1: Increase year-on-year where worker voice survey tools are in place

Tier 2: Trace and publish the input suppliers of our strategic Tier 1 suppliers.

ACCOUNTABLITY		
Tier 1:	FY24: 100% (149)	FY23: 100% (189)
Tier 2:	FY24: 91	FY23: 65

TRANSPARENCY	**Worker Voice surveys conducted**	**Workers interviewed**
Tier 1:	FY24: 11 FY23: 8	FY24: 5947 FY23: 4520
Tier 2:	FY24: 2 FY23: 0	
	Traced on Open Supply Hub	
Tier 1:	FY24: 100% (149)	FY23: 100% (189)
Tier 2:	FY24: 158	FY23: 65
	Worker sentiment surveys conducted	
Tier 1:	FY24: 4	FY23: 7
Tier 2:	FY24: 1	FY23: 0

PROMOTING GENDER EQUALITY

In FY24, KMD Brands released its first Policy on Gender Equality in Supply Chains and funded implementation training for Chinese suppliers. We also introduced supplier Guidance on Grievance Mechanisms to support effective and gender-sensitive access to remedy for workers. In Bangladesh, we commenced a women's empowerment program in collaboration with Rip Curl's long-term trading agent Toads, manufacturer Astex Garments and the Awaj Foundation. This project is delivering training in financial management, health, leadership, rights awareness and negotiation.

Expanding human rights due diligence

In FY24, KMD Brands expanded the scope of our human rights due diligence, including a deeper assessment of risks presented by input and raw material suppliers. The Group used the Higg Index tools to assess and measure social and environmental performance throughout the supply chain. Prioritising these tools reflects the Group's commitment to comprehensive performance evaluation and reduction in supplier audit fatigue.

The Group also introduced human rights assessments for non-inventory suppliers in high-risk sectors. This comprehensive approach to human rights risk, including forced and child labour, is detailed in the Group's annual **Modern Slavery Statement**. We consider suppliers that engage migrant workers to present an increased risk of incidents of forced labour, as well as suppliers engaged in manufacturing and processing beyond tier 1. We consider the following geographic areas within our supply chain (particularly beyond tier 1) to be at risk: Bangladesh, Brazil, Cambodia, China, India, Indonesia, Mexico, Taiwan, Thailand and Vietnam. 100% of tier 1 suppliers are assessed against the KMD Brands Code of Conduct, and the experiences of workers are gathered via grievance channels and anonymous worker surveys.

Our tier 1 manufacturing operations are lower risk due to social screening and monitoring. Tier 2 and beyond present a higher risk, due to less established relationships and monitoring systems. Known instances of child labour have been reported by the US Department of Labor in the following countries within our supply chain: Bangladesh, Cambodia, China, India, Indonesia and Vietnam. We consider each of these regions to present risk at tier 1 and beyond. 100% of our tier 1 suppliers are accountable to the KMD Brands Code of Conduct, which includes a prohibition against child labour.

100% of new suppliers were screened using social and environmental criteria, and 149 tier 1 factories assessed for social impacts across a 24-month assessment cycle. Four tier 1 suppliers were identified as having significant actual or potential negative impacts, such as: underpayment of workers; potential discrimination in remuneration; inadequate access to remedy; potential chemical exposure; and drinking water contamination. Similarly, four tier 2 suppliers were identified as having issues related to worker-paid recruitment fees and restriction of movement. Corrective action plans were agreed upon with 100% of suppliers identified as having significant actual or potential impacts, supported by additional training and anonymous worker surveys to verify effectiveness. No suppliers were exited during FY24 as a result of social assessment.

In FY24, the Group sourced from regions with risks to freedom of association and collective bargaining. In total, 79 KMD Brands tier 1 suppliers are located in China, where independent union participation is restricted. Recognising the challenges in regions like Bangladesh, Cambodia, China, India, Thailand and Vietnam, KMD Brands takes a zero-tolerance approach to violations of the right to exercise freedom of association. To mitigate this risk the Group prioritises worker voice through anonymous worker surveys, develops supplier capacity to provide effective grievance mechanisms, supports the International Accord in Bangladesh and its own grievance channels for factory workers.

Enhancing supply chain integrity

In FY24, the Group invested in advanced supply chain management software OSC (Our Supply Chain), an end-to-end supply chain technology solution, to record, monitor and track progress of factory compliance data, traceability and corrective action plan improvements. This investment reflects KMD Brands' commitment to greater accountability and high standards of supply chain integrity.

KMD Brands continued to publish 100% of tier 1 manufacturers and traced input and raw material suppliers via **Open Supply Hub**. Internal and external transparency allows the Group to identify high risk areas and work with stakeholders on appropriate solutions where issues are identified.

Strategic brand partnerships

This year, each of our brands worked with commercially important partners to enhance customer experiences and drive engagement.

Rip Curl again partnered with the World Surf League Finals, the pinnacle event of the surfing World Tour. In our third year as title sponsor, the event attracted record crowds with over 25 million fans watching across platforms. Rip Curl also saw success with title sponsorships of other key surfing events around the world, including Meo Rip Curl Pro Portugal and the longest run professional surfing event in the world, the Rip Curl Pro Bells Beach.

Rip Curl also partnered with Tourism Western Australia on the world's only virtual surfing event, the Rip Curl Virtual Pro. The event encourages surfers globally to connect and compete using data from their everyday surfing. The global competition included participants from over 10 countries, logging more than 3,000 surfs and catching over 24,000 waves.

Kathmandu worked with several partners in FY24, with the aim to extend outdoor experiences to our customers and the broader communities where we live and operate. The Kathmandu Coast to Coast adventure race saw the brand complete its ninth year as title sponsor, with over 1,300 people competing. Kathmandu also worked with Her Trails, a global platform that empowers women to embark on extraordinary adventures in the outdoors.

Oboz launched a collaboration with Skida, a Vermont based ski headwear and winter accessories brand. The brands created a whimsical design for the Oboz Whakatā Collection – the Puffy Low and Mid styles – that featured Montana's state flower, the Bitterroot.

Supporting the communities in which we live and work

In FY24, KMD Brands and each of our brands made substantial contributions to the communities where we operate, aligning varying initiatives with each brand's core purpose and mission.

Kathmandu

Kathmandu continued its support of Australian mental health charity Beyond Blue and the Graeme Dingle Foundation of New Zealand. Kathmandu sponsors Project K, a program for teens which involves wilderness adventures, community challenges and mentorship to build confidence, teach life skills, promote good health and relationships, and foster positive attitudes.

In the second year of Planet Day, Kathmandu continued to support local community conservation efforts in Christchurch, helping to restore and increase the biodiversity of a local estuary.

Oboz

Oboz continued its efforts to conserve and promote biodiversity on the trails that surround our headquarters and beyond. In FY24, Oboz achieved a significant milestone by planting our sixth million tree in partnership with Trees for the Future. Oboz plants a tree for every pair of shoes sold.

BLACK FOLKS CAMP TOO

Oboz is proud to work in partnership with Black Folks Camp Too (BFCT), furthering our shared mission to increase unity by getting more people to experience the great outdoors. As part of the partnership, now in its second year, BFCT created a series of training modules to educate Oboz's employees, sales representatives and wholesale partners on how to better serve diverse audiences. The training commenced in FY24, with retailers to receive the training in the new year.

Rip Curl

In FY24, Rip Curl crew around the world participated in Planet Day for the 23rd consecutive year. Torquay head office staff partnered with several local community organisations to remove invasive weeds, revegetate eroding areas by planting native grasses and shrubs, and removing rubbish.

Rip Curl also continued its support for Surfrider in North America and Australia, contributing all profits from the sale of paper bags and Surf Organics wax in-store to support conservation efforts in coastal areas. The brand was also the primary partner of the Surf Aid 2023 'Make-A-Wave' campaign, which raised more than AU$534,000 for remote surfing communities.

Rip Curl continued its reconciliation journey with Indigenous Australians, completing a Reflect Reconciliation Action Plan (RAP). Over the course of FY24 we published internal cultural protocols, held cultural education events to celebrate NAIDOC Week and Reconciliation Week and implemented quarterly walks on Country at Bells Beach with Wadawuruung Traditional Owners for all new employees in Torquay. An Innovate RAP is now underway led by the Rip Curl RAP Committee, with plans to launch in January 2025.

KMD BRANDS ESG GOAL:

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

FY24 PERFORMANCE

NZD $1.18m*

invested with our local community partners in FY24 including over

4,860

volunteer hours

*includes company financial donations, product donations, partnership fees, employee donations, and volunteer hours. Volunteer hours calculated using average hourly rate of NZD$30 per hour.

OUR ENVIRONMENT

MATERIAL ISSUES: BIODIVERSITY LOSS • BRAND POWER • CLIMATE CHANGE • DIGITAL TRANSFORMATION

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

In the current constrained economic climate, KMD Brands is strategically balancing our sustainability commitments with the need to maintain a competitive and resilient business.

Through exploring and testing innovative practices and our learnings from pilot projects across our Group, we are committed to improving our environmental impact while maintaining our competitive edge. Our approach focuses on effective, commercial and pragmatic solutions that support operational efficiency and responsible practices.

Responding to regulation and climate reporting requirements

As we strive to minimise our environmental impact, we are also preparing for the evolving global regulations and reporting standards in development. For a business with dual headquarters in Australia and New Zealand and an international presence in many other jurisdictions, this adds complexity to our financial and climate disclosures.

In FY24 we engaged Deloitte to assist with climate scenario risk analysis as we work towards publication in November 2024 of our first Climate Related Disclosure under the Aotearoa New Zealand Climate Standards. Our Climate Related Disclosure will include reporting on our carbon emission data for FY24. This is our last year certifying our emissions impact with Toitū Envirocare; in FY25 we will assure our greenhouse gas inventory with audit partner KPMG which already delivers assurance of our financial statements. Toitū Envirocare will continue to assist us as we measure, manage and work to reduce our climate impact, supported by its emissions accounting platform, emanage.

While we are preparing our climate disclosures in line with the requirements of the New Zealand climate standards for FY24, we are continuing to monitor the development of future international reporting standards, like the European Corporate Sustainability Reporting Directive and the Australian climate-related financial disclosure regime.

Partnering to make the best products with responsible practices

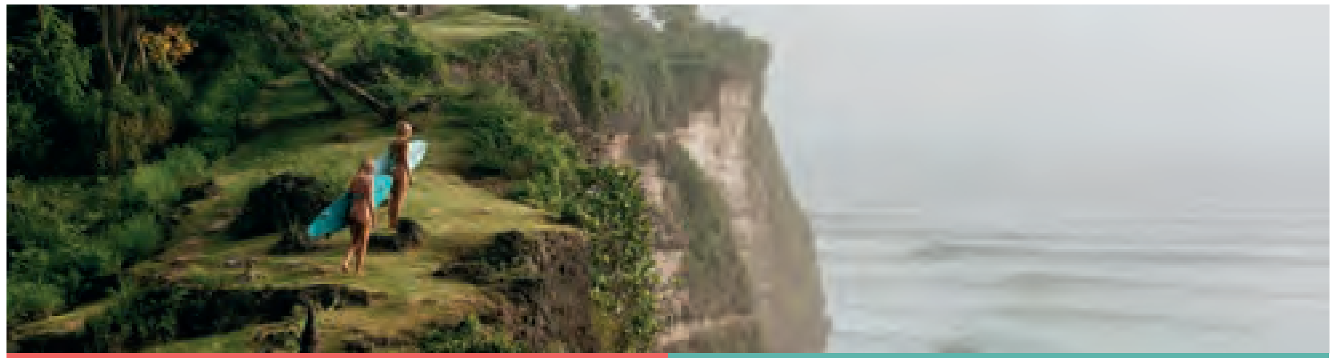
The journey from an initial idea to our customers' wardrobes is long and requires passion and perseverance from our product teams. We work towards delivering more responsibly sourced products through our material choices, production methods and finishes.

The responsible materials and innovations we choose and co-create with our suppliers are at the core of our products. Our diverse supply chain, including our wholly-owned OnSmooth factory in Thailand where we produce most of our wetsuits, reflects this commitment.

Our brands are frequently recognised for their progress in increasing the use of responsible materials. In FY24, our brands continued to make gains.

KMD BRANDS ESG GOAL:

Dedicated to our own brand products being responsibly sourced.



FY24 PERFORMANCE

RIP CURL

72%
responsibly sourced cotton against our target of 100% by 2026 (**FY23:** 58%)

66%
apparel and accessories containing preferred fibre materials against our target of 100% by 2030 (**FY23:** 54%)

25%
of wetsuit range containing responsibly sourced materials against our target of 75% by 2030 (**FY23:** 16%)

Kathmandu

63%
use of RWS certified wool against our target of 100% by 2025 (**FY23:** 60%)

64%
of polyester used in apparel and 53% of polyester used in equipment is recycled or recyclable against our target of 100% by 2030 (**FY23:** apparel 58%)

3.6m litres
water restoration through PolyPro process water saving and solution dyed fabrics (**FY23:** 1.4m litres)

Oboz

34%
of our range using a minimum of 20% environmentally preferred materials by weight against our target of 100% of range by 2030 (**FY23:** 9.7%)

In FY24 Kathmandu received an indicative rating of 'Scaling' (3) on the Textile Exchange's Material Change Index (MCI), the world's largest peer-to-peer comparison initiative within the textile industry. Official scorecards for the prior year are confirmed each October. The latest rating reflects the introduction of tougher MCI criteria, highlighting the evolving standards of the textile industry (previously Kathmandu has received a 'Leading' or '4' rating).

Showcasing the strength of the Group, Rip Curl joined the initiative this year with Kathmandu's support, earning an indicative rating of 'Establishing' (2). Additionally, Kathmandu is one of just five global brands selected for an international working group tasked with developing and piloting the new Materials Matter Standard. This standard promotes clothing and textiles that advance climate goals, uphold human rights and animal welfare, and benefit the environment.

Click or scan to read more on Kathmandu's commitment to responsible materials

Click or scan to read more on Oboz's commitment to responsible materials

OBOZ' COTTONWOOD COLLECTION SETS A NEW STANDARD

Oboz is committed to achieving a minimum of 20% environmentally preferred materials by weight of product across 100% of its range by 2030. In FY24, Oboz made significant progress towards this goal, with 75% of new designs meeting the 20% minimum and releasing its most sustainably crafted shoe to date – the Cottonwood. This design required the support of every Oboz team member, and from our supply chain partners. By coordinating directly with our suppliers at the start of the development process, we collected information about water, energy use and the material selection process. Consequently, all styles in the Cottonwood collection exceed the brand's preferred materials goals with a minimum 34% of environmentally preferred materials by weight per shoe. The team's persistence in pushing the limits of innovation in responsible material sets a new standard for Oboz.

Rip Curl made strides this year by increasing the responsible materials used in its wetsuits. Currently, 25% of Rip Curl wetsuits contain natural rubber, a material that uses fewer chemicals than standard neoprene. By FY25, Rip Curl expects 50% of its wetsuits will feature natural rubber, with an ambition to reach 75% by 2030. This includes innovative materials like Yulex, as well as bio-ss and eucaprene which we developed in partnership with our long-term neoprene supplier SHEICO.

We recognise that sustainable production is rapidly changing with new and better ways to make wetsuits. We are committed to do better for our crew, customers and the environment and have developed a roadmap of multi-tiered solutions to reduce our impact from product, to manufacturing to end-of-life solutions.

Click or scan to read more on Rip Curl's commitment to responsible materials

Improving our data

In FY24, we launched a pilot with Carbonfact, an AI-assisted product lifecycle assessment (LCA) platform specifically built for apparel and footwear. An LCA is a methodology used to evaluate the environmental impacts associated with all stages of a product's life cycle, including raw material extraction, production, use and ultimately disposal. This four-month trial will provide deeper insights into the lifecycle impacts of our products and production processes, identifying those with the highest contribution to our Scope 3 emissions.

Using the Higg Facility Environmental Module, we also collected and benchmarked verified impact data from 65 factories in FY24. Their scores were compared against similar factories in their own countries, identifying key areas to improve impact. Out of the factories providing verified data 36 have set their own emission reduction targets, 28 have reduced emissions against their baselines and one has phased-out coal.

We are now exploring how we can collaborate further with our factory partners, providing them with more detailed insights on their performance and how their initiatives can complement our common goals.

100% of new tier 1 suppliers were screened using environmental criteria, including assessment of Higg Facility Environmental Module (FEM) data, site visits and internal qualitative assessment including investment in green technology and preferred fibres, product and facility certifications.

In FY24 we continued to extend our environmental monitoring by incentivising supplier Higg FEM adoption and providing FEM training. We also provided facility specific feedback on opportunities to reduce environmental impacts.

Our expanded data collection efforts provide us with valuable insights, but each discovery presents new challenges that require communication, understanding and long-term planning.

50
Tier 1 and 68 Tier 2 factories reporting verified environmental performance data

Reducing and reimagining waste

Our waste management efforts are guided by the "Seven Rs": rethink, refuse, reduce, reuse, repair, renew and recycle. In FY24, we continued to make progress on waste management projects across our stores and distribution centres with a focus on redesigning our products, reducing waste generated in our operations and increasing recycling rates.

Waste is generated across our business, both upstream and downstream in our value chain from material production and manufacturing though to packaging, transportation and warehousing, and from operation of our store network to our head office support functions.

RIP CURL PARTNERS TO LAUNCH SEAMLESS

In FY24, Rip Curl partnered with six of Australia's most iconic brands to launch Seamless, a clothing stewardship scheme led by the Australian Fashion Council and supported by the Federal Minister for Environment and Water, Tanya Plibersek. Seamless scrutinises the entire supply chain, from how clothes are designed and manufactured, to how they may be better repaired, recycled or rented. Seamless' work to champion a circular economy aims to encourage all Australians to think differently about their clothes, and we are proud to be a partner.

SOFT PLASTICS TRIAL EXPANDS

Our soft plastic recycling program has expanded following several years of successful pilots. After trialling 10 Victorian stores in FY23, we scaled this initiative in FY24 to 31 Kathmandu, Rip Curl and Ozmosis stores, plus two distribution centres in partnership with MG Waste Management. This project addresses a problematic waste stream by turning soft plastic into valuable new products like park benches, drainpipes and fence posts.

As a signatory of the Australian Packaging Covenant Organisation (APCO), we submit an annual report and action plan to support our packaging and waste strategies for Kathmandu, Rip Curl and Ozmosis in Australia. In FY24, we achieved a 'Leading' rating for the materials used and recovery of our soft plastics processing in Australia.

In New Zealand, we engaged Waste Management NZ to audit our Christchurch distribution centre and CBD store, gaining valuable insights into our waste streams to pinpoint opportunities for reduction and improvement.

Looking long-term, waste management is a global challenge that requires collaboration and innovation across the value chain. We recognise that textile and footwear recycling is challenging and inherently complex. A single product may have as many as 50 different technical components, complicating the recycling process. Current limitations in infrastructure and technology also hamper national efforts to recycle waste, with the need for large-scale investment by governments to help businesses meet national landfill reduction goals.

KMD BRANDS ESG GOAL:

Reduced operational and packaging waste including:

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

OPERATIONAL WASTE GENERATED FOR FY24

Soft plastics recycled	19.5 mt
Mixed plastic recycled	381.7 mt
Paper and cardboard recycled	470.1 mt
Glass and aluminium recycled	1.7 mt
Neoprene offcuts recycled	35.5 mt
TOTAL OPERATIONAL WASTE DIVERTED[1]	**908.5 mt**
Store/warehouses/offices/factory waste to landfill	736.2 mt
TOTAL OPERATIONAL WASTE[1]	**1644.7 mt**

55%[1]

total operational waste diverted from landfill during FY24 including paper and cardboard, mixed recycling, soft plastics, neoprene offcuts and composting.

FY23 restated: 51%[2]

1. FY24 reported figures are based on pre-verified data for our own operations across 60 sites in Australia, New Zealand, Indonesia and Thailand, where we have primary data. Our office and DC in Brazil and office in Europe are excluded due to insufficient data however will be included in future periods. Where primary data is not available, estimates are used based on similar sites from our own operations or industry average figures.

2. We have restated the percentage of operational waste diverted from landfill for FY23 above as some of the operational waste data reported in FY23 was incorrectly stated in kilograms rather than metric tonnes.

POST CUSTOMER WASTE RECOVERY	FY24	TOTAL – FY22 to FY24
Recycle My Rubber	23.6 mt	48.13 mt
Upparel	2.57 mt	2.87 mt
ImpacTex	0.38 mt	0.38 mt
TOTAL TEXTILE WASTE RECOVERY	**26.55 mt**	**51.38 mt**

Kathmandu

93%

of swing tags made from recycled materials

Oboz

100%

of footwear boxes made from responsibly sourced wood paper

RIP CURL

99.5%

of swing tags made from materials that can be recycled

Third-party providers of waste services operate under the legislation of the respective countries in which they operate and must meet those standards in the management of the waste collected. We collect a combination of monthly and annual reports from our waste service providers. These include a breakdown of what types of waste were collected and the quantities of each waste type collected. A key focus for FY25 will be improving our waste data coverage.

GRI 306, 2-4

OUR FUNDING

MATERIAL ISSUES: CHANGE MANAGEMENT • DIGITAL TRANSFORMATION • GEOPOLITICAL LANDSCAPE • GLOBAL ECONOMY

FY24 was a challenging year for our Group, and the industry at large. We saw cost-of-living pressures and increased geopolitical issues have a prolonged impact on consumer sentiment globally.

These factors contributed to an unfavorable trading environment for our brands, particularly in retail for Kathmandu and wholesale for Rip Curl and Oboz.

Though the first half was disappointing, we started to see improvements in the second half.

Our performance

Group sales were down from last year's record, with all three brands experiencing declines. Kathmandu struggled in the first half due to weak consumer sentiment and unseasonal weather, coupled with product and marketing challenges. The brand saw improvements later in the year with strategic store openings and new products.

Rip Curl and Oboz, saw better performance in direct-to-consumer sales compared to wholesale. Rip Curl achieved stronger results in Europe, Asia, and South America, helped by new store openings. Oboz continued to deliver strong online sales despite wholesale challenges in North America.

Overall, gross margin remained resilient, with Rip Curl and Oboz showing continued improvement, offset by increased promotional activity for Kathmandu. Underlying operating expenses decreased despite ongoing inflation pressure, benefiting from restructuring implemented last year, and reduced variable costs associated with lower sales. Net working capital decreased with significant inventory reductions.

Managing our debt with support from our banking group

We remain in a strong financial position with the support of our banking group, and access to a $310 million debt facility. At 31 July 2024, the Group had a net debt position of $59.7 million, with funding headroom of approximately $230 million.

During the year, in response to the difficult trading environment, we took pre-emptive action with the support of our banking group to lower the FCCR covenant ratio for the next three measurement points.

Our Sustainability Linked Loan (SLL) continues to sit across our entire debt facility, attached to sustainability performance targets (SPTs) that align with our existing ESG strategy and broader associated goals.

Our sustainability performance targets include:

SPT 1: Scope 3 emissions

Reduction in specified Scope 3 emissions categories of the Group in line with the validated Science-based target trajectory (aligned with a 'well below 2 degrees' scenario), and increasing measurement and reporting of the Group's Scope 3 emissions from purchased goods and services by influencing and supporting the Group's suppliers to disclose emissions data.

SPT 2: Scope 1 and 2 emissions

Reduction in absolute Scope 1 and Scope 2 emissions of the Group in line with the validated science-based target trajectory.

SPT 3: B Corp Certification

Amending KMD Brands' constitution as required by B Lab Global (by 31 July 2024) and re-certifying the Group as a B Corp by 31 July 2026.

SPT 4: Supply chain accountability and transparency

Increasing accountability and facilitating transparent disclosure for Tier 1 and Tier 2 suppliers through encouraging adoption of, and progression towards, verification by Higg Index Facility Social & Labor Module and Facility Environment Module.

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

Last year, we aligned measurement of our progress against these targets to our financial reporting period and the next performance measurement milestone is due at the end of October 2024.

Investing for long-term efficiencies

In FY24, we continued to harness the power of the Group, investing in industry leading systems to further strengthen integration. Group IT focused efforts on standardising systems across the brands and regions, enabling teams to work together more seamlessly, creating efficiencies.

A global business requires systems that can support and adapt to changing legislation and the compliance needs of each of our brands and regions.

This year the team standardised our internal communication and collaboration tools as well as global processes for managing our health and safety duties. We have also transferred our retail operations in North America onto our global processes and systems and will do the same for Oboz and Onsmooth (our B Corp certified wetsuit factory in Thailand) in FY25.

This work is key to enabling a stronger technology foundation that unlocks greater value for KMD Brands' customers, partners, and employees with an appropriate security and control posture.

Outlook

We remain cautious on consumer sentiment, given the challenging global macroeconomic environment. Global inflationary pressures are easing, but it will take time to directly impact consumer spending.

In this environment, we are focusing on growing our gross margin and simplifying our business to drive cost efficiency.

We remain focused on returning to sales growth and improving profitability in FY25. We believe that with our portfolio of iconic global outdoor brands and leadership in sustainability, we remain a unique investment proposition and well-placed for the future.

During the reporting period there were no instances of significant non-compliance with laws or regulations across the Group and no monetary fines (FY23: NZD $3,720). KMD Brands defines a significant instance of non-compliance to be a fine or sanction of $100,000 or more.

GRI 2-27

3. FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS
31 JULY 2024

IN THIS SECTION...

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

KEEPING IT SIMPLE ...

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

CONTENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

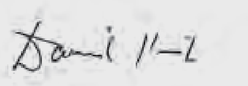
Directors' Approval of Consolidated Financial Statements For the Year Ended 31 July 2024

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 25 September 2024.

Approval by Directors

The Directors present the Consolidated Financial Statements of KMD Brands Limited for the year ended 31 July 2024 on pages 61 to 107.



David Kirk *Date*

25 September 2024

Michael Daly *Date*

25 September 2024

For and on behalf of the Board of Directors

Consolidated Statement of Comprehensive Income For the Year Ended 31 July 2024

	Section	2024 NZ$'000	2023 NZ$'000
Sales	2.2	979,415	1,102,994
Cost of sales		(402,954)	(451,049)
Gross profit		576,461	651,945
Other income	2.2	2,831	1,840
Selling expenses		(255,527)	(267,743)
Administration and general expenses		(176,199)	(185,973)
Goodwill impairment expense	3.3	(40,331)	-
		(469,226)	(451,876)
Earnings before interest, tax, depreciation, and amortisation		**107,235**	**200,069**
Depreciation and amortisation	3.2-3.4	(128,303)	(123,713)
Earnings before interest and tax		**(21,068)**	**76,356**
Finance income		1,322	886
Finance expenses		(26,966)	(24,940)
Finance costs (net)	4.1.1	(25,644)	(24,054)
(Loss)/Profit before income tax		**(46,712)**	**52,302**
Income tax expense	2.3	(1,611)	(15,688)
(Loss)/Profit after income tax		**(48,323)**	**36,614**
(Loss)/Profit for the year attributable to:			
Shareholders of the Company		(49,760)	35,139
Non-controlling interest		1,437	1,475
Other comprehensive income that may be recycled through profit or loss:			
Movement in cash flow hedge reserve	4.3.2	8,231	8,499
Movement in foreign currency translation reserve	4.3.2	13,433	3,055
Other comprehensive income for the year, net of tax		**21,664**	**11,554**
Total comprehensive (loss)/income for the year		**(26,659)**	**48,168**
Total comprehensive (loss)/income for the year attributable to:			
Shareholders of the Company		(28,201)	46,838
Non-controlling interest		1,542	1,330
Basic earnings per share	2.4	(7.0cps)	4.9cps
Diluted earnings per share	2.4	(6.9cps)	4.9cps
Weighted average basic ordinary shares outstanding ('000)	2.4	711,548	711,283
Weighted average diluted ordinary shares outstanding ('000)	2.4	723,784	719,546

Consolidated Statement of Changes in Equity For the Year Ended 31 July 2024

	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 2022	**626,380**	**6,218**	**6,491**	**3,165**	**(47)**	**203,525**	**4,726**	**850,458**
Profit after tax	-	-	-	-	-	35,139	1,475	36,614
Other comprehensive income	-	8,499	3,200	-	-	-	(145)	11,554
Dividends paid	-	-	-	-	-	(42,681)	-	(42,681)
Issue of share capital	2,699	-	-	(2,699)	-	-	-	-
Share based payment expense	-	-	-	568	-	-	-	568
Deferred tax on share-based payment transactions	-	-	-	252	-	-	-	252
Amounts transferred to initial carrying amount of hedged items	-	(14,443)	-	-	-	-	-	(14,443)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(685)	(685)
Balance as at 31 July 2023	**629,079**	**274**	**9,691**	**1,286**	**(47)**	**195,983**	**5,371**	**841,637**
(Loss)/Profit after tax	-	-	-	-	-	(49,760)	1,437	(48,323)
Other comprehensive income	-	8,231	13,328	-	-	-	105	21,664
Dividends paid	-	-	-	-	-	(21,340)	-	(21,340)
Issue of share capital	304	-	-	(304)	-	-	-	-
Share based payment expense	-	-	-	291	-	-	-	291
Deferred tax on share-based payment transactions	-	-	-	(265)	-	-	-	(265)
Lapsed share options	-	-	-	(184)	-	184	-	-
Amounts transferred to initial carrying amount of hedged items	-	(6,821)	-	-	-	-	-	(6,821)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(1,165)	(1,165)
Balance as at 31 July 2024	**629,383**	**1,684**	**23,019**	**824**	**(47)**	**125,067**	**5,748**	**785,678**

Consolidated Balance Sheet As at 31 July 2024

	Section	2024 NZ$'000	2023 NZ$'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.2	33,948	49,488
Trade and other receivables	3.1.3	88,992	102,696
Inventories	3.1.1	266,877	290,420
Derivative financial instruments	4.2	3,638	2,560
Current tax asset		9,330	12,278
Other current assets	3.1.5	2,036	1,860
Total current assets		**404,821**	**459,302**
Non-current assets			
Trade and other receivables	3.1.3	2,196	1,856
Property, plant and equipment	3.2	86,461	82,942
Intangible assets	3.3	666,859	704,402
Deferred tax assets	2.3	14,692	14,650
Right-of-use assets	3.4.1	262,571	270,327
Total non-current assets		**1,032,779**	**1,074,177**
Total assets		**1,437,600**	**1,533,479**
LIABILITIES			
Current liabilities			
Trade and other payables	3.1.6	157,556	173,392
Derivative financial instruments	4.2	140	1,160
Current tax liabilities		845	718
Lease liabilities	3.4.2	84,776	83,232
Total current liabilities		**243,317**	**258,502**
Non-current liabilities			
Trade and other payables	3.1.6	16,141	15,988
Interest bearing liabilities	4.1	93,600	105,209
Deferred tax liabilities	2.3	89,464	93,275
Lease liabilities	3.4.2	209,400	218,868
Total non-current liabilities		**408,605**	**433,340**
Total liabilities		**651,922**	**691,842**
Net assets		**785,678**	**841,637**
EQUITY			
Contributed equity - ordinary shares	4.3.1	629,383	629,079
Reserves	4.3.2	25,480	11,204
Retained earnings		125,067	195,983
Non-controlling interest		5,748	5,371
Total equity		**785,678**	**841,637**

Consolidated Statement of Cash Flows

For the Year Ended 31 July 2024

	Section	2024 NZ$'000	2023 NZ$'000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		996,327	1,103,833
Government grants received		140	6,019
Interest received		1,322	886
Income tax received		6,641	1,892
		1,004,430	1,112,630
Cash was applied to:			
Payments to suppliers and employees		824,489	919,847
Income tax paid		11,181	22,969
Interest paid		24,107	22,226
		859,777	965,042
Net cash inflow from operating activities		**144,653**	**147,588**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		-	-
		-	-
Cash was applied to:			
Purchase of property, plant and equipment	3.2	24,314	27,665
Purchase of intangible assets	3.3	8,207	8,323
		32,521	35,988
Net cash (outflow) from investing activities		**(32,521)**	**(35,988)**
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		220,419	132,955
		220,419	132,955
Cash was applied to:			
Dividends paid		22,506	43,366
Repayment of borrowings		235,080	134,074
Repayment of lease liabilities		91,208	86,919
		348,794	264,359
Net cash (outflow) from financing activities		**(128,375)**	**(131,404)**
Net (decrease) in cash and cash equivalents held		**(16,243)**	**(19,804)**
Opening cash and cash equivalents		49,488	70,810
Effect of foreign exchange differences		703	(1,518)
Closing cash and cash equivalents	3.1.2	**33,948**	**49,488**

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

	Section	2024 NZ$'000	2023 NZ$'000
(Loss)/Profit after taxation		(48,323)	36,614
Movement in working capital:			
(Increase) / decrease in trade and other receivables		16,049	(776)
(Increase) / decrease in inventories		28,751	(1,121)
(Increase) / decrease in other current assets		(144)	510
Increase / (decrease) in trade and other payables		(19,114)	(17,360)
Increase / (decrease) in current tax liability		3,203	(9,002)
		28,745	(27,749)
Add non-cash items:			
Depreciation of property, plant and equipment	3.2	22,940	22,824
Amortisation of intangibles	3.3	16,348	14,132
Depreciation of right-of-use assets	3.4.1	89,015	86,757
Impairment of assets	3.3, 3.4.1	41,872	(1,675)
Foreign currency translation of working capital balances		(461)	11,809
Increase / (decrease) in deferred taxation		(6,131)	3,610
Employee share-based remuneration	6.3	291	568
Loss on sale of property, plant and equipment and intangibles	3.2, 3.3	357	698
		164,231	138,723
Cash inflow from operating activities		**144,653**	**147,588**

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 an FMC 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 NZX and 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 25 September 2024.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice. They comply with the 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 on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Historical cost convention

These 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 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) represents earnings before income taxes excluding interest income, interest expense, depreciation, and amortisation, as reported in the financial statements.
- Earnings before interest and tax (EBIT) represents EBITDA less depreciation and amortisation.
- Net debt represents cash and cash equivalents less interest-bearing liabilities. Net debt does not include lease liabilities.

Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The non-GAAP information within the consolidated financial statements is subject to audit.

1.3 CLIMATE CHANGE RISK

The Group's operations may be impacted by future climate change. These impacts may be physical (e.g. severe or unusual weather patterns and events) or transitional (e.g. changes to government regulations or customer and supplier needs and demands).

The Group regularly assesses its operating environment to monitor its exposure to risk, including climate related risk. During the year ended 31 July 2024 the Group completed a climate-related risk assessment to inform its first Climate-Related Disclosure under the Aotearoa New Zealand Climate Standards (NZ CS). As part of this assessment, we have not identified any significant impacts requiring specific disclosure in the financial statements. Specific consideration has been given in these financial statements to the impact of future climate change on the useful lives of the Group's property, plant, and equipment (note 3.2), the inclusion of expected renewals in the lease term for right-of-use assets (note 3.4) and sustainability linked loans (note 4.1). The identified climate-related risks and opportunities including both physical and transitional impacts have been considered as part of the above accounting judgements and estimates. The Group will publish its first Climate-Related Disclosure under NZ CS in November 2024.

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

31 July 2023	Rip Curl NZ$'000	Kathmandu NZ$'000	Oboz NZ$'000	Corporate NZ$'000	Total NZ$'000
Total segment sales	581,504	422,233	102,819	-	1,106,556
Sales to internal customers	-	-	3,562	-	3,562
Sales to external customers	**581,504**	**422,233**	**99,257**	**-**	**1,102,994**
Goodwill impairment expense	-	-	-	-	-
EBITDA	**97,079**	**105,322**	**8,228**	**(10,560)**	**200,069**
Depreciation and amortisation	(54,955)	(67,079)	(1,625)	(54)	(123,713)
EBIT	**42,124**	**38,243**	**6,603**	**(10,614)**	**76,356**
Income tax expense	(9,826)	(9,820)	(1,407)	5,365	(15,688)
Total segment assets	**759,398**	**586,676**	**179,669**	**7,736**	**1,533,479**
Total assets include:					
Non-current assets	488,250	466,778	118,401	748	1,074,177
Additions to non-current assets	80,673	59,733	1,004	810	142,220
Total segment liabilities	**297,041**	**258,258**	**25,596**	**110,947**	**691,842**

Sales to external customers by region

	2024 NZ$'000	2023 NZ$'000
Australia	493,929	557,013
New Zealand	110,867	128,185
North America	206,473	243,398
Europe	101,246	105,325
Rest of world	66,900	69,073
	979,415	1,102,994

Non-current assets by region

	2024 NZ$'000	2023 NZ$'000
Australia	686,545	681,420
New Zealand	145,878	160,327
North America	140,449	180,136
Europe	34,811	29,240
Rest of world	25,096	23,054
	1,032,779	1,074,177

Sales to external customers by channel

	2024 NZ$'000	2023 NZ$'000
Retail	591,232	653,108
Online	92,988	99,300
Wholesale	284,011	336,952
Licensing	10,873	13,158
Other	311	476
	979,415	1,102,994

2.2 PROFIT BEFORE TAX

Revenue recognition

The Group recognises revenue from the sale of footwear, clothing 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 transferred, being 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 transferred to the customer, being 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 transferred, 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 based on a reliable estimate of subsequent sales made by a licensee.

	2024 NZ$'000	2023 NZ$'000
Sale of goods	971,055	1,091,290
Royalty revenue	7,626	10,819
Commission revenue	734	885
	979,415	1,102,994

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

Other income	2024 NZ$'000	2023 NZ$'000
Government grants	140	366
Insurance proceeds	931	-
Other	1,760	1,474
	2,831	1,840

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 statement of comprehensive income on a systematic basis in the same period in which the expenses are recognised. In both periods Government grants relate to Apprenticeship Boost payments and grants to support sustainability initiatives.

In the current period insurance proceeds relate to the loss of the Maui store as result of the August 2023 wildfires.

Employee entitlements

	2024 NZ$'000	2023 NZ$'000
Wages, salaries, and other short-term benefits	213,309	218,104
Post-employment benefits	13,602	12,459
Employee share-based remuneration	291	568
	227,202	231,131

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:

	2024 NZ$'000	2023 NZ$'000
Short-term lease expense	3,038	7,924
Low-value lease expense	1,150	1,176
Variable lease expense	1,847	439
Rent concessions and abatements	(920)	(738)
Lease outgoings	19,765	17,667
Depreciation right-of-use asset (note 3.4.1)	89,015	86,757
Interest expense related to lease liabilities (note 3.4.2)	12,217	11,022
	126,112	124,247

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 payments constitute up to 1.5% (2023: 0.4%) of the Group's entire lease payments. The variable payments depend 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 $132,177,000 (2023: $128,003,000).

2.3 TAXATION

KEEPING IT SIMPLE...

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

Accounting policies

Current and deferred income tax

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

The current income tax charge 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 charge in the consolidated statement of comprehensive income is analysed as follows:

	2024 NZ$'000	2023 NZ$'000
Current income tax charge	7,869	12,078
Deferred income tax charge / (credit)	(6,258)	3,610
Income tax charge reported in the consolidated statement of comprehensive income	1,611	15,688

To understand how, in the consolidated statement of comprehensive income, a tax charge of $1,611,000 (2023: $15,688,000) arises on (loss)/profit before income tax of $(46,712,000) (2023: $52,302,000), the taxation charge that would arise at the standard rate of New Zealand corporate tax is reconciled to the actual tax charge as follows:

	2024 NZ$'000	2023 NZ$'000
(Loss)/Profit before income tax	(46,712)	52,302
Income tax calculated at 28%	(13,079)	14,645
Adjustments to taxation:		
Adjustments due to different rate in different jurisdictions	(308)	321
Non-taxable income	(3,099)	(1,799)
Expenses not deductible for tax purposes	14,119	2,427
Utilisation of tax losses by group companies	11	(35)
Forfeited foreign tax credits	1,145	-
Adjustments in respect of prior years	1,857	(370)
Tax losses not recognised	965	499
Income tax charge reported in the consolidated statement of comprehensive income	1,611	15,688

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 charge. Where the outcome is less favourable than the provision, an additional charge to the current year tax will occur.

During the year the Group did not recognise any new previously unrecognised tax losses (2023: nil).

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

	2024 NZ$'000	2023 NZ$'000
Movement in cash flow hedge reserve before tax	8,815	6,018
Tax (charge) / credit relating to cash flow hedge reserve	(584)	2,481
Movement in cash flow hedge reserve after tax	8,231	8,499
Foreign currency translation reserve before tax	13,433	3,055
Tax credit / (charge) relating to foreign currency translation reserve	-	-
Movement in foreign currency translation reserve after tax	13,433	3,055
Other reserves before tax	-	-
Tax credit / (charge) relating to other reserves	-	-
Movement in other reserves after tax	-	-
Total other comprehensive income / (expense) before tax	22,248	9,073
Total tax (charge) / credit on other comprehensive income	(584)	2,481
Total other comprehensive income / (expense) after tax	21,664	11,554
Current tax	-	-
Deferred tax	(584)	2,481
Total tax credit / (charge) on other comprehensive income	(584)	2,481

Taxation – 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 2022	5,406	(116,299)	12,343	14,065	(2,930)	8,044	(79,371)
Recognised in the consolidated statement of comprehensive income	(124)	1,504	(665)	(6,564)	-	2,239	(3,610)
Recognised in other comprehensive income	-	-	-	-	2,481	-	2,481
Recognised directly in equity	252	-	-	-	-	-	252
Foreign exchange	(112)	2,395	(282)	(214)	47	(211)	1,623
AS AT 31 JULY 2023	5,422	(112,400)	11,396	7,287	(402)	10,072	(78,625)
Recognised in the consolidated statement of comprehensive income	(828)	2,003	(476)	8,047	-	(2,488)	6,258
Recognised in other comprehensive income	-	-	-	-	(584)	-	(584)
Recognised directly in equity	(265)	-	-	-	-	-	(265)
Foreign exchange	72	(2,099)	162	206	(13)	116	(1,556)
AS AT 31 JULY 2024	4,401	(112,496)	11,082	15,540	(999)	7,700	(74,772)

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:

	2024 NZ$'000	2023 NZ$'000
Deductible temporary differences	-	-
Tax losses	6,912	4,735
	6,912	4,735

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

	2024 NZ$'000	2023 NZ$'000
Imputation credits available for use in subsequent reporting periods based on a tax rate of 28%	119	90

The above amounts represent the balance of the imputation account as at 31 July 2024, 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 2024 is A$138,000 (2023: A$1,312,000).

2.4 EARNINGS PER SHARE

KEEPING IT SIMPLE...

Earnings per share ('EPS') is the amount of post-tax profit attributable to each share.

Basic EPS is calculated by dividing the (loss)/profit after tax attributable to equity holders of the Company of $(49,760,000) (2023: $35,139,000) by the weighted average number of ordinary shares in issue during the year of 711,547,792 (2023: 711,283,439).

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

	2024 '000	2023 '000
Weighted average number of basic ordinary shares in issue	711,548	711,283
Adjustment for:		
Share options / performance rights	12,236	8,263
	723,784	719,546

Section 3: Operating Assets and Liabilities

IN THIS SECTION...

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

KEEPING IT SIMPLE...

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

3.1 WORKING CAPITAL

3.1.1 Inventory

Accounting policies

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

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

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

	2024 NZ$'000	2023 NZ$'000
Raw materials and consumables	5,950	9,680
Work in progress	830	2,144
Trading inventory	243,547	252,399
Goods in transit	16,550	26,197
	266,877	290,420

Inventory has been reviewed for obsolescence and a provision of $4,747,000 (2023: $5,026,000) has been made.

3.1.2 Cash and cash equivalents

	2024 NZ$'000	2023 NZ$'000
Cash on hand	496	525
Cash at bank	31,915	46,390
Short term investments convertible to cash	1,537	2,573
	33,948	49,488

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

	2024 NZ$'000	2023 NZ$'000
USD	9,387	9,758
THB	7,926	4,571
EUR	5,646	14,348
AUD	3,762	6,206
IDR	2,091	2,151
BRL	1,609	2,868
CAD	1,169	2,996
GBP	990	2,093
JPY	565	574
NZD	378	2,899
Other currencies	425	1,024
	33,948	49,488

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.

	2024 NZ$'000	2023 NZ$'000
Current		
Trade receivables	68,107	79,933
Allowance for expected credit losses	(5,973)	(5,620)
Prepayments	18,299	18,156
Other receivables	8,559	10,227
	88,992	102,696
Non-current		
Other debtors	2,196	1,856
	2,196	1,856

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:

	2024 NZ$'000	2023 NZ$'000
USD	28,897	45,583
AUD	14,530	17,397
THB	9,879	8,048
EUR	8,804	8,637
NZD	8,075	7,158
BRL	6,651	5,349
GBP	6,160	4,956
CAD	5,155	4,094
CHF	1,166	1,100
IDR	1,162	1,454
JPY	524	460
Other currencies	185	316
	91,188	104,552

Allowance for expected credit losses

	2024 NZ$'000	2023 NZ$'000
Opening balance	(5,620)	(5,964)
Additional allowance recognised in the consolidated statement of comprehensive income	(2,290)	(820)
Receivables written-off during the year	698	256
Unused provision released to the consolidated statement of comprehensive income during the year	1,180	1,023
Foreign exchange	59	(115)
Closing balance	(5,973)	(5,620)

3.1.4 Credit risk

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

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

Exposure to credit risk

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

	2024 NZ$'000	2023 NZ$'000
Cash and cash equivalents	33,452	48,963
Trade receivables (net)	62,134	74,313
Other receivables	9,357	10,922
Derivative financial instruments	3,498	1,400
	108,441	135,598

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:

	2024 NZ$'000	2023 NZ$'000
Cash and cash equivalents:		
Standard & Poors - AA-	6,236	11,605
Standard & Poors - A+	2,995	7,015
Standard & Poors - A	560	588
Standard & Poors - A-	8,578	8,949
Standard & Poors - BBB+	6,243	10,757
Standard & Poors - BBB	7,540	3,599
Standard & Poors - BBB-	-	2,208
Standard & Poors - BB+	1,203	-
Standard & Poors - BB	30	1,380
Standard & Poors - BB-	67	2,862
	33,452	48,963

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 $24,771,000 (2023: $32,318,000) were past due. A provision of $5,973,000 (2023: $5,620,000) is held against these overdue amounts. This provision is based on expected life time 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:

	2024 NZ$'000	2023 NZ$'000
0 to 30 days	6,419	8,117
30 to 60 days	5,059	4,432
60 to 90 days	3,232	4,251
90 days and over	10,061	15,518
	24,771	32,318

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 rights of return assets. Rights 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.

	2024 NZ$'000	2023 NZ$'000
Right of return assets		
Opening balance	1,860	2,434
Additional amounts recognised	2,804	199
Amounts incurred and charged	(2,668)	(709)
Foreign exchange	40	(64)
	2,036	1,860

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 relates 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.

	2024 NZ$'000	2023 NZ$'000
Current		
Trade payables	85,138	89,909
Employee entitlements	24,925	25,105
Sundry creditors and accruals	39,539	49,904
Provisions	7,453	7,862
Revenue received in advance	501	612
	157,556	173,392
Non-current		
Employee entitlements	3,600	3,020
Provisions	12,541	11,832
Sundry creditors and accruals	-	1,136
	16,141	15,988

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

	2024 NZ$'000	2023 NZ$'000
AUD	65,521	61,855
USD	58,843	72,523
NZD	18,121	24,531
EUR	11,140	14,552
THB	6,819	6,663
GBP	3,805	357
IDR	2,860	2,302
BRL	2,531	4,983
CAD	2,194	1,243
Other currencies	1,863	371
	173,697	189,380

Provisions

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

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

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

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

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

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

	Warranties NZ$'000	Restructuring NZ$'000	Lease restoration NZ$'000	Sales returns NZ$'000	Other	Total NZ$'000
Year ended 31 July 2023						
Opening balance	1,952	445	11,394	5,115	794	19,700
Additional provisions recognised	694	1,745	1,056	411	-	3,906
Provisions used during the year	(644)	(167)	-	-	-	(811)
Provisions remeasured during the year	(405)	(113)	(528)	(1,044)	(789)	(2,879)
Foreign exchange	(27)	37	(90)	(137)	(5)	(222)
Closing balance	1,570	1,947	11,832	4,345	-	19,694
As at 31 July 2023						
Current	1,570	1,947	-	4,345	-	7,862
Non-current	-	-	11,832	-	-	11,832
	1,570	1,947	11,832	4,345	-	19,694
Year ended 31 July 2024						
Opening balance	1,570	1,947	11,832	4,345	-	19,694
Additional provisions recognised	456	984	939	6,820	-	9,199
Provisions used during the year	(494)	(1,553)	(423)	(6,497)	-	(8,967)
Provisions remeasured during the year	(73)	(209)	-	(44)	-	(326)
Foreign exchange	36	18	193	147	-	394
Closing balance	1,495	1,187	12,541	4,771	-	19,994
As at 31 July 2024						
Current	1,495	1,187	-	4,771	-	7,453
Non-current	-	-	12,541	-	-	12,541
	1,495	1,187	12,541	4,771	-	19,994

3.2 PROPERTY, PLANT AND EQUIPMENT

KEEPING IT SIMPLE...

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

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

Accounting policies

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 is 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 2022						
Cost	8,832	101,681	31,253	115,582	19,293	276,641
Accumulated depreciation	(4,197)	(76,237)	(18,773)	(82,503)	(15,688)	(197,398)
Closing net book value	4,635	25,444	12,480	33,079	3,605	79,243
Year ended 31 July 2023						
Opening net book value	4,635	25,444	12,480	33,079	3,605	79,243
Additions	493	12,002	3,014	11,024	1,132	27,665
Disposals	-	(95)	(86)	(512)	(7)	(700)
Depreciation	(404)	(10,376)	(1,598)	(8,964)	(1,482)	(22,824)
Transfers between categories & to intangibles	201	1,141	(669)	(1,651)	276	(702)
Foreign exchange	463	(266)	(75)	91	47	260
Closing net book value	5,388	27,850	13,066	33,067	3,571	82,942
As at 31 July 2023						
Cost	10,382	108,370	32,325	97,762	17,879	266,718
Accumulated depreciation	(4,994)	(80,520)	(19,259)	(64,695)	(14,308)	(183,776)
Closing net book value	5,388	27,850	13,066	33,067	3,571	82,942
Year ended 31 July 2024						
Opening net book value	5,388	27,850	13,066	33,067	3,571	82,942
Additions	2,099	8,859	1,145	10,971	1,240	24,314
Disposals	-	(68)	(15)	(113)	(45)	(241)
Depreciation	(408)	(8,366)	(1,642)	(10,961)	(1,563)	(22,940)
Transfers between categories & to intangibles	85	288	(78)	751	30	1,076
Foreign exchange	100	498	163	518	31	1,310
Closing net book value	7,264	29,061	12,639	34,233	3,264	86,461
As at 31 July 2024						
Cost	12,435	117,305	33,499	109,017	18,875	291,131
Accumulated depreciation	(5,171)	(88,244)	(20,860)	(74,784)	(15,611)	(204,670)
Closing net book value	7,264	29,061	12,639	34,233	3,264	86,461

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

Sale 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.

	2024 NZ$'000	2023 NZ$'000
Loss on sale of property, plant and equipment	240	698

Capital commitments

Capital commitments contracted for at balance sheet date include property, plant and equipment of $654,000 (2023: $1,790,000).

3.3 INTANGIBLE ASSETS

KEEPING IT SIMPLE...

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

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

Accounting policies

Goodwill

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

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

Brand

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

Customer relationships

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

Software costs

Software costs have a finite useful life. Software costs are capitalised and amortised over the useful economic life.

Costs associated with maintaining computer software programs are recognised as an expense when incurred. Costs that are directly associated with the creation or acquisition of an identifiable software asset controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and contractors.

Software is amortised over the estimated useful economic life of the asset ranging from two to 10 years.

Software-as-a Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Group does not currently 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 e.g., cash generating units.

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 2022						
Cost	291,272	368,167	42,892	84,471	4,162	790,964
Accumulated amortisation	(1,271)	-	(15,164)	(53,733)	(1,474)	(71,642)
Closing net book value	290,001	368,167	27,728	30,738	2,688	719,322
Year ended 31 July 2023						
Opening net book value	290,001	368,167	27,728	30,738	2,688	719,322
Additions	-	-	-	8,323	-	8,323
Disposals	-	-	-	-	-	-
Amortisation	-	-	(5,303)	(8,822)	(7)	(14,132)
Transfers from property, plant and equipment	-	-	-	702	-	702
Foreign exchange	(2,121)	(7,246)	(704)	(13)	271	(9,813)
Closing net book value	287,880	360,921	21,721	30,928	2,952	704,402
As at 31 July 2023						
Cost	289,151	360,921	41,739	95,109	4,582	791,502
Accumulated amortisation	(1,271)	-	(20,018)	(64,181)	(1,630)	(87,100)
Closing net book value	287,880	360,921	21,721	30,928	2,952	704,402
Year ended 31 July 2024						
Opening net book value	287,880	360,921	21,721	30,928	2,952	704,402
Additions	-	-	-	8,178	29	8,207
Disposals	-	-	-	(117)	-	(117)
Amortisation	-	-	(5,269)	(11,079)	-	(16,348)
Impairment	(40,331)	-	-	-	-	(40,331)
Transfers from property, plant and equipment	-	-	-	(1,076)	-	(1,076)
Foreign exchange	4,578	6,825	341	302	76	12,122
Closing net book value	252,127	367,746	16,793	27,136	3,057	666,859
As at 31 July 2024						
Cost	294,684	367,746	42,570	104,119	4,728	813,847
Accumulated amortisation	(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

Sale of intangibles

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

	2024 NZ$'000	2023 NZ$'000
Loss on sale of intangibles	117	-

Impairment tests for goodwill and brand

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

	Goodwill		Brand	
	2024 NZ$'000	2023 NZ$'000	2024 NZ$'000	2023 NZ$'000
Kathmandu	122,599	122,041	152,210	150,352
Oboz	36,075	74,101	42,489	40,699
Rip Curl	93,453	91,738	173,047	169,870
	252,127	287,880	367,746	360,921

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

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

The discounted cash flow valuations were calculated using post tax cash flow projections based on financial budgets prepared by management and approved by the Directors for the year ended 31 July 2025. Cash flows beyond July 2025 are based on three-year business plans presented to the Directors.

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

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

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

The FVLCOD calculations for Kathmandu and Rip Curl confirmed that the recoverable amount exceeds the carrying value and as a result there was no impairment of goodwill and brand during the year (2023: nil).

Impairment of Oboz CGU

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

The discounted cash flow valuations were calculated using post tax cash flow projections based on FY25 financial budgets prepared by management and approved by the Directors for the year ended 31 July 2025. The valuation cash flows beyond July 2025 are based on strategic plans, future growth ambitions and historic revenue growth rates coupled with a conservative near term view of the US wholesale market.

The key assumptions used within the Oboz impairment model include;

- Compound annual sales growth rate of 12.4% from 2024 to 2029
- Terminal growth rate of 2.5% (2023: 2.5%)
- Post-tax discount rate of 11.0% (2023: 10.7%)

Assumptions used:

	2024		2023	
	Kathmandu	Rip Curl	Kathmandu	Rip Curl
Pre-tax WACC rate	14.6%	14.5%	14.6%	14.4%
Post-tax WACC rate	10.3%	10.2%	10.3%	10.1%
Terminal growth rate	2.9%	3.0%	2.9%	3.0%

The calculation indicated the carrying value of the Oboz CGU exceeded its recoverable value and therefore a goodwill impairment of $40,331,000 (USD $24,400,000) has been recognised in the current period.

Prior to COVID-19 the Oboz CGU achieved year on year double digit revenue and EBITDA growth percentages. Previously we expected to achieve an EBITDA margin of 16% by FY26, however, given the current prevailing market conditions the likely timeframe has been extended beyond FY29. Oboz brand sales are down 20% year on year as wholesalers reduced their inventory holdings in response to a challenging consumer environment. The current Oboz orderbooks for US wholesale customers remain subdued indicating a more gradual recovery back to the average long run sales growth rates from FY26. If the wholesale market in the US does not rebound as expected in FY26 the Group may need to reconsider the operating cost base of the Oboz CGU. The three-year strategy plans have the Oboz CGU delivering at least 11% EBITDA margin in FY27.

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

- A sales change of +/- 10.0% per annum results in a change in the impairment loss of approximately $14,300,000.
- An increase in the terminal growth rate of 0.5% results in a reduction in the impairment loss of approximately $4,900,000. A decrease in the terminal growth rate of 0.5% results in an increase in the impairment loss of approximately $4,400,000.
- An increase in the discount rate by 1.0% results in an increase in the impairment loss of approximately $11,200,000. A decrease in the discount rate by 1.0% results in decrease in the impairment loss of approximately $14,400,000.

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

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

3.4 LEASES

KEEPING IT SIMPLE...

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

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

Accounting policies

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

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The Group's incremental borrowing rate has been determined as the rate of interest that the Group would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

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

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

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

- the lease term has changed in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases 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 including 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 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 nine years (2023: nine years). The average lease term for vehicle leases is four years (2023: three years).

3.4.1 Right-of-use assets

The movements in right of use assets were as follows:

	2024 NZ$'000	2023 NZ$'000
Opening net book value	270,327	250,372
Additions and modifications to right-of-use asset	77,999	106,231
Depreciation for the period	(89,015)	(86,757)
Impairment for the period	(1,541)	1,675
Foreign exchange	4,801	(1,194)
Closing net book value	262,571	270,327
Cost	598,218	518,760
Accumulated amortisation & impairment	(335,647)	(248,433)
Closing net book value	262,571	270,327

3.4.2 Lease liabilities

The movements in lease liabilities were as follows:

	2024 NZ$'000	2023 NZ$'000
Opening lease liabilities	302,100	284,587
Additions and modifications to lease liability	78,289	108,025
Interest expense on lease liabilities	12,217	11,022
Repayment of lease liabilities (including interest)	(103,716)	(99,736)
Foreign exchange	5,286	(1,798)
Closing lease liabilities	294,176	302,100

Lease liability maturity analysis

	Gross lease payments NZ$'000	Interest NZ$'000	Carrying amount NZ$'000
As at 31 July 2023			
Within 1 year	92,839	(9,607)	83,232
1 to 5 years	195,533	(16,168)	179,365
Beyond 5 years	41,651	(2,148)	39,503
	330,023	(27,923)	302,100
Current			83,232
Non-current			218,868
			302,100
As at 31 July 2024			
Within 1 year	95,544	(10,768)	84,776
1 to 5 years	197,279	(16,206)	181,073
Beyond 5 years	29,550	(1,223)	28,327
	322,373	(28,197)	294,176
Current			84,776
Non-current			209,400
			294,176

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 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:

	2024 NZ$'000	2023 NZ$'000
Current portion	-	-
Non-current portion	93,600	105,209
	93,600	105,209

Group Facility Agreement

The Group has a multi-option syndicated facility, which consists of an A$240 million multi-currency revolving facility and a NZ$54 million multi-currency revolving facility. Both facilities are sustainability linked with targets such as reducing greenhouse gas emissions, continued B Corp certification, and improving transparency within the Group supply chain, including the wellbeing and labour conditions of workers, and environmental metrics. All facilities are repayable in full on 12 November 2026.

Interest is payable based on the BKBM rate (NZD borrowings), the BBSY rate (AUD borrowings), SOFR rate (US borrowings) or the applicable short-term rate for interest periods less than 30 days, plus a margin of between 1.05% - 1.31%. The debt is secured by the assets of the guaranteeing group in accordance with the Security Trust Deed dated 25 October 2019 as amended 12 May 2023. The guaranteeing group comprises entities operating in New Zealand, Australia, North America and the United Kingdom. The carrying value of the assets held by the guaranteeing group are $1,351,957,000 (2023: $1,444,870,000).

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 the end of each half during the financial year. Similarly, EBITDA must be no less than a specified proportion of total net debt at the end of each six-month interim period. The calculations of these covenants are specified in the bank facility agreement of 25 October 2019 as amended and restated on 12 May 2023. The Group obtained a reduction of the fixed cover covenant for the January 2024, July 2024, January 2025 and July 2025 measurement points. The Group has complied with its revised banking covenants at all measurement points during the period.

The current interest rate, prior to hedging, on the term loans is 5.54% (2023: 5.31% - 6.65%).

Reconciliation of movement in borrowings

	2024 NZ$'000	2023 NZ$'000
Opening balance	105,209	110,881
Net cash flow movement	(14,661)	(1,119)
Capitalised borrowing costs	712	(1,419)
Foreign exchange movement	2,340	(3,134)
Closing balance	93,600	105,209

Borrowings maturity analysis

	2024 NZ$'000	2023 NZ$'000
Principal of interest-bearing liabilities:		
Payable within 1 year	-	-
Payable 1 to 2 years	-	-
Payable 2 to 3 years	93,600	-
Payable 3 to 4 years	-	105,209
	93,600	105,209

4.1.1 Finance costs

	2024 NZ$'000	2023 NZ$'000
Interest income	(1,322)	(886)
Interest expense on interest bearing liabilities	10,373	7,828
Interest on lease liabilities	12,217	11,022
Other finance costs	3,711	3,692
Net exchange loss / (gain) on foreign currency	665	2,398
	25,644	24,054

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):

	2024 NZ$'000	2023 NZ$'000
Total secured borrowings	93,600	105,209
Less principal covered by interest rate swaps	-	-
Net principal subject to floating interest rates	93,600	105,209

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 (2023: 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% (2023: 1%) has been selected for interest rate risk. The 1% is based on reasonably possible changes over a financial year, using the observed range of historical data for the preceding five-year period.

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

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

		-1%		+1%	
	Carrying amount NZ$'000	Profit NZ$'000	Equity NZ$'000	Profit NZ$'000	Equity NZ$'000
As at 31 July 2023					
Financial assets					
Cash and cash equivalents	49,488	(356)	-	356	-
Financial liabilities					
Interest bearing liabilities	105,209	758	-	(758)	-
Net increase / (decrease)		**402**	**-**	**(402)**	**-**

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 $318,026,000 (2023: $311,605,000) 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 $26,002,000 is available for instruments including letters of credit and bank guarantees.

KEEPING IT SIMPLE...

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

	Less than 1 year NZ$'000	Between 1 - 2 years NZ$'000	Between 2 - 5 years NZ$'000	Over 5 years NZ$'000
As at 31 July 2023				
Trade payables and accrued expenses	133,794	1,136	-	-
Interest bearing liabilities	5,735	5,751	112,563	-
	139,529	6,887	112,563	-
As at 31 July 2024				
Trade payables and accrued expenses	119,308	-	-	-
Interest bearing liabilities	5,237	5,237	95,121	-
	124,545	5,237	95,121	-

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 2023				
Forward foreign exchange contracts				
Inflow	178,278	-	-	-
Outflow	(176,878)	-	-	-
Net inflow / (outflow)	1,400	-	-	-
As at 31 July 2024				
Forward foreign exchange contracts				
Inflow	207,492	-	-	-
Outflow	(203,994)	-	-	-
Net inflow / (outflow)	3,498	-	-	-

4.2 DERIVATIVE FINANCIAL INSTRUMENTS

KEEPING IT SIMPLE...

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

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

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

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

Accounting policies

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

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

Cash flow hedge

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

Amounts accumulated in equity are recycled in the consolidated statement of comprehensive income in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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

Foreign currency transactions and balances

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

Derivative financial instruments

	2024 NZ$'000	2023 NZ$'000
Foreign exchange contracts		
Current asset	3,638	2,560
Current liability	(140)	(1,160)
Net foreign exchange contracts - cash flow hedge (asset / (liability))	3,498	1,400
Interest rate swaps		
Current liability	-	-
Non-current liability	-	-
Net interest rate swaps - cash flow hedge (asset / (liability))	-	-
Total derivative financial instruments	3,498	1,400

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 (2023: nil). The fixed interest rate is nil (2023: nil). Refer to note 4.1.3 for timing of contractual cash flows relating to interest rate swaps.

Foreign exchange contracts - cash flow hedge

The objective of these contracts is to hedge highly probable anticipated foreign currency purchases against currency fluctuations. These contracts are timed to mature when import purchases are scheduled for payment. The notional amount of foreign exchange contracts amounts to US$112,850,000 / NZ$185,976,000 (2023: US$109,254,000 / NZ$173,717,000).

No material hedge ineffectiveness for interest rate swaps or foreign exchange contracts exists as at balance sheet date (2023: 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 AUD, USD and EUR.

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% (2023: -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% (2023: -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 2024					
Financial assets					
Cash and cash equivalents	33,948	1,934	-	(1,582)	-
Trade and other receivables	71,491	5,528	-	(4,523)	-
Foreign exchange contracts – cash flow hedge	3,638	-	(19,812)	-	16,209
Financial liabilities					
Trade and other payables	(173,697)	(12,446)	-	10,183	-
Interest bearing liabilities	(93,600)	(7,488)	-	6,127	-
Foreign exchange contracts – cash flow hedge	(140)	-	(2,699)	-	2,208
Net increase / (decrease)		(12,472)	(22,511)	10,205	18,417

		-10%		+10%	
	Carrying amount NZ$'000	Profit NZ$'000	Equity NZ$'000	Profit NZ$'000	Equity NZ$'000
As at 31 July 2023					
Financial assets					
Cash and cash equivalents	49,488	2,625	-	(2,147)	-
Trade and other receivables	85,234	6,560	-	(5,367)	-
Foreign exchange contracts – cash flow hedge	2,560	-	(12,251)	-	10,023
Financial liabilities					
Trade and other payables	(189,380)	(13,188)	-	10,790	-
Interest bearing liabilities	(105,209)	(8,417)	-	6,886	-
Foreign exchange contracts – cash flow hedge	(1,160)		(6,626)	-	5,422
Net increase / (decrease)		(12,420)	(18,877)	10,162	15,445

4.3 EQUITY

KEEPING IT SIMPLE...

This section explains material movements recorded in shareholders' equity that are not explained elsewhere in the financial statements. The movements in equity and the balance at 31 July 2024 are presented in the consolidated statement of changes in equity.

Accounting policies

Share capital

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

Dividends

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

4.3.1 Contributed equity - ordinary shares

	2024 NZ$'000	2023 NZ$'000
Ordinary shares fully paid	629,383	629,079
Opening balance	629,079	626,380
Shares issued under Executive and Senior Management Long-Term Incentive Plan	304	2,699
Shares issued under share entitlement offers and share placement	-	-
Closing balance	629,383	629,079

Number of issued shares

	2024 '000	2023 '000
Opening balance	711,347	709,001
Shares issued under Executive and Senior Management Long Term Incentive Plan	320	2,346
Shares issued under share entitlement offers and share placement	-	-
Closing balance	711,667	711,347

As at 31 July 2024 there were 711,667,484 (2023: 711,347,722) ordinary issued shares in KMD Brands Limited and these are classified as equity.

319,762 shares (2023: 2,346,338) were issued under the 'Executive and Senior Management Long Term Incentive Plan 24 November 2010' during the year.

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

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

4.3.2 Reserves and retained earnings

Cash flow hedging reserve

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

Foreign currency translation reserve

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

Share-based payments reserve

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

		2024 NZ$'000	2023 NZ$'000
Cash flow hedging reserve			
Opening balance		274	6,218
Realised (gains) / losses transferred to hedged asset		(6,821)	(14,443)
Revaluation movement		8,815	6,018
Deferred taxation movement	2.3	(584)	2,481
Closing balance		1,684	274
Foreign currency translation reserve			
Opening balance		9,691	6,491
Currency translation differences – gross		13,328	3,200
Currency translation differences – taxation	2.3	-	-
Closing balance		23,019	9,691
Share-based payments reserve			
Opening balance		1,286	3,165
Change during the year		291	568
Deferred taxation movement	2.3	(265)	252
Transfer to share capital on vesting of shares to employees		(304)	(2,699)
Share options / performance rights lapsed		(184)	-
Closing balance		824	1,286
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		**25,480**	**11,204**

4.3.3 Dividends

	2024 NZ$'000	2023 NZ$'000
Prior year final dividend paid	21,340	21,340
Current year interim dividend paid	-	21,341
Dividends paid	21,340	42,681

Dividends paid represent NZ$0.03 per share (2023: NZ $0.06).

4.3.4 Capital risk management

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

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

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

Section 5: Group Structure

KEEPING IT SIMPLE...

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

5.1 SUBSIDIARY COMPANIES

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group:
- has power over the entity;
- is exposed to, or has rights to, variable returns from its involvement with the entity; and
- can use its power to affect returns.

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

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

Companies	Parties to Deed of Cross Guarantee	Country of incorporation	Parent % holding 2024	Parent % holding 2023
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 consolidated statement of comprehensive income and 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 financial statements are included as a separate disclosure within the Consolidated Financial Statements in order to meet the Group's Australian statutory reporting obligations.

Consolidated Statement of Comprehensive Income and Retained Earnings for the year ended 31 July 2024

	2024 NZ$'000	2023 NZ$'000
Sales	512,713	578,794
Expenses	(494,776)	(534,747)
Finance costs – net	(17,228)	(25,281)
Profit before income tax	**709**	**18,766**
Income tax expense	(1,950)	(6,429)
(Loss)/Profit after income tax	**(1,241)**	**12,337**
Other comprehensive income	6,904	2
Total comprehensive income for the year	**5,663**	**12,339**
Opening retained earnings	**(86,911)**	**(56,567)**
(Loss)/Profit for the year after income tax	(1,241)	12,337
Dividends paid	(21,340)	(42,681)
Share options / performance rights lapsed	184	-
Closing retained earnings	**(109,308)**	**(86,911)**

Note 5.2 Deed of Cross Guarantee continued

Consolidated Balance Sheet as at 31 July 2024

	2024 NZ$'000	2023 NZ$'000
ASSETS		
Current assets		
Cash and cash equivalents	5,334	7,618
Trade and other receivables	24,104	34,945
Inventories	111,640	111,095
Derivative financial instruments	2,456	2,084
Current tax asset	4,843	7,947
Other current assets	113	752
Total current assets	**148,490**	**164,441**
Non-current assets		
Trade and other receivables	156,252	104,918
Investments	353,435	351,251
Property, plant and equipment	46,627	45,691
Intangible assets	478,092	475,903
Right-of-use assets	153,244	152,099
Total non-current assets	**1,187,650**	**1,129,862**
Total assets	**1,336,140**	**1,294,303**
LIABILITIES		
Current liabilities		
Trade and other payables	75,614	88,967
Derivative financial instruments	57	518
Current lease liabilities	56,443	56,171
Total current liabilities	**132,114**	**145,656**
Non-current liabilities		
Non-current trade and other payables	7,998	8,619
Interest bearing liabilities	94,014	101,049
Loans with related parties	390,939	308,174
Deferred tax	72,392	73,011
Non-current lease liabilities	115,593	116,258
Total non-current liabilities	**680,936**	**607,111**
Total liabilities	**813,050**	**752,767**
Net assets	**523,090**	**541,536**
EQUITY		
Contributed equity – ordinary shares	629,383	629,079
Reserves	3,015	(632)
Retained earnings	(109,308)	(86,911)
Total equity	**523,090**	**541,536**

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.

Key management personnel compensation

	2024 NZ$'000	2023 NZ$'000
Salaries	6,534	5,442
Other short-term employee benefits	120	120
Post-employment benefits	163	344
Termination benefits	-	-
Share-based payments expense	152	568
	6,969	6,474

6.2 FAIR VALUES

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

Trade debtors, trade creditors and bank balances

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

Term liabilities

The fair value of the Group's term liabilities is estimated based on current market rates available to the Group for debt of similar maturity. The fair value of term 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					
20 Dec 2023	-	9,882,905	-	(1,241,622)	8,641,283
20 Dec 2022	3,704,767	-	-	(704,779)	2,999,988
20 Dec 2021	1,314,284	-	-	(116,699)	1,197,585
22 Dec 2020	826,533	-	(319,762)	(506,771)	-
	5,845,584	9,882,905	(319,762)	(2,569,871)	12,838,856

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
20 Dec 2023	Tranche 1	50%	50%
20 Dec 2022	Tranche 1	50%	50%
20 Dec 2021	Tranche 1	50%	50%
22 Dec 2020	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:

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

The TSR performance is calculated for the following performance periods:

Tranche	2024	2023
Tranche 1	36 months to 1 December 2026	36 months to 1 December 2025

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:

	2024	2023
Fair value of TSR rights	$0.18	$0.72
Current price at grant date	$0.73	$1.06
Risk free interest rate	4.38%	4.26%
Expected life (years)	3	3
Expected share volatility	25.8%	70.0%

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 2023 (2023: 31 July 2022). The applicable performance periods are:

Tranche	2024	2023
Tranche 1	FY26 EPS relative to FY23 EPS	FY25 EPS relative to FY22 EPS

The percentage of the December 2023 EPS growth related rights scales according to the compound average annual EPS growth over three years. Each year's target is set annually, and an average is taken over the three years to determine overall achievement.

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

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

Short Term Performance Rights

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

	Opening balance	Granted during the year	Vested during the year	Lapsed during the year	Closing balance
Grant date					
20 Dec 2023	-	1,539,998	-	(466,241)	1,073,757
20 Dec 2022	2,899,082	-	-	(2,899,082)	-
	2,899,082	1,539,998	-	(3,365,323)	1,073,757

Short Term Incentive performance rights vest:

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

The performance period and vesting dates are summarised below:

	2024	2023
Grant date	20 Dec 2023	20 Dec 2022
Performance period (year ending)	31 July 2024	31 July 2023
Vesting date	31 July 2025	31 July 2024

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

The non-market performance hurdles set for the year ending 31 July 2024 were not met and accordingly no expense (2023: nil) was recognised in the consolidated statement of comprehensive income in respect of Short Term Incentive performance rights granted 20 December 2023 and 20 December 2022.

Expenses arising from equity settled share-based payments transactions

	2024 NZ$'000	2023 NZ$'000
Long term performance rights	291	616
Short term performance rights	-	(48)
	291	568

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 $513,000 of contingent liabilities as at 31 July 2024 (2023: $677,000).

6.5 CONTINGENT ASSETS

There are no contingent assets as at 31 July 2024 (2023: nil).

6.6 EVENTS OCCURRING AFTER BALANCE SHEET DATE

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

6.7 SUPPLEMENTARY INFORMATION

Directors' fees

	2024 NZ$'000	2023 NZ$'000
Directors' fees	1,077	1,084

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

- David Kirk (Chairman)
- Abby Foote
- Andrea Martens
- Brent Scrimshaw
- Philip Bowman
- Zion Armstrong

Audit fees

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

	2024 NZ$'000	2023 NZ$'000
Audit services – Group auditor		
Group audit - KPMG New Zealand	538	513
Group audit - KPMG Australia	-	-
France statutory audit - KPMG France	69	58
Thailand statutory audit - KPMG Thailand	39	38
UK statutory audit - KPMG New Zealand	-	-
	646	609
Audit services - other audit firms	117	114
Total fees for audit services	763	723
Non-audit services – Group auditor		
Taxation services - KPMG US	223	332
Employee Retention Credits application - KPMG US	-	87
Revenue certificates - KPMG New Zealand	1	1
Banking compliance certificates - KPMG New Zealand	6	5
	230	425

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

Classification of Liabilities as Current or Non-current (Amendments to NZ IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1) were early adopted in the previous period. No other 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 (MPMs) 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.

KPMG

Independent Auditor's Report

To the shareholders of KMD Brands Limited (**Group**)

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 2024;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of KMD Brands Limited (the **Company**) and its subsidiaries (the **Group**) on pages 61 to 107 present fairly in all material respects:

- the Group's financial position as at 31 July 2024 and its financial performance and cash flows for the year ended on that date; and
- 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**), and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 tax compliance services and reasonable assurance engagement in relation to bank covenant compliance. 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.

KPMG

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 $3.6 million determined with reference to a benchmark of the Group's EBITDA. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

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

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

The key audit matter	How the matter was addressed in our audit
Impairment assessment of indefinite life intangible assets - goodwill and brands	
Refer to Note 3.3 to the financial statements. The group has goodwill and brand assets of $252.1 million and $367.7 million respectively. An impairment of $40.3 million was recognised on the Oboz goodwill. These assets are a result of the historical acquisitions of the Kathmandu, Oboz and Rip Curl businesses. Impairment assessment of goodwill and brand assets is considered to be a key audit matter due to the significance of these assets to the group's financial position and the level of management judgement involved in the impairment assessment. These judgements include: — Determination of cash generating units (CGUs), or group of CGUs, to consider for testing; — Forecast future performance for each CGU, or group of CGUs; and — Assessment of discount and terminal growth rates.	Our audit procedures included: — Assessing the consistency of management's approach against the requirements of the accounting standards, including assessment of the CGU level at which to test the intangible assets; — Utilising our corporate finance specialists to challenge and assess management's assumptions, including terminal growth rates and discount rates. This involved independently developing a range for terminal growth and discount rates based on market data to challenge the rates determined by the external expert; — Assessing the integrity and mechanical accuracy of the impairment models; — Challenging the forecast cash flows in light of current market conditions and past performance of the group; and — Considering the sensitivity of key assumptions to changes within a reasonably possible range and associated financial statement disclosures. We did not identify any material misstatements in relation to the impairment assessment of indefinite life intangible assets or associated disclosures.

KPMG

Other information

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

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

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

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

Use of this independent auditor's report

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

Responsibilities of directors for the consolidated financial statements

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

— the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;

— implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and

— assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

KPMG

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/

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
25 September 2024

4. ADDITIONAL DISCLOSURES

Statutory information

DISCLOSURE OF INTERESTS BY DIRECTORS

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

DAVID KIRK	
NZ Rugby Players Association	Chairperson
Forsyth Barr Group Limited and Forsyth Barr Limited	Chairperson / Director
Bailador Investment Management Pty Limited	Managing Partner
Bailador Technology Investments Limited (including investee companies)	Chairperson
NZ Performance Horses Limited	Director
Kiwi Harvest Limited	Chairperson
*Sydney Festival***	Chairperson
New Zealand Food Network Limited	Chairperson
New Zealand Food Rescue Trust	Director
ABIGAIL FOOTE	
Freightways Group Limited	Director
*Sanford Limited***	Director
*Christchurch City Holdings Limited (including subsidiary companies)***	Chairperson
ANDREA MARTENS	
The Association for Data-driven Marketing and Advertising (ADMA)	CEO
HYG Holdco Pty Limited	Director
Kennards Hire Pty Limited*	Director
BRENT SCRIMSHAW	
Enero Group Limited	CEO
*Rhinomed Limited***	Director
PHILIP BOWMAN	
Sky Network Television Limited	Chairperson
Majid Al Futtaim Properties LLC	Chairperson
Tegel Group Holdings Limited	Chairperson
Ferrovial SE	Director
*Better Capital PCC Limited***	Director
Vinula Pty Ltd	Director
Vinula Superfund Pty Ltd	Director
Tom Tom Holdings Inc	Director
Majid Al Futtaim Capital LLC	Director
Majid Al Futtaim Holding LLC	Director
ZION ARMSTRONG	
Cosmostar Limited	Director
*Les Mills International***	Strategic operating partner
Kavier Trust Limited	Director
Kavier Capital Limited	Director
Jamie Kay Group Holding Limited (including subsidiary companies)*	Director and CEO

* Commenced appointment during the year ended 31 July 2024
** Ceased to hold office during the year ended 31 July 2024

DIRECTORS' DETAILS, REMUNERATION AND OTHER BENEFITS

During the year ended 31 July 2024, the Directors and former directors of the Company received the following remuneration and other benefits, which were approved by the Board:

Director	Total Remuneration	Other benefits	Role
David Kirk	NZD $273,073	None	Chairperson, Non-Executive Director
Abigail Foote	NZD $181,282	None	Non-Executive Director, Chairperson of Audit and Risk Committee
Andrea Martens	NZD $180,062	None	Non-Executive Director, Chairperson of People and Remuneration Committee
Brent Scrimshaw	NZD $147,697	None	Non-Executive Director
Philip Bowman	NZD $147,697	None	Non-Executive Director
Zion Armstrong	NZD $147,697	None	Non-Executive Director
Michael Daly	NZD $1,337,280	$51,407	Managing Director and Group Chief Executive Officer

EMPLOYEE REMUNERATION

During the year ended 31 July 2024, a number of employees or former employees, not being Directors of the Company, received remuneration and other benefits that exceeded NZ$100,000 in value as follows:

Remuneration (NZD $)			Number of Employees
$100,000	-	$110,000	51
$110,000	-	$120,000	41
$120,000	-	$130,000	42
$130,000	-	$140,000	35
$140,000	-	$150,000	22
$150,000	-	$160,000	23
$160,000	-	$170,000	24
$170,000	-	$180,000	19
$180,000	-	$190,000	14
$190,000	-	$200,000	17
$200,000	-	$210,000	10
$210,000	-	$220,000	6
$220,000	-	$230,000	10
$230,000	-	$240,000	8
$240,000	-	$250,000	7
$250,000	-	$260,000	5
$260,000	-	$270,000	2
$270,000	-	$280,000	5
$280,000	-	$290,000	5

Remuneration (NZD $)			Number of Employees
$290,000	-	$300,000	2
$300,000	-	$310,000	5
$310,000	-	$320,000	1
$320,000	-	$330,000	3
$330,000	-	$340,000	2
$340,000	-	$350,000	1
$360,000	-	$370,000	3
$380,000	-	$390,000	3
$410,000	-	$420,000	1
$430,000	-	$440,000	3
$510,000	-	$520,000	2
$520,000	-	$530,000	1
$550,000	-	$560,000	1
$590,000	-	$600,000	2
$630,000	-	$640,000	1
$640,000	-	$650,000	1
$780,000	-	$790,000	1
$940,000	-	$950,000	1
1,380,000	-	1,390,000	1

DONATIONS

During the year ended 31 July 2024, the Group has made total donations of NZD $576,249.42. The Group also invested in partnership fees, product donations and volunteer hours during FY24. See page 46 of this report for further information.

SUBSIDIARY COMPANY DIRECTORS

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

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

The remuneration and other benefits of such employees (received as employees) totalling NZD$100,000 or more during the year ended 31 July 2024, is included in the relevant bandings for remuneration disclosed on page 115.

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

The persons who held office as Directors (or the legal equivalent in various jurisdictions) of subsidiary companies at 31 July 2024, and those who ceased to hold office during the year ended 31 July 2024, 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, Chris Kinraid*
KMD Brands Managed Services (AU) Pty Limited KMD Brands Finance (AU) Pty Limited	Chris Kinraid*, Lachlan Farran, Benjamin Washington
Kathmandu Group Limited Kathmandu Limited	Chris Kinraid*, Benjamin Washington, Megan Welch
Kathmandu (U.K) Limited	Chris Kinraid*, Benjamin Washington, Mathieu Lefin
Kathmandu Pty Ltd	Chris Kinraid*, Lachlan Farran, Michael Daly*, Megan Welch
Barrel Wave Holdings Pty Ltd	Chris Kinraid*, Lachlan Farran, Michael Daly
Kathmandu US Holdings LLC	Chris Kinraid*, Michael Daly
Oboz Footwear LLC	Amy Beck, Chris Kinraid*, Michael Daly
Rip Curl, Inc	Diem Culley*, Michael Daly*, Brooke Farris, Christa Prince
Rip Curl Canada Inc	Diem Culley*, Nick Russell, Brooke Farris

Company	Director / Office holder
Rip Curl International Pty Ltd Rip Curl Proprietary Limited Rip Curl Finance Pty Ltd Rip Curl Group Pty Ltd	Michael Daly, Brooke Farris, Lachlan Farran
Curl Retail No 1 Pty Ltd Ozmosis Pty Ltd	Brooke Farris, Lachlan Farran
Rip Curl Brazil LTDA	Carla Trindade
Rip Curl Japan Co Ltd	Mitsu Nishina
Onsmooth Thai Co Ltd	Duncan Stewart, Michael Daly
PT Jarosite	James Hendy, Lachlan Farran, Michael Daly
Rip Curl Europe S.A.S	Mathieu Lefin and Isabelle Espil
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 and Julien Haueter
Rip Curl Nordic AB	Mathieu Lefin, Alois Bersan, and Isabelle Espil
50% subsidiary interests:	
Rip Curl (Thailand) Co. Ltd	Sermchai Putamadilok, Patranist Putmadilok, Brooke Farris

* Ceased to hold office during the period ending 31 July 2024

PRINCIPAL SHAREHOLDERS

The names and holdings of the 20 largest shareholders as at 20 August 2024 were:

Name	Ordinary shares	%
Citicorp Nominees Pty Limited	84,167,216	11.83
New Zealand Superannuation Fund Nominees Limited	82,021,658	11.53
HSBC Custody Nominees (Australia) Limited	65,268,968	9.17
Briscoe Group Limited	48,007,465	6.75
J P Morgan Nominees Australia Pty Limited	44,918,423	6.31
Accident Compensation Corporation	40,897,000	5.75
Bnp Paribas Nominees NZ Limited Bpss40	30,938,754	4.35
New Zealand Depository Nominee	23,937,909	3.36
HSBC Nominees (New Zealand) Limited	21,197,567	2.98
Tea Custodians Limited	16,260,030	2.28
Bnp Paribas Nominees Pty Ltd	13,349,275	1.88
Citibank Nominees (Nz) Ltd	11,752,111	1.65
Pt Booster Investments Nominees Limited	8,167,136	1.15
FNZ Custodians Limited	6,797,485	0.96
Forsyth Barr Custodians Limited	6,551,388	0.92
Citicorp Nominees Pty Limited	5,363,927	0.75
Custodial Services Limited	4,480,856	0.63
New Zealand Permanent Trustees Limited	3,999,100	0.56
HSBC Custody Nominees (Australia) Limited	3,958,851	0.56
Hailong Investments Pte Limited	3,696,339	0.52

DIRECTORS' SHAREHOLDINGS

Directors held interests in the following ordinary shares of the Company at 31 July 2024:

Director/Senior manager	Nature of interest	Number held at 31 July 2023	Acquired	Disposed	Total held at 31 July 2024
David Kirk	Beneficial owner	993,336	306,664	-	1,300,000
Abigail Foote	Registered holder and beneficial owner	130,000	-	-	130,000
Andrea Martens	Registered holder and beneficial owner	-	25,000	-	25,000
Brent Scrimshaw	Beneficial owner	-	54,545	-	54,545
Philip Bowman	Beneficial owner	1,000,000	600,000	-	1,600,000
Michael Daly	Beneficial owner	473,386	347,099	-	820,485
Zion Armstrong	Registered holder and beneficial owner	-	42,330		42,330

Michael Daly held the following interests in convertible financial products in the Company as at 31 July 2024 due to his participation in the Company's LTI Plan in his capacity as Group Chief Executive Officer.

Executive director – Michael Daly					
Nature of interest	**Number granted**	**Grant date**	**Vesting period**	**Vesting date**	**Total fair value of performance Rights at grant date $AUD**
Performance Share Rights	1,565,972	19 Dec 23	3 years	30 Sep 26	$1,127,500
Performance Share Rights	876,944	20 Dec 22	3 years	1 Aug 25	$789,250
Performance Share Rights	503,462	22 Dec 21	3 years	1 Dec 24	$719,950

No other Directors held interests in convertible financial products of the Company as at 31 July 2024. Performance share rights granted will, subject to satisfaction of performance conditions, vest on the basis of one ordinary share for each performance share right which vests, on the vesting date for each grant.

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS AS AT 31 JULY 2024

	Number of holders	%	Number of ordinary shares	%
1 to 1,000	2763	26.54	1,564,887	0.22
1,001 to 5,000	3614	34.72	9,415,132	1.32
5,001 to 10,000	1449	13.92	11,299,372	1.59
10,001 to 50,000	1941	18.65	44,420,490	6.24
50,001 to 100,000	340	3.27	25,237,951	3.55
100,001 and over	302	2.9	619,729,652	87.08
Total	**10,409**	**100%**	**711,667,484**	**100%**

SUBSTANTIAL PRODUCT HOLDERS

The substantial product holders of ordinary shares (being the only class of quoted voting products) of the Company and their relevant interests as at 31 July 2024, were as follows:

	Ordinary shares	%
Allan Gray Group	114,981,794	16.16
New Zealand Superannuation Fund Nominees Limited	90,441,829	12.71
Yarra Capital Management Limited	50,902,012	7.16
Briscoe Group Limited	48,007,465	6.75
Accident Compensation Corporation	39,897,000	5.61

As at 31 July 2024, the Company had 711,667,484 ordinary shares on issue.

NZX CLASS WAIVERS RELIED ON

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

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITY

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

Directory

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

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

SHARE REGISTRY

In New Zealand: MUFG Corporate Markets (MUFG) (formerly Link Market Services)

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.linkmarketservices.co.nz

In Australia: MUFG Corporate Markets (MUFG) (formerly Link Market Services)

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.linkmarketservices.com.au

STOCK EXCHANGES

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

INCORPORATION

The Company is incorporated in New Zealand.

GRI 2-1

OUR PARTNERS

KMD BRANDS

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

ASKYOURTEAM

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

AUSTRALIAN PACKAGING COVENANT ORGANISATION

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

B CORP

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

Certified B Corporation

CARBON DISCLOSURE PROJECT

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

CASCALE

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

CONVERGE

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

FAIR LABOR ASSOCIATION

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

INTERNATIONAL ACCORD

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

MAINETTI

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

OPEN SUPPLY HUB

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

OUR SUPPLY CHAIN

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

SOCIAL LABOR CONVERGENCE PROGRAM

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

SCIENCE BASED TARGETS INITIATIVE (SBTi)

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

TEXTILE EXCHANGE

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

Textile Exchange Member

TOITŪ ENVIROCARE

An annual carbon audit with Toitū Envirocare helps us to measure, manage and reduce our carbon footprint.

WORDLY

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

Kathmandu

BEYOND BLUE

We collaborate with Beyond Blue to host challenge events that get people outdoors and share the benefits of nature to support good mental health.

RAINBOW TICK

Our Rainbow Tick accreditation demonstrates our commitment to diversity and inclusion in our New Zealand based workplaces.

GRAEME DINGLE FOUNDATION

Our partnership encourages young people in New Zealand to get outdoors for their mental health, wellbeing and personal growth.

UPPAREL & IMPACTEX

We partner with Upparel and ImpacTex to help our customers keep their gear in circulation for longer and keep valuable textiles out of landfill.

PRIDE PLEDGE

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

Oboz

52 HIKE CHALLENGE

Together with Osprey and Outdoor Research, we launched a global movement that encourages people to undertake one hike each week for a year.

GALLATIN VALLEY LAND TRUST

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

BLACK FOLKS CAMP TOO

BFCT's mission is to increase diversity in the outdoors and we collaborated on the O FIT Insole® 'Unity Blaze' that directs a portion of proceeds to BFCT's Digital Education Initiative.

THE CONSERVATION ALLIANCE

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

CONTINENTAL DIVIDE TRAIL COALITION

We adopted a four-mile section of the Continental Divide National Scenic Trail in Montana in 2022.

TREES FOR THE FUTURE

Oboz has planted a tree for every pair of shoes sold since 2007 – more than six million trees - and through our partnership with TREES we launched the Tabora Forest Garden Project in Tanzania.

Our product partners

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

AIRSTEP AUSTRALIA

Our partnership with Airstep Australia repurposes neoprene offcuts created in the Rip Curl wetsuit factory into carpet underlay.

TERRACYCLE

TerraCycle's partnership on our wetsuit take back program has helped us to find innovative ways to reuse and repurpose wetsuits for another life.

AUSTRALIAN INDUSTRY GROUP

Our membership with Ai Group gives us unlimited access to workplace advice and updates to ensure we're creating the best workplaces for our people.

THE SURFRIDER FOUNDATION

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

SEAMLESS

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

WORLD SURF LEAGUE

We proudly partner with WSL, the global home of competitive surfing, and together champion ocean protection, equality, our sport's rich heritage, progression and innovation.

SURFAID

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

BETTER COTTON

Our membership with Better Cotton means we support farmers who care for the environment and respect the rights and wellbeing of workers.

BLOOM

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

BLUESIGN ®

This independent chemical auditor supports our chemicals management program so that our products are more environmentally and socially friendly.

CANOPY

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

ECONYL

ECONYL® is regenerated nylon made from discarded fishing nets, fabric scraps and other waste and is infinitely recyclable.

ECOVERO

The responsible production process of LENZING™ ECOVERO™ fibres uses at least 50% less water and emits at least 50% less carbon dioxide compared to generic viscose fibres.

GLOBAL ORGANIC TEXTILE STANDARD

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

LEATHER WORKING GROUP

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

LENZING GROUP

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

PRIMALOFT BIO

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

Q-CYCLE®

We use Q-CYCLE yarns, which are produced by recycling post-consumer waste such as end of life tyres, in jackets including our Kathmandu EPIQ SE.

REPREVE

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

RESPONSIBLE DOWN STANDARD

We are committed to this voluntary standard, which incentivises the down and feather industry to treat ducks and geese humanely and rewards organisations leading the way.

RESPONSIBLE WOOL STANDARD

This voluntary standard recognises best practices of farmers, ensuring that wool comes from farms with a progressive approach to land management and from sheep that have been treated responsibly.

SEACELL

We use SeaCell, a biodegradable and breathable clothing fibre made from seaweed and wood pulp, in some of our products.

TENCEL

TENCEL™ branded fibres are made from controlled or certified natural raw material wood in production processes that maximise resource efficiency and minimise environmental impact.

TOPGREEN

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

YULEX

We use Yulex, a sustainable, plant-based rubber as an alternative to traditional neoprene in some of our wetsuits.

Kathmandu®

Obōz®

RIP CURL

KMD BRANDS

KMDBrands.com

KMD BRANDS

Corporate Governance Statement 2024

Corporate Governance Statement

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

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

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

The Company's relevant charters and policies are available in the "Governance" section of the Company's Investor Website at **www.kmdbrands.com/corporate-governance**.

The information in this Corporate Governance Statement is provided as at 31 July 2024 (except where otherwise specified). This Corporate Governance Statement has been approved by the Board.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

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

Code of Ethics

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

The key aspects of the Code of Ethics are to:

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

Training on the Code of Ethics was last provided to all employees in Australia, New Zealand, USA and Canada in November 2023; 61% of employees completed training during the current reporting period.

The Group maintains a formal Whistleblowing Policy recognising that the protection of whistleblowers is integral to fostering transparency, promoting integrity and detecting misconduct. The best way to fulfil this commitment is to create an environment in which employees who have genuine concerns about improper conduct, unacceptable behaviour or 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 People Officer who is responsible for policies and initiatives to support a people-centred culture and workplace that fosters health, safety, wellbeing and inclusiveness; the Chief Commercial Officer who is responsible for supply chain impacts; and the Chief Financial Officer ("**CFO**") (noting that co-interim arrangements are currently in place for this role) 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

At 31 July 2024, the Board is comprised of seven Directors, namely David Kirk, Abby Foote, Andrea Martens, Brent Scrimshaw, Philip Bowman, and Zion Armstrong. The Chairperson of the Board is David Kirk, an independent Director. Six out of the seven Directors are non-executive Directors. Michael Daly (Managing Director and Group CEO) is the only executive Director on the Board.

The Board assesses the independence of its Directors in accordance with the requirements set out in the Board Charter, the NZX Listing Rules and the NZX Code. Michael Daly, as Managing Director, is employed by the Company in an executive capacity and is not considered to be an independent Director. David Kirk, Abby Foote, Andrea Martens, Brent Scrimshaw, Philip Bowman, and Zion Armstrong are considered to be independent Directors and none of the factors identified in the commentary to Recommendation 2.4 of the NZX Code apply to them.

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

Nomination and appointment

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

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

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

LEFT – RIGHT: Michael Daly, Abby Foote, Brent Scrimshaw, David Kirk, Philip Bowman, Andrea Martens, Zion Armstrong.

Skills Matrix

The Board benefits from the Directors' diverse combination of skills, experiences and expertise and the insights that result from this diversity. The Board is satisfied that the current composition of the Board reflects an appropriate range of the skills, experience, knowledge and diversity needed to discharge the Board's functions and responsibilities and to achieve the strategic aims of the Group. The Board continues to monitor and review Board composition. The Board has developed a skills matrix which it uses to assist in developing plans for long-term succession planning to identify current and future skills gaps.

During the year, the measures taken to advance the collective knowledge, skills and experience of the Board on sustainable development include information on the NZ Climate-Related Disclosure reporting framework and proposed changes to the Privacy Act in Australia.

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

SKILLS OF OUR DIRECTORS

BUILD GLOBAL BRANDS	SUBSTANTIAL	MEDIUM
Global brand, consumer goods product development	●●●●●	○
Customer omni-channel management	●●●●	○○○
Strategy development and commercial acumen	●●●●●●●	

ELEVATE DIGITAL		
Customer-centric e-commerce, digital and data	●●●●	○○○

BEST FOR PEOPLE AND PLANET		
Sustainability for communities, climate and product circularity	●●	○○○○
Governance experience of listed companies	●●●●	○○○
Risk management including non-financial risk	●●●●	○○○

LEVERAGE OPERATIONAL EXCELLENCE		
Finance, integrated reporting and audit	●●●●	○○○
Capital allocation including M&A	●●●●	○○
Human capital, talent and culture	●●●●●	○○
International business development	●●●●●	○○
Executive leadership at scale	●●●●●●	○

Tenure

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

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

Tenure of Non-Executive Directors

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

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 has undertaken a review of its performance during the reporting period through an external facilitator, including interviews with each Director.

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

Diversity and Inclusion

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

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

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

More information about the Group's approach to diversity and inclusion, including progress against the measurable objectives set by the People and Remuneration Committee, can be found in the "Our People" section of our **FY24 Annual Integrated Report** ("**FY24 Annual Report**").

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

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

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

For the purposes of the table below, "Officer" means the Group executive team, being those roles reporting to Michael Daly in his capacity as Group CEO.

As at 31 July 2024, the gender composition of the Company's Board and officers is as follows:

	Directors		Officers	
	FY24	**FY23**	**FY24**	**FY23**
Male	5	5	4	4
Female	2	2	5	4
Gender diverse	0	0	0	0
Total	**7**	**7**	**9**	**8**
% Male	71%	71%	44%	50%
% Female	29%	29%	56%	50%

Gender Pay Gap

As at 31 July 2024, the Group had a total of 2985 female employees, 1681 male employees, 7 gender diverse employees and 15 employees with undisclosed gender.

In FY24, we completed an equal pay analysis across our support office roles. This reviewed any instances where we have two or more employees within a brand and region that share a job title to flag any differences in pay for individual review as part of FY25 remuneration setting processes, to ensure fair treatment of employees.

The Group is focused on a number of activities to reduce the gender pay gap for the longer term, including a new parental leave policy which was introduced in FY24 to better support working parents to keep in touch and return to work after the birth of a child; 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 2023 Australian Workplace Gender Equality Agency (WGEA) report at **www.kmdbrands.com/communities**.

PRINCIPLE 3 – BOARD COMMITTEES

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

Each Committee is governed by its own Charter, which has been adopted by the Board, and is reviewed periodically. The Committee Charters are available in the "Corporate Governance" section of the Company's Investor Website at **www.kmdbrands.com/corporate-governance**.

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

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

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

A summary of the roles, responsibilities and membership of these two Board Committees (as at 31 July 2024) is set out on the following page.

	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 Human Resources 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) • David Kirk • Philip Bowman • Zion Armstrong Senior executives may attend Audit and Risk Committee meetings by invitation only.	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) • Brent Scrimshaw • David Kirk Senior executives may attend People and Remuneration Committee meetings by invitation only.

Attendance

The number of meetings of the Board of Directors and the Board Committees held during the year ended 31 July 2024 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	8	8	6	6	4	4
Abby Foote	8	8	6	6	-	-
Andrea Martens	8	8	-	-	4	4
Brent Scrimshaw	8	8	-	-	4	4
Michael Daly	8	8	-	-	-	-
Philip Bowman	8	8	6	6	-	-
Zion Armstrong	8	8	5	6	-	-

Takeover Protocols

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

PRINCIPLE 4 – REPORTING AND DISCLOSURE

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

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

Continuous Disclosure Policy

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

Financial Reporting

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

Non-Financial Reporting

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

PRINCIPLE 5 – REMUNERATION

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

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

- the remuneration structure should reward those employees who can influence the achievement of the Group's strategic objectives and business plans to enhance shareholder value for successful Group performance outcomes and their contribution to these;
- executive remuneration should be market competitive, and generally account for market practice including consideration of employee place of domicile;
- executives' remuneration packages have a mix of fixed and variable pay and should have:
  - a substantial portion of their total remuneration that is "at risk" and aligned with reward for creating shareholder value;
  - an appropriate balance between short and long-term performance focus and outcomes; and
  - a mix of cash and equity-based remuneration;
- due to the Group CEO's leadership role in establishing and delivering achievement of medium and long-term Group strategic objectives and business plans, and increasing shareholder value over that period, the Group CEO, relative to other executives, should have:
  - a greater proportion of total remuneration (at least 50%) that is "at-risk", i.e. contingent upon the achievement of performance hurdles; and
  - a greater proportion of "at-risk" remuneration weighted towards equity-based rewards rather than cash;
- non-executive Directors' remuneration should enable the Company to attract and retain high quality Directors with the relevant experience. In order to maintain independence and impartiality, non-executive Directors should not receive performance-based remuneration; and
- the Board uses discretion when setting remuneration levels, taking into account interests of shareholders, the current market environment and Group performance.

The current approved pool of remuneration available for payment to non-executive Directors is AUD $1,250,000 in aggregate. This was approved by shareholders at the Annual Shareholders' Meeting on 16 November 2022. In the year ended 31 July 2024, total fees paid to non-executive Directors amounted to NZD $1,077,508.

Details of the total remuneration and value of other benefits received by each Director from the Company during the reporting period is set out in the Statutory Information of our **FY24 Annual Report**.

Remuneration Policy

The Company maintains a Remuneration Policy in relation to its Directors, executives and employees which provides for remuneration at fair and reasonable levels throughout the Group. The purpose of the Remuneration Policy is to provide for coherent remuneration practices which enable the attraction and retention of high calibre individuals who contribute positively to the achievement of the Group's strategy and objectives, and ultimately create value for the Company's shareholders. The remuneration of executive and non-executive Directors is clearly differentiated in the Remuneration Policy.

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

The Group executive remuneration structure has three components:

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

Short Term Incentives

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

a) the level of performance achieved against the Group's financial performance target (EBIT) for the year; and

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

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

Long Term Incentive Plan

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

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

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

- 50% of vesting is subject to an Earnings Per Share ("**EPS**") Compound Annual Growth Rate ("**CAGR**") hurdle over a three-year period between 1 August 2023 and 31 July 2026 ("**Performance Period**"). Vesting is on a sliding scale proportionate to the total EPS CAGR over the three-year performance period; and
- 50% of vesting is subject to the Company achieving relative Total Shareholder Return ("**TSR**") targets over a three-year period from 1 August 2023 to 31 July 2026. TSR is measured on a relative basis against a comparator group of Australian Stock Exchange ("**ASX**") listed companies in the Consumer Discretionary, Distribution & Retail GICS Sector (excluding Wesfarmers, companies belonging to the Automotive Retail GICS Sub-Industry and Thorn Group Limited) as at the date of the grant. Vesting is on a sliding scale proportionate to the TSR performance.

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

Group CEO Remuneration

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

The Group CEO remuneration for the year ending 31 July 2024 is set out in the table below:

Michael Daly Group CEO Remuneration package for FY24

	AUD$
Fixed (Base salary, superannuation)	$1,127,500 ($1,100,000 plus super $27,500)
STI (max potential 90% of fixed)	$1,014,750
LTI (max potential 100% of fixed)	$1,127,500
Maximum potential remuneration	$3,269,750

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 $24:1. For FY23, this ratio was also NZD $24:1. For the purposes of this calculation, full-time equivalent rates have been used for each part-time employee. The types of compensation included in the calculation are base salary, superannuation contribution, bonuses and deferred equity incentives.

The key principles of the Company's Remuneration Policy for the Group CEO remuneration package are:

- More than half the total remuneration for the Group CEO is at-risk;
- Over 85% of the at-risk remuneration (all except for the STI KPIs) is solely dependent on outcomes of Group financial performance against short-term and long-term targets; and
- All LTI (100% of fixed annual remuneration) will be measured on a single three-year Performance Period.

FY24 STI Outcome

For the year ended 31 July 2024 the Group financial performance targets were not met and as a result, no short-term cash incentives were paid to the Group CEO or the Group executive.

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 is aligned to ISO 31000:2018 Risk Management Guidelines. The Board regularly reviews the KMD Brands risk framework and the assessments of how the material risks are impacting its business. The Board recognises that some element of risk is inherently necessary in order to achieve the strategic aims for the Group's businesses and deliver value to shareholders.

Risk Management Policy

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

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

Health, Safety and Wellbeing

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

The Board receives and reviews detailed reports on health and safety matters at each Board meeting. As a lag indicator of health and safety risks, performance and management, the rolling lost time injury* frequency rate (*number of lost injuries per 1,000,000 hours worked) was 2.48 (target of 5.0) during the reporting period for the year ending 31 July 2024.

The total recorded injury frequency rate for the reporting period was 4.24.

More information on the health, safety and wellbeing of Group employees can be found in the Our People section of the **FY24 Annual Report**.

PRINCIPLE 7 – AUDITORS

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

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

During the reporting period, the Company has scaled back its internal financial 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 information and cyber security frameworks.

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

PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS

The Company is committed to keeping its stakeholders and owners effectively and comprehensively informed of all relevant information affecting the Group in accordance with all applicable laws and the Company's communication strategy.

Information is communicated to investors through the lodgement of all relevant financial and other information with NZX and ASX, publishing information on the Company's Investor Website, annual shareholder meetings, annual and interim reporting, analyst and investor briefings and roadshows.

Investor Website

The Company's Investor Website (**www.kmdbrands.com**) 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 has taken Recommendation 8.4 of the NZX Code into account, along with a number of other factors when considering options for the capital raisings in previous reporting periods. Ultimately the Board will choose methods to raise equity, when needed, which are necessary and desirable to achieve the best outcomes for the Company in the context of any anticipated transaction or proposal for which additional equity capital may be required.

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**.

KMDBrands.com

KMD BRANDS

Modern Slavery Statement 2024

KMD Brands Modern Slavery Statement 2024

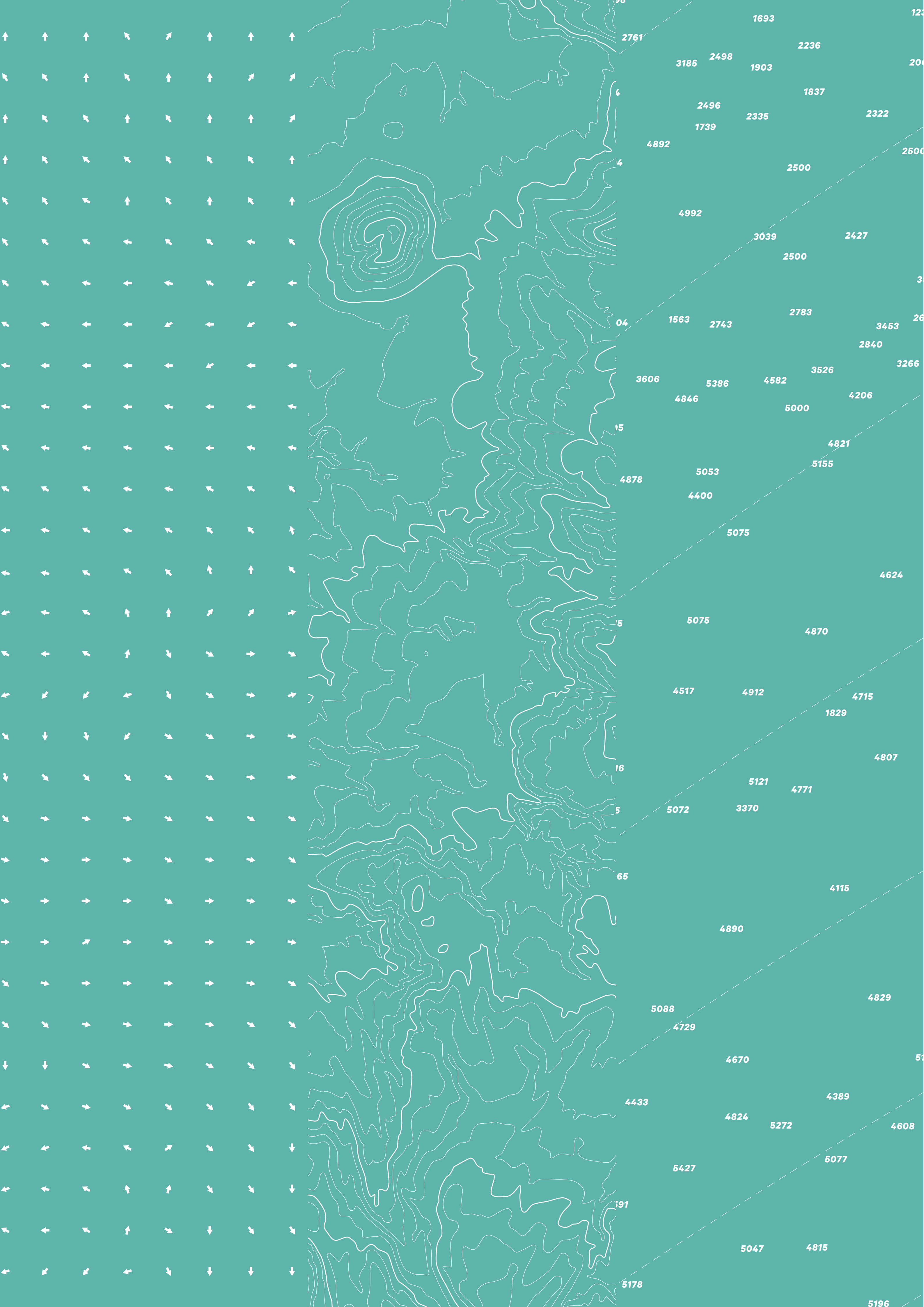
We recognise and pay respect to the Elders, past and present, and communities of the lands touched by KMD Brands. We recognise and acknowledge Indigenous Peoples across the world and their survival of practices that today are referred to as modern slavery, as well as the unresolved nature of these wrongs.

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

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

The principal address of KMD Brands Limited is 223 Tuam Street, Christchurch 8011, New Zealand. Australian Registered Body Number of KMD Brands Limited is 139 836 918. You can report a suspected incident of modern slavery linked to KMD Brands via email to **workers.rights@kmdbrands.com**.

This statement was approved by the Board of Directors of KMD Brands on 25 September 2024 as principal governing body on behalf of each reporting entity covered by this Statement.


1693
2761
2236
3185
2498
1903
1837
2496
2335
2322
1739
4892
2500
4992
3039
2427
2500
2783
1563
2743
3453
2840
3266
3606
5386
4582
3526
4846
4206
5000
4821
5155
4878
5053
4400
5075
4624
5075
4870
4517
4912
4715
1829
4807
5121
4771
5072
3370
4115
4890
4829
5088
4729
4670
4389
4433
4824
5272
4608
5077
5427
5047
4815
5178
5196

Contents

1. KMD Brands structure, operations and supply chain

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

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

Kathmandu designs and manufactures outdoor apparel, footwear and equipment sourced from factories in China, Indonesia, Italy, Nepal, New Zealand, Spain and Vietnam. Oboz designs and manufactures outdoor footwear sourced from factories located in Vietnam and China. Rip Curl designs and manufactures surf apparel and accompanying products, as well as sponsoring athletes and surfing events. Rip Curl products are manufactured in factories in Australia, Bangladesh, Brazil, Cambodia, China, France, India, Indonesia, Mexico, Thailand and Vietnam. The Rip Curl brand is licensed to five third-party licensees operating in Argentina, Uruguay, Chile, Peru, Fiji, Papua New Guinea, Malaysia, Singapore and South Africa. The brand is also licensed to global merchandise licensees in eyewear, watch bands, phone cases and auto accessories.

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

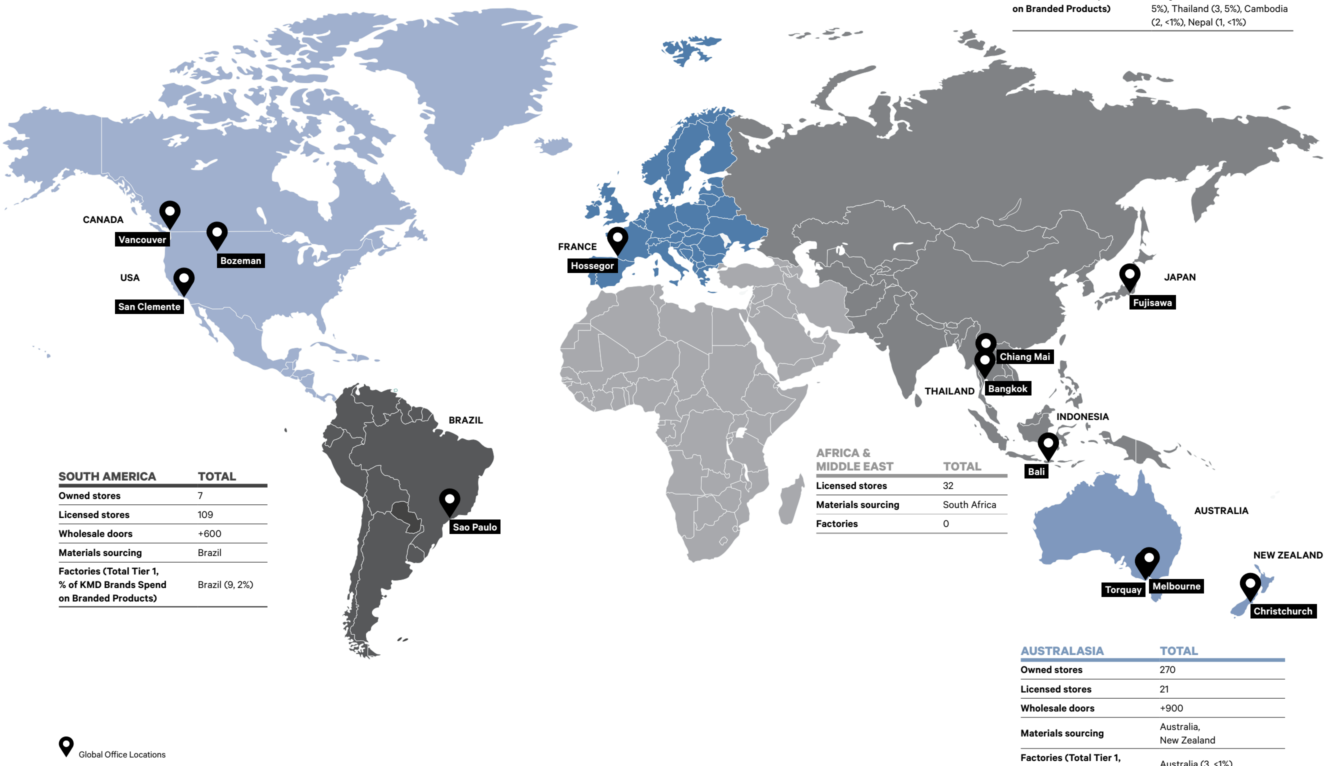
As of 31 July 2024 KMD Brands employs 4,688 employees. Please see pages 5-6 of **GRI & SASB Index 2024** for breakdown by age, employment type and region.

GLOBAL FOOTPRINT

NORTH AMERICA	TOTAL
Owned stores	30
Licensed stores	24
Wholesale doors	+3,800
Materials sourcing	USA, Mexico
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	Mexico (1, <1%)

EUROPE	TOTAL
Owned stores	27
Licensed stores	10
Wholesale doors	+2,000
Materials sourcing	Italy, France
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	France (2, <1%), Italy (1, <1%), Spain (1, <1%)

ASIA	TOTAL
Licensed and JV stores	83
Wholesale doors	+600
Materials sourcing	Vietnam, China, Thailand, Taiwan, Japan, Indonesia, South Korea, Bangladesh, India, Nepal
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	China (79, 35%), Vietnam (22, 31%), Indonesia (6, 13%), Bangladesh (7, 8%), India (10, 5%), Thailand (3, 5%), Cambodia (2, <1%), Nepal (1, <1%)



SOUTH AMERICA	TOTAL
Owned stores	7
Licensed stores	109
Wholesale doors	+600
Materials sourcing	Brazil
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	Brazil (9, 2%)

AFRICA & MIDDLE EAST	TOTAL
Licensed stores	32
Materials sourcing	South Africa
Factories	0

AUSTRALASIA	TOTAL
Owned stores	270
Licensed stores	21
Wholesale doors	+900
Materials sourcing	Australia, New Zealand
Factories (Total Tier 1, % of KMD Brands Spend on Branded Products)	Australia (3, <1%), New Zealand (2, <1%)

2. Risks of modern slavery in KMD Brands operations and supply chain

KMD Brands implements an evolving due diligence framework to identify and mitigate potential risks in our supply chain that could be associated with or contribute to modern slavery. In this report, we use the term "modern slavery" to refer to forced labour and child labour. The actions we take to assess and address the risks of modern slavery in our operations and supply chain are outlined at Section 3. Inherent geographic, sector and product risks are integrated with supplier specific risks to inform individual facility risk profiles. The risks factors identified below may indicate increased vulnerability to modern slavery, though this does not necessarily mean modern slavery is occurring, or that these risks are present in our own operations.

The boundaries between substandard working conditions and severe exploitation can sometimes be unclear. In some cases, exploited workers may recognise a lack of decent work but not identify themselves as victims of modern slavery. As such, we integrate modern slavery risk management within our wider human rights due diligence program and commitment to respect human rights.

2.1 GEOGRAPHIC RISK (TIER 1 REGIONS)

KMD Brands works with 149 tier 1 manufacturing suppliers to create Rip Curl, Kathmandu and Oboz branded products. We currently source approximately 6% of products (by spend) from suppliers in regions with extreme risk of slavery (Cambodia and Thailand) and 83% of products from suppliers in regions with a high risk of slavery (China, India, Indonesia and Vietnam).

Modern slavery is more prevalent in certain countries, including some of the locations KMD Brands sources from. The following geographic risk ratings are based on the Walk Free Foundation's Global Slavery Index (Walk Free, The Global Slavery Index 2023 - **https://walkfree.org/global-slavery-index/**

EXTREME-RISK GEOGRAPHIC REGIONS

Cambodia

The apparel industry in Cambodia is characterised by high levels of excessive overtime, poor wages and poor health and safety conditions. Considering these risks, KMD Brands only works with tier 1 suppliers in Cambodia with whom we have long, well-established relationships, and demonstrate strong internal compliance practices.

Thailand

The risk of forced labour remains at extreme levels in Thailand. A large population of ethnic people continue to lack citizenship rights and are particularly vulnerable to abuse and exploitation. Rip Curl manufactures in three factories in this region. One is Onsmooth Thai, a certified B Corp factory owned by Rip Curl. Rip Curl has owned and operated this factory for 27 years. The second two are long-standing Rip Curl partners that are visited regularly by our internal production team.

HIGH-RISK GEOGRAPHIC REGIONS

China

Discriminatory government practices are a key contributor to modern slavery risks in China, including the internment of Chinese citizens of ethnic Turkic origin in the Xinjiang region and forced labour by prisoners incarcerated in China's regular judicial system. Increasing concerns over forced labour risks and geopolitical uncertainties are driving diversification of KMD Brands sourcing outside of China.

The prohibition on traditional forms of collective bargaining continues to impact forced labour risk. Internal migrant workers are also particularly vulnerable to exploitation. We also continue to encounter risks to audit transparency due to inconsistent wage and attendance records.

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

India

Bonded labour in India is still prevalent and the risk of child labour is extreme. We have been monitoring the impact of amendments to the Factories Act in Karnataka that increase permissible working hours and permit women to work night shifts. These changes may impact worker conditions and the health and safety of female workers. KMD Brands works with one tier 1 supplier in this region. The general working hours in this facility remain unchanged (9.00am – 5:30pm) and verified working hours are below the legal requirement.

KMD Brands engages a regional quality manager who regularly visits factories in India.

Indonesia

The textile and garment industry plays a key role in the Indonesian economy. Subcontracting to suppliers with below standard labour conditions is common, as is verbal and physical harassment of workers. In recognition of this broader risk, Kathmandu works with four suppliers with strong human rights awareness and dedicated social and environmental teams. Rip Curl partners with two long-standing factories that are visited regularly by members of the Rip Curl Indonesia team.

In FY23, a social assessment found one of Rip Curl's Indonesian suppliers was paying workers below the minimum government regulation. Following a period of open communication and education, this supplier has increased worker remuneration to meet regulation requirements. KMD Brands conducted a worker survey in July 2024 to confirm the increase and worker satisfaction with both remuneration and broader working conditions.

In FY24, in-person visits to Rip Curl and Kathmandu suppliers in Indonesia also enabled increased understanding of facility modern slavery risk management practices.

Vietnam

The garment and footwear industries are important drivers of the Vietnamese economy. Excessive overtime and poor job security are prevalent within the sector, which increase the risk of forced labour. The state of the global economy is also placing pressure on factories. Given the large percentage of products sourced from Vietnam and prevailing risks, KMD Brands surveyed over 4,000 workers in Vietnam in FY23. In FY24, we conducted follow-up surveys to assess the impact of corrective action taken by factories and compare working conditions in a differing season.

The majority of factories engaged by Kathmandu, Rip Curl and Oboz in Vietnam are progressive Environmental Social Governance (ESG) partners with dedicated social and environmental teams that prioritise worker wellbeing. Oboz also has a representative office in Vietnam and factories are visited regularly by Oboz employees. In FY24, in-person visits to Kathmandu suppliers in Vietnam also allowed for enhanced understanding of suppliers' modern slavery risk management practices.

In FY24, we were approached regarding allegations of labour rights abuse linked to a facility in Oboz's supply chain. Together with the Fair Labor Association (FLA), we investigated the allegations and provided a public response that is available via **Business and Human Rights Resource Centre**.

MEDIUM-RISK GEOGRAPHIC REGIONS

Bangladesh

The Bangladesh Government has taken a strong stance on addressing modern slavery. However, poverty and social instability continue to present labour risks and monitoring of labour law enforcement is limited. During FY24, workers in the garment sector were killed by police during protests and a union leader murdered. The government-imposed shutdowns of July and August 2024 have disrupted factory operations, jeopardising worker safety and creating human rights and labour concerns. There is a risk of lost wages that could impact workers' financial wellbeing. KMD Brands confirmed that all factory partners in Bangladesh provided full compensation for the government-imposed holidays.

We continue to monitor closely the welfare of workers in Bangladesh, supported via regular factory visits by Rip Curl's regional quality manager. Strong relationships with our suppliers in Bangladesh assist in providing good visibility of working conditions, in many cases to tier 3 level due to the vertical nature of many of these suppliers.

KMD Brands is also a signatory to the International Accord and Bangladesh Safety Program. All tier 1 factories manufacturing our branded products participate in the inspection, remediation and safety training programs.

Brazil

Labour risk in Brazil is significant in relation to unauthorised subcontracting, freedom of association and child labour. Accelerating urbanisation has also resulted in an increase in modern slavery in the textile industry.

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

Mexico

Modern slavery in Mexico is driven by inequality and exacerbated by the impact of conflict (Walk Free, The Global Slavery Index 2023). Mass migration from Mexico to the United States fuels forced labour. Migrants also flee other countries and congregate on the border between the United States and Mexico. Mexico has enacted legislation that prohibits companies from importing goods produced through forced labour, though needs to further strengthen legislation to tackle modern slavery in supply chains.

LOW-RISK GEOGRAPHIC REGIONS

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

2.2 PRODUCT RISK

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

Large amounts of the world's cotton are produced in countries with a high risk of forced labour, including Uzbekistan, Turkmenistan and the Xinjiang region of China. The Xinjiang region is the source of over 80% of China's cotton which is used in supply chains in China or processed into yarn or textiles and exported to other countries for incorporation into finished goods. The forced labour risk for most companies is from the cotton, yarn, or textiles produced in Xinjiang and then incorporated into finished goods in other parts of China or Asia (FLA, Issues Brief, 2020).

Forced labour has also been found in leather tanneries in China, Indonesia and Vietnam, as well as in the rubber plantations of Indonesia and Thailand (Know The Chain, Labor Risks in Leather Supply Chains, 2017).

A very small amount of metal is used in outdoor apparel and equipment. Aluminium, titanium and steel are sourced to produce some hard goods and accessories products. As of 2024, there are forced labour concerns associated with the production of aluminium in China (US Department of Labor). There is also no known child labour or forced labour concerns associated with natural fibres like merino wool and duck/goose down (US Department of Labor).

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

2.3 SECTOR RISK

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

Unauthorised subcontracting

The risk of involvement in modern slavery through the supply chain increases as supplier subcontracting grows. Unauthorised subcontracting is common within the apparel industry in China, Vietnam and Indonesia.

Reliance upon temporary or migrant workers

Workforces with high numbers of temporary, seasonal, or agency workers contribute to heightened worker vulnerability. These sectors also tend to depend on labour recruiters for their recruitment activities. This creates an additional layer of separation between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices.

Complex and fast-paced supply chains

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

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

Reliance upon low-skilled or unskilled labour

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

Substandard working and/or living conditions

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

Gender inequality

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

2.4 TIER 2+ MANUFACTURING, PROCESSING AND PRODUCTION

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

In FY24, we became aware of alleged indicators of forced labour within two fabric mills and one dyeing facility connected to the KMD Brands supply chain in Taiwan. These included the payment of recruitment fees, threatened repatriation and restriction of movement. This investigation is ongoing, and we are collaborating closely with other brands and suppliers on investigation and remediation of these findings.

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

2.5 LICENSED PRODUCTS

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

The licensee for Malaysia and Singapore currently sources all product from existing Rip Curl approved and monitored suppliers. Licensees operating in Argentina, Chile, Peru, South Africa and Fiji are authorised to both produce independently and sell product locally. These facilities are required to manufacture to an agreed standard under the license terms. The risk profile of these facilities varies based on location, agreement to the KMD Brands Code of Conduct, third-party oversight of operating conditions and length of supplier relationship.

We consider production in Argentina, Fiji and South Africa to present low risk due to third-party oversight, high rates of KMD Brands Code of Conduct agreement and long-term relationships. The licensee for South Africa also manufactures products in China in an existing, approved Rip Curl factory.

Production in Chile and Peru is of higher risk due to lack of robust third-party social assessments and higher inherent supply chain risk driven by working hours and wage concerns in these regions. The licensees for Chile and Peru manufacture products both locally and in China; 60% of these facilities have agreed to the KMD Brands Code of Conduct and 50% have provided evidence of third-party social monitoring.

Global merchandise licensees in eyewear, watch bands, phone cases and auto accessories are required to manufacture to agreed social and environmental

standards. We have full visibility of tier 1 production of auto accessories and all facilities have agreed to the KMD Brands Code of Conduct and provided evidence of third-party social monitoring.

2.6 THIRD-PARTY PRODUCTS SOLD BY KMD BRANDS

Rip Curl, Kathmandu and Ozmosis retail stores sell products from third-party brands. KMD Brands does not currently conduct formal monitoring of third-party brands with modern slavery legislation, though social and environmental requirements are a condition of contracts signed in FY24.

2.7 INDIRECT PRODUCTS AND SERVICES

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

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

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

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

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

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

2.8 OPERATIONAL RISKS

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

3. Actions taken by KMD Brands to assess and address the risks of modern slavery

3.1 GOVERNANCE

As a Group, we are consistently reviewing the regulatory landscape to inform and improve our due diligence program. Our program is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises Responsible Business Conduct (MNE Guidelines), current and emerging modern slavery and human rights due diligence legislation, import bans, and consumer and investor expectations.

Reporting to the KMD Brands Board on human rights and modern slavery progress occurs twice per year. The Board also approves ESG strategy and modern slavery reporting.

KMD Brands Workplace Code of Conduct

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

Modern slavery policies, procedures and internal training

KMD Brands has company policies that address modern slavery, including a Child and Forced Labour Policy and a Migrant Labour Policy. New employees are trained in these policies as part of their orientation. Support office staff receive annual training aimed at increasing awareness of modern slavery risks and the KMD Brands policy framework. In FY24, in-person training was conducted for over 400 employees across the KMD Brands head office in Australia, the Rip Curl head offices in Australia and the United States, the Oboz head office in the United States and the Kathmandu head office in New Zealand.

Pre-sourcing assessments

KMD Brands has a comprehensive onboarding procedure for new suppliers which includes a mandatory social and environmental assessment. Once new suppliers and factories have been selected, Kathmandu, Rip Curl or Oboz initiates the onboarding process which introduces our shared values alongside a Supplier Manual.

3.2 COMMERCIAL PRACTICES

Purchasing of branded products

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

KMD Brands has a Responsible Purchasing Policy which includes information on the Group's commitment to worker wellbeing and responsible production planning. In FY24, sourcing teams of all brands received training in responsible purchasing practices. This training emphasised timely payment of suppliers, not placing unreasonable pressure on cost, setting achievable delivery timelines and requirements for responsible supplier exit.

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

Long-term supplier relationships assist each brand in understanding and addressing risks of modern slavery with tier 1 suppliers. Each brand conducts regular reviews with suppliers, which includes a detailed social performance component that assists in identifying risks of modern slavery. In FY23, all tier 1 suppliers were invited to provide formal feedback on our commercial terms, purchasing practices and barriers to social and environmental improvement. This process will be repeated in FY25.

Purchasing of indirect products and services

Social and environmental criteria are considered as part of new provider evaluations and requests for proposal for indirect product and services.

Purchasing of third-party products sold by KMD Brands

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

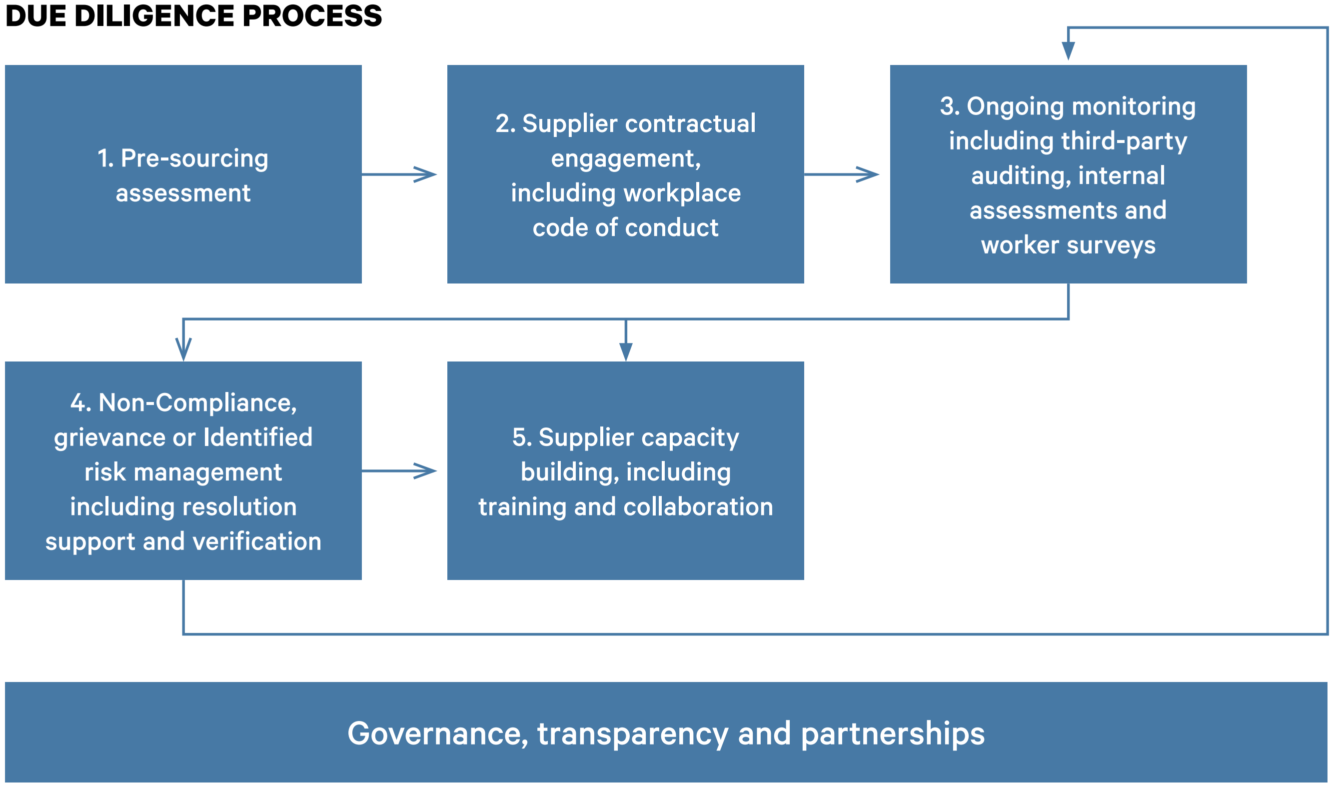
3.3 DUE DILIGENCE CONTROLS: ASSESSMENT AND MONITORING

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

100% of tier 1 manufacturing suppliers (149) and 52 tier 2 suppliers have been subject to social assessments that include human rights criteria. 17 were third-party audits commissioned by KMD Brands, 182 were third-party copy audits and 2 were conducted internally by KMD Brands. 99% of total audits were conducted by a third-party auditor. Assessments incorporate information on our own supplier relationships and their business models, as well as individual analysis of social and environmental indicators. Accepted copy audits must meet our quality standards and verify compliance with the KMD Brands Code of Conduct and the FLA Workplace Code of Conduct. We also monitor public reporting on the geographic and product risk landscape.

We continue to use third-party audits to gain a high-level overview of social and environmental risk, particularly in relation to health and safety and compliance with government requirements. In FY24, we invested over $20,000 in third-party social assessments of manufacturing sites. Audits have enabled us to identify potential modern slavery indicators relating to underpayment of workers and recruitment fees. We recognise the limitations of audits in relation to facilitating long-term improvements and use them as one tool within our monitoring program. Where we request a third-party audit, it is stressed to suppliers that our focus is on transparency and clear expectation of improvement where required, not tick-the-box compliance. Our commissioned audits are independent and either announced or semi-announced. Whilst we support suppliers to address potential or actual risk where required, if a supplier is unable to address a critical or major finding, we may terminate and exit in line with our Responsible Exit Policy. In FY24, no suppliers were exited for non-compliance.

DUE DILIGENCE PROCESS



KMD Brands is a signatory to the Social Labor Convergence Program (SLCP), a multi-stakeholder initiative facilitating the sharing of comparable, verified data about supply chain working conditions. As a signatory, we encourage the use of the SLCP's Converged Assessment Framework to eliminate factory audit duplication and redirect resources to improvement actions. Where we consider it necessary to commission an audit, we use LRQA's full audit tool, which includes an occupational health and safety review, consultation with unions and worker representatives and an anonymous worker survey. To ensure consistency in how KMD Brands' standards are assessed, formal field instructions are shared with all auditors. The field instructions provide guidance on numerous issues including the priority we place on transparency, worker voice and the participation of union and/or worker representatives in the opening and closing meetings during the audit.

From FY24, we have adopted a human rights-based approach to auditing. Previously, all facilities were audited using the same tool over the same period, whereas we now employ a wider range of assessment tools driven by potential risk to workers. All facilities are assessed within a 24-month period, however, a low-risk facility may be assessed internally, whilst a high-risk facility may undergo a third-party assessment, worker surveys and an internal visit within the same timeframe. When commissioning audits, we ensure facilities understand the purpose of the audit and how audit findings will be managed. This allows us to ensure that the assessment type is appropriate, respects supplier progress and that resources are targeted to addressing critical and major findings as part of wider capacity building priorities. We seek to work collaboratively with suppliers to address problems rather than using our buying power to enforce action.

This year we became aware of alleged labour rights violations of workers manufacturing materials supplied to KMD Brands tier 1 factories (detail provided in section 2.4). Prior to this, we tracked the presence of labour brokers within our tier 1 manufacturing using third-party audits and supplier disclosures. In response, we are now extending our migrant workforce and recruitment tracking across all tiers. In FY24, we also prioritised auditing of tier 2 facilities engaging foreign migrant workers.

In FY24, we invested in advanced supply chain management software to support social and environmental risk management and traceability. This software supports our ability to track performance improvement, analyse risk trends and increase visibility beyond tier 1.

We appreciate the need to better understand the causes of forced labour in supply chains from workers, trade unions and worker organisations. In FY24, we continued to prioritise direct engagement with workers. Further information is available in the Our Partnerships section of our **FY24 Annual Integrated Report**.

We rely on relationships and contractual terms with our tier 1 suppliers to gain visibility of upstream operations. All suppliers agree to provide input supplier information and require equivalent social standards of these suppliers. While we do not require tier 1 suppliers to certify that materials incorporated into the product comply with modern slavery legislation, suppliers agree to prohibit modern slavery within their own supply chains and comply with labour laws in all countries in which they do business.

In FY24, 158 facilities beyond tier 1 were disclosed via Open Supply Hub, of which 58% have agreed to the standards of the KMD Brands Code of Conduct. KMD Brands prioritises sourcing from input and raw materials facilities that hold accreditations encompassing social and environmental criteria including bluesign®, ZDHC, OEKO-TEX, ISO 14001 and ISO45001, Better Cotton Initiative (BCI), Responsible Down Standard (RDS), Global Organic Textile Standard, Organic Content Standard, Global Recycled Standard, Fair Labor Association and Fair Trade.

Indirect suppliers

In FY24, we developed a Modern Slavery Self-Assessment Questionnaire (SAQ) for high-risk indirect suppliers. The questionnaire supports us in engaging with existing and potential suppliers to understand how they manage modern slavery risk, including their employment, training and management practices. This SAQ was trialled with two high-risk tender projects (solar installation and freight forwarding) to assess potential suppliers.

Grievance process

KMD Brands supplier agreements require a functioning grievance procedure at all tier 1 factories and worker access to KMD Brands confidential channel. Our grievance channel is displayed on all Codes of Conduct and business cards provided to workers during factory visits. In China and Vietnam, there are additional channels in the form of links to the social media platforms used by workers. A WeChat (China) or Zalo (Vietnam) QR code is included on all Supplier Codes of Conduct displayed in tier 1 factories in these countries. Workers are also able to raise concerns during confidential interviews conducted during on-site social assessments.

In FY24, we published a revised KMD Brands Grievance Handling Procedure for Supply Chains in line with the UNGPs. We are currently investigating one complaint raised through our external grievance mechanism relating to underpayment of insurance benefits. We also published a Factory Guidance Document on Grievance Mechanisms in Supply Chains to support suppliers in ensuring the effectiveness of internal grievance mechanisms. This Guidance was accompanied by two implementation training sessions for suppliers in China.

Worker voice

We use worker feedback to uncover practices such as substandard working conditions or underpayment. Although not classified as modern slavery, these practices may be illegal and present in some situations of modern slavery.

In FY24, we extended our use of worker surveys to both tier 1 and 2 facilities for Rip Curl and Kathmandu in China. We also conducted secondary surveys to assess the effectiveness of corrective actions by Kathmandu suppliers in Vietnam. Further information is included in our FY24 Annual Integrated Report. KMD Brands utilised technology developed by New Zealand company, AskYourTeam, to offer a real-time survey to workers relating to worker wellbeing and engagement. 5,947 office and production workers completed the survey, 654 of whom work in tier 2 facilities. Workers provided feedback on a range of topics, from human rights to workplace health and safety, remuneration to worker aspirations. We identified risks relating to inadequate remuneration and ineffective grievance mechanisms and are supporting suppliers to address these concerns.

In response to feedback at one facility in China, we engaged a China-based employee relations consultancy to support our supplier to address worker concerns. The consultancy supported our supplier to identify the root causes of worker concerns and developed tailored training to address the gaps. We will continue to monitor the impact of the corrective actions taken, including via follow-up worker surveys later in calendar year 2024.

Transparency

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

In FY24, this public disclosure allowed two civil society organisations to contact us about potential issues in our supply chain. This enabled us to join with other brands and stakeholders to remediate collaboratively, rather than having to reactively engage after a public report had been released. This not only assisted KMD Brands to help resolve individual issues, but to better understand systemic risks in our supply chain and join with other organisations to support solutions. One example of this was a joint letter to the Taiwan government advocating for action to better protect the rights of foreign migrant workers.

3.4 PARTNERSHIPS

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

Training

In FY24, KMD Brands hosted two in-person training workshops for 35 suppliers located in China. These workshops were delivered by a China-based consultancy and were designed to support suppliers to develop policies and practices to prevent discrimination in the workplace and promote gender equality.

KMD Brands also engaged Awaj Foundation, a grassroots labour rights organisation in Bangladesh, to deliver a women's empowerment program to 250 female workers employed by a long-term Rip Curl supplier. Awaj Foundation is delivering training for workers on financial management, health, leadership, rights awareness and negotiation.

We also engaged 14 suppliers in Vietnam and Indonesia to understand their learning needs and priorities to improve future training support.

Tracking remediation

KMD Brands monitors and supports suppliers to remediate critical and major findings from factory assessments. The Corrective Action Plan (CAP) process is a collaborative process between the facility, the auditor, and the relevant brand. Addressing findings via the CAP process is an expectation that is shared with suppliers during the onboarding and audit process. We recognise the limitations of the CAP process in improving working conditions and require an additional root cause analysis for all critical issues. Conducting a root cause analysis is the responsibility of the factory, with the CAP then reviewed by the KMD Brands ESG team. When needed, the auditors work with the KMD Brands ESG team to provide guidance documents on root cause analysis as part of their improvement services for suppliers.

KMD Brands includes high-level remediation reports in our Annual Integrated Report with reference to the Global Reporting Initiative (GRI) Universal Standards. Please refer to page 44 of our Annual Integrated Report for discussion of actual or potential negative impacts identified in FY24 and how these were addressed.

Empowering workers to protect their own rights

In FY24, KMD Brands renewed its commitment as a signatory to the International Accord. The Accord is focused on ensuring workplace safety for garment workers in Bangladesh and Pakistan. Unlike traditional multi-stakeholder initiatives, the terms of the Accord are legally binding between brands and trade unions. As a signatory, we are supporting the active engagement of workers through training that includes awareness of rights and an accessible complaints mechanism. The factories we source from in Bangladesh are frequently inspected under the Accord initiative and covered by elected participatory committees consisting of workers and managers.

To support rights to exercise freedom of association and collective bargaining, KMD Brands focuses on supplier relationships and emphasises a zero-tolerance approach to violation of the right to exercise freedom of association.

Collaboration

KMD Brands is engaged in several multi-stakeholder initiatives that are valuable in generating ESG-related dialogue and supporting collaboration on remediation. We also responded in full to enquiries received from the Business and Human Rights Resource Centre and Transparentum.

External collaboration in FY24 included:

THE INTERNATIONAL ACCORD

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

FAIR LABOR ASSOCIATION

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

In FY24, KMD Brands worked with the FLA to investigate labour risks in Vietnam and joined other FLA members as signatory to a letter to the government of Bangladesh promoting an increased minimum wage for apparel workers.

CASCALE (formerly the Sustainable Apparel Coalition)

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

4. How KMD Brands assesses the effectiveness of our actions

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

The effectiveness of our program and quality of disclosure is also assessed by civil society organisations, including as part of the Baptist World Aid Ethical Fashion Report, the Textile Exchange Material Change Index and the Fashion Revolution Transparency Index.

We have a strong commitment to continuous improvement. This is reflected in the linking of KMD Brands debt finance facilities to our performance against key sustainability indicators including supply chain monitoring. Our broader progress will also be independently verified through the Higg Brand Retail Module assessment in FY25. We continue to work with Oxfam Australia and Aotearoa in its independent assessment of our performance relating to our commitment to living wages, supply chain transparency, gender policy and freedom of association.

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

5. Consultation

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

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

6. Looking ahead

KMD Brands remains committed to action that reduces the risk of vulnerability to modern slavery. In FY25, we will continue to monitor the effectiveness of our due diligence program and emphasise the integration of human rights risk into Group-wide risk management.

KMD Brands will continue to prioritise responsible purchasing practices that support positive working conditions such as on-time payment to suppliers and mutually agreed ordering patterns. In FY25, we will publish our revised KMD Brands Responsible Purchasing Policy and assess the effectiveness of associated training through formal supplier feedback on our purchasing practices.

Our participation in the FLA initiative remains important and we will continue to collaborate in advocating to address the structural challenges that enable modern slavery. We recognise the role living wages play in mitigating modern slavery risk and intend to publish a report on the status of living wages in our supply chain in FY25. This analysis will be supported by the FLA's living wage resources.

Direct engagement with workers remains a key priority and we will continue our investment in worker voice tools, rights-awareness training and supporting suppliers to address worker feedback. We will also continue to exert meaningful pressure to improve working standards, whilst respecting supplier perspectives.

Appendix
How this statement addresses the reporting criteria

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

MODERN SLAVERY ACT 2018 (AUSTRALIA)	REFERENCE IN THIS STATEMENT	MODERN SLAVERY ACT 2023 (CANADA)	REFERENCE IN THIS STATEMENT	MODERN SLAVERY ACT 2015 (UK)	REFERENCE IN THIS STATEMENT	CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT 2010	REFERENCE IN THIS STATEMENT
Identify the reporting entity	Page 1	***Describe the organisation's structures, activities, and supply chains***	Section 1, page 4	***Describe the organisation's structure, its business, and its supply chains***	Section 1, page 4	***Verification of product supply chain***	Section 1, page 4
Describe the reporting entity's structure, operations, and supply chains	Section 1, page 4	***Describe the parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk***	Sections 2 and 3, pages 5-14	***Parts of the organisation's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk*** ***Due diligence controls, including grievance mechanisms***	Sections 2 and 3, pages 5-14	***Describe whether the reporting entity provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products***	Modern slavery policies, procedures and internal training, page 10
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Section 2, pages 5-9	***Describe any measures taken to remediate any forced labour or child labour and any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains***	Section 3, pages 10-14	***Key performance indicators to measure the effectiveness of steps being taken***	Section 4, page 15	***Describe whether the reporting entity has required direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business***	Section 3.3, page 12
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks	Section 3, pages 10-14	***Describe how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains***	Section 4, page 15	***Training on modern slavery and trafficking*** ***Policies relating to slavery and human trafficking***	Modern slavery policies, procedures and internal training, page 10	***Describe audits of suppliers to evaluate their compliance with company standards for trafficking and slavery***	Section 3.3, page 11-13
Describe how the reporting entity assesses the effectiveness of such actions	Section 4, page 15	***An entity may comply with the reporting requirements by providing a report in respect of the entity; or by being party to a joint report in respect of more than one entity***	Page 1; Section 5, page 16			***Internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking***	Modern slavery policies, procedures and internal training, page 10
Describe the process of consultation with any entities the reporting entity owns or controls or is issuing a joint modern slavery statement with	Section 5, page 16	***Describe its policies and its due diligence processes in relation to forced labour and child labour***	Section 3, pages 10-14				

KMDBrands.com

KMD BRANDS

GRI & SASB Index
2024

GRI Index

Statement of Use: KMD Brands Limited has reported the information cited in this GRI content index for the financial year 1 August 2023 to 31 July 2024 with reference to the GRI Standards.

The 2024 reporting suite referenced in this GRI Index can be accessed by visiting:
kmdbrands.com/reports

Contact point: companysecretary@kmdbrands.com
Published: 25 September 2024

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #
THE ORGANISATION AND ITS REPORTING PRACTICES				
2-1	Organisational details	Annual Integrated Report	Overview – Our group, Our brands, Global footprint Additional Disclosures – Directory	P. 1-7 P. 119
2-2	Entities included in the organisation's sustainability reporting	Annual Integrated Report	Overview – About KMD Brands Financial Report – Section 5: Group Structure	P. 1 P. 100
2-3	Reporting period, frequency and contact point	Annual Integrated Report	Refer to statement of use above	
2-4	Restatements of information	Annual Integrated Report	Creating Value – Our environment	P. 55
2-5	External assurance	Annual Integrated Report	Overview – About this report	P. Inside cover
ACTIVITIES AND WORKERS				
2-6	Activities, value chain and other business relationships	Annual Integrated Report	Creating Value – How we create value Financial Report – Section 1: Basis of Preparation	P. 26-27 P. 66-67
2-7	Employees	GRI & SASB Index	Tables 1 and 2	P. 5
2-8	Workers who are not employees		Information unavailable/incomplete	
GOVERNANCE				
2-9	Governance structure and composition	Annual Integrated Report Corporate Governance Statement	Overview – Our board and executive team Principle 2	P. 12-13 P. 2-3
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	Principle 2	P. 3
2-11	Chair of the highest governance body	Corporate Governance Statement	Principle 2	P. 3
2-12	Role of the highest governance body in overseeing the management of impacts	Annual Integrated Report Annual Integrated Report Corporate Governance Statement	Overview – Our board and executive team Creating Value – Materiality approach Principle 3	P. 12-13 P. 22 P. 6-7
2-13	Delegation of responsibility for managing impacts	Corporate Governance Statement	Principle 2	P. 2-3
2-14	Role of the highest governance body in sustainability reporting	Annual Integrated Report	Creating Value – Our material issues	P. 24-25
2-15	Conflicts of interest	Corporate Governance Statement	Principle 1	P. 1
2-16	Communication of critical concerns	Corporate Governance Statement	Principle 1	P. 2
2-17	Collective knowledge of the highest governance body	Corporate Governance Statement	Principle 2	P. 4
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement	Principle 2	P. 5
2-19	Remuneration policies	Corporate Governance Statement	Principle 5	P. 9
2-20	Process to determine remuneration	Corporate Governance Statement	Principle 5	P. 9-11
2-21	Annual total compensation ratio	Corporate Governance Statement	Principle 5	P. 11

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #
STRATEGY, POLICIES AND PRACTICES				
2-22	Statement on sustainable development strategy	Annual Integrated Report	Creating Value – Our strategy	P. 18 -21
2-23	Policy commitments	Annual Integrated Report	Overview – Governance at KMD Brands	P. 14
2-24	Embedding policy commitments	Annual Integrated Report	Overview – Governance at KMD Brands	P. 14
2-25	Processes to remediate negative impacts	Annual Integrated Report	Creating Value – Our partnerships	P. 42
2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance Statement	Principle 1	P. 2
2-27	Compliance with laws and regulations	Annual Integrated Report	Creating Value – Our funding	P. 57
2-28	Membership associations	Annual Integrated Report	Creating Value – Our partnerships Additional Disclosures - Our partners	P. 45-46 P. 120 - 127
STAKEHOLDER ENGAGEMENT				
2-29	Approach to stakeholder engagement	Annual Integrated Report	Creating Value – Materiality approach	P. 22
2-30	Collective bargaining agreements			N/A
MATERIAL TOPICS				
3-1	Process to determine material topics	Annual Integrated Report	Creating Value – Materiality approach	P. 22
3-2	List of material topics	Annual Integrated Report	Creating Value – Our material issues	P. 24-25
3-3	Management of material topics	Annual Integrated Report	Refer to sections referenced within each material topic index	
GRI 205: ANTI-CORRUPTION				
GRI 3	3-3 Management of material topics	Corporate Governance Statement	Principle 1	P. 1
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance Statement	Principle 1	P. 1
GRI 306: WASTE				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our environment Creating Value – Our creative power	P. 48-55 P. 28-31
306-1	Waste generation and significant waste-related impacts for the organisation	Annual Integrated Report	Creating Value – Our environment	P. 53
306-2	Management of significant waste-related impacts	Annual Integrated Report	Creating Value – Our creative power Creating Value – Our environment	P. 31 P. 53
306-3	Waste generated	Annual Integrated Report	Creating Value – Our environment	P. 55
306-4	Waste diverted from disposal	Annual Integrated Report	Creating Value – Our environment	P. 55
306-5	Waste directed to disposal	Annual Integrated Report	Creating Value – Our environment	P. 55
GRI 308: SUPPLIER ENVIRONMENTAL ASSESMENT				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our environment	P. 48-55
308-1	New suppliers that were screened using environmental criteria	Annual Integrated Report	Creating Value – Our environment	P. 52

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

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our people	P. 36-41
405-1	Diversity of governance bodies and employees	Annual Integrated Report	Creating Value – Our people	P. 39
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our partnerships	P. 42-48
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Annual Integrated Report	Creating Value – Our partnerships	P. 44
GRI 408: CHILD LABOUR				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our partnerships	P. 42-48
408-1	Operations and suppliers at significant risk for incidents of child labour	Annual Integrated Report	Creating Value – Our partnerships	P. 44
GRI 409: FORCED OR COMPULSORY LABOUR				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our partnerships	P. 42-48
409-1	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour	Annual Integrated Report	Creating Value – Our partnerships	P. 44
GRI 414: SUPPLIER SOCIAL ASSESSMENT				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our partnerships	P. 42-48
414-1	New suppliers that were screened using social criteria	Annual Integrated Report	Creating Value – Our partnerships	P. 44
414-2	Negative social impacts in the supply chain and actions taken	Annual Integrated Report	Creating Value – Our partnerships	P. 44
GRI 416: CUSTOMER HEALTH AND SAFETY				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our people	P. 36-41
416-2	Incidents of non-compliance concerning the health and safety impacts of products and service	Annual Integrated Report	Creating Value – Our people	P. 40
GRI 418: CUSTOMER PRIVACY				
GRI 3	3-3 Management of material topics	Annual Integrated Report	Creating Value – Our people	P. 36-41
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Integrated Report	Creating Value – Our people	P. 40

TABLE 1: EMPLOYEE DATA BY REGION

	AUS	NZ	THAI	USA	EUR	OTHER	TOTAL
TOTAL	**2,756**	**621**	**437**	**396**	**286**	**192**	**4,688**
BY EMPLOYMENT TYPE							
Full-time	695	299	437	187	241	182	**2,041**
Part-time	354	261	0	209	43	9	**876**
Casual	1,707	61	0	0	2	1	**1,771**
BY CONTRACT TYPE							
Permanent	1,041	557	437	370	215	172	**2,792**
Temporary	8	3	0	26	69	19	**125**
Non-guaranteed hours	1,707	61	0	0	2	1	**1,771**
GENDER							
Female	1,784	398	339	220	158	86	**2,985**
Male	955	218	98	176	128	106	**1,681**
Other	17	5	0	0	0	0	**22**
NEW HIRES							
Number	1,424	276	24	253	123	58	**2,158**
Rate	51%	43%	5%	61%	44%	30%	**45%**
TURNOVER							
Number	1,398	303	28	296	114	32	**2,171**
Rate	50%	47%	6%	72%	41%	17%	**46%**

TABLE 2: EMPLOYEE DATA BY GENDER

	FEMALE	MALE	OTHER	UNDISCLOSED	TOTAL
TOTAL	**2,985**	**1,681**	**7**	**15**	**4,688**
BY EMPLOYMENT TYPE					
Full-time	1,239	795	3	4	**2,041**
Part-time	591	281	0	4	**876**
Casual	1,155	605	4	7	**1,771**
BY CONTRACT TYPE					
Permanent	1,747	1,034	3	8	**2,792**
Temporary	83	42	0	0	**125**
Non-guaranteed hours	1,155	605	4	7	**1,771**
NEW HIRES					
Number	1,360	787	6	5	**2,158**
Rate	45%	46%	73%	73%	**45%**
TURNOVER					
Number	1,359	795	6	11	**2,171**
Rate	45%	46%	113%	113%	**46%**

TABLE 3: EMPLOYEE DATA BY AGE

	<30	30-50	50+	TOTAL
TOTAL	**2,674**	**1,648**	**366**	**4,688**
BY EMPLOYMENT TYPE				
Full-time	641	1,174	226	**2,041**
Part-time	558	238	80	**876**
Casual	1,475	236	60	**1,771**
BY CONTRACT TYPE				
Permanent	1,101	1,388	303	**2,792**
Temporary	98	24	3	**125**
Non-guaranteed hours	1,475	236	60	**1,771**
BY LEVEL (%)				
Group Executive	0%	78%	22%	**100%**
Brand Executive	0%	67%	33%	**100%**
Management	25%	61%	13%	**100%**
Non-Management	62%	31%	7%	**100%**
NEW HIRES				
Number	1,710	381	67	**2,158**
Rate	62%	23%	19%	**45%**
TURNOVER				
Number	1,620	452	99	**2,171**
Rate	59%	27%	28%	**46%**

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

BENEFIT TYPE	BRAND / REGION BENEFIT APPLICABLE TO
Life insurance	KMD Brands - NZ head office, North America Kathmandu - NZ head office, DC & Store Managers Rip Curl - North America OBOZ - $10,000 per employee
Health care/Insurance	KMD Brands - NZ head office, North America Kathmandu - NZ head office, DC & Store Managers Rip Curl - North America, Indonesia & Brazil employees OBOZ - 100% for medical, dental and vision care for employees & 50% for dependents
Disability and invalidity coverage	KMD Brands, Rip Curl - Europe, USA & Indonesia employees OBOZ - Short-term disability cover
Parental leave	All Brands - As per Government requirements KMD Brands, Kathmandu, Rip Curl, Ozmosis - Australia, New Zealand, 14 weeks paid primary carers leave, 2 weeks leave for the partner of a primary carer
Retirement provision	KMD Brands, Kathmandu, Rip Curl - As per Government requirements OBOZ - Company-sponsored 401(k) Plan offered to eligible employees
Others - to eligible employees	KMD Brands, Kathmandu , Rip Curl - Product allowance & discounts, Flu vaccine, EAP, Super salary sacrifice option, phone/car allowances Rip Curl - rice allowance (Onsmooth), social security OBOZ - product allowance & discounts, EAP, up to 16 hours paid time off for volunteering

TABLE 5: PARENTAL LEAVE

	FEMALE	MALE	OTHER	UNDISCLOSED	TOTAL
Number of employees by gender who were entitled to parental leave	2,023	1,095	4	8	**3,130**
Number of employees by gender who took parental leave	70	16	0	0	**86**
Number of employees who returned to work after parental leave ended by gender	41	11	0	0	**52**
Number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work by gender	37	2	0	0	**39**
Retention rate of employees who returned to work after parental leave ended by gender	47%	67%	N/A	N/A	**48%**

We have updated our retention rate calculation methodology therefore figure not directly comparable to prior year

Sustainability Accounting Standards Board (SASB) Index

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

The 2024 reporting suite referenced in this SASB Index can be accessed by visiting:
kmdbrands.com/reports

TOPIC	ACCOUNTING METRIC	SASB CODE	CATEGORY	UNIT OF MEASURE	RESPONSE / REFERENCE
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	Discussion and Analysis	n/a	We maintain compliance and manage risks associated with chemicals in our products through our Restricted Substances lists. Please refer to links below.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2 CG-MR-410a.2	Discussion and Analysis	n/a	https://files.kathmandu.co.nz/pdf/reports-policies/kathmandu_rsl_2023_for_website.pdf https://www.ripcurl.com/media/productattachments/0/160/Rip_Curl_Restricted_Substances_List-02-09-2022_online.pdf https://obozfootwear.com/en-gb/oboz_chemical_policy_2022
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	CG-AA-430a.1	Quantitative	Percentage (%)	100% of KMD Brands tier 1 suppliers and 58% of traced suppliers beyond tier 1 are accountable to our Code of Conduct. This Code of Conduct includes requirements around environmental compliance including wastewater permits or industry standards, and an expectation for suppliers to incorporate environmentally responsible practices. A copy of the KMD Brands Supplier Code of Conduct is available at: https://www.kmdbrands.com/communities
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	CG-AA-430a.2	Quantitative	Percentage (%)	34% of Tier 1 supplier facilities completed verified Higg FEM2023. 43% of traced Tier 2 supplier facilities completed verified Higg FEM2023. These assessments cover a significant percentage of our total spend with suppliers.
Labour Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	Quantitative	Percentage (%)	100% of Tier 1 supplier facilities and 33% of Tier 2 supplier facilities have been audited to the KMD Brands Code of Conduct. 99% of audits were conducted by a third-party auditor.
	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	CG-AA-430b.2	Quantitative	Rate	In FY24, 8 suppliers were identified as having priority non-conformances. Corrective action plans were agreed upon with 100% of suppliers. See also page 44 of our FY24 Annual Integrated Report.
	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	CG-AA-430b.3	Discussion and Analysis	n/a	Modern slavery, labour, health and safety risks are described in our 2024 Modern Slavery Statement.
Raw Material Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risk and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	CG-AA-440a.3	Discussion and Analysis	n/a	Environmental and social risks, at the raw materials level, are assessed within the existing Code of Conduct only when such suppliers are fully vertical and also manufacture the final product. These risks are discussed in the following sections of the Annual Integrated Report: Creating Value – Our partnerships (P. 42-48) Creating Value – Our environment (P. 48-55) Please refer also to the 2024 KMD Brands Modern Slavery Statement.
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	CG-AA-440a.4	Quantitative	Metric tons (t)	The amount of priority raw materials, by brand, certified to a third-party environmental and/or social standard, is reported in the Creating Value – Our environment section of our FY24 Annual Integrated Report (P. 48-55).

TOPIC	ACCOUNTING METRIC	SASB CODE	CATEGORY	UNIT OF MEASURE	RESPONSE / REFERENCE
Data Privacy & Advertising Standards	Number of users whose information is used for secondary purposes	CG-EC-220a.1	Quantitative	Number	KMD Brands refrains from using consumer personal information without consent for purposes that do not align with our established Privacy Policies/Statements.
	Description of policies and practices relating to behavioral advertising and user privacy.	CG-EC-220a.2	Discussion and Analysis	n/a	https://help.kathmandu.co.nz/support/solutions/articles/51000164408 https://www.ripcurl.com/au/policies/privacy https://obozfootwear.com/en-us/privacy-policy
Data Security	Description of approach to identifying and addressing data security risks	CG-MR-230a.1 CG-EC-230a.1	Discussion and Analysis	n/a	Refer to Creating Value – Our people (P. 36-41) of our FY24 Annual Integrated Report.
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.2 CG-EC-230a.2	Quantitative	Number, Percentage (%)	Refer to Creating Value – Our people (P. 36-41) of our FY24 Annual Integrated Report.
Labour Practices	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2 CG-EC-330a.2	Quantitative	Rate	Our total turnover rate is 46% for FY24. Please refer to Table 1-3 of this GRI / SASB Index for more information.
Product Packaging & Distribution	Discussion of strategies to reduce the environmental impact of product delivery	CG-EC-410a.2	Discussion and Analysis	n/a	Refer to Creating Value – Our environment (P.48-55) of our FY24 Annual Integrated Report.
Activity Metric	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1.	CG-AA-000.A	Quantitative	Number	KMD Brands has 149 Tier 1 suppliers and 158 traced Tier 2 suppliers as at 31 July 2024. We are working to trace and publish the input suppliers of our strategic Tier 1 suppliers in future reporting periods.
	Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A	Quantitative	Number	Refer to Overview – Global footprint for a map and number of locations by country (P. 6-7) of our FY24 Annual Integrated Report.

Kathmandu®

Oboz®

RIP CURL

KMD BRANDS

KMDBrands.com