KMD BRANDS LIMITED
NZX / ASX

28 November 2025

KMD Brands announces Release of Climate-Related Disclosure

KMD Brands Limited (NZX/ASX: **KMD**, **KMD Brands**) has today published its second Climate-Related Disclosure (**CRD**) prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CS).

The CRD covers the 12-months ended 31 July 2025 and should be read in conjunction with KMD Brands' FY25 Annual Integrated Report, released on 24 September 2025.

A copy of KMD Brands' FY25 CRD is attached and is also available on our investor website at www.kmdbrands.com/reports.

ENDS

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KMD BRANDS

Climate Related Disclosures **2025**

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1. INTRODUCTION

1.1 Chair and CEO message

On behalf of the board of directors, we are pleased to present KMD Brands' second Climate-Related Disclosure (CRD), prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CS 1, 2, and 3).

KMD Brands Limited (**KMD Brands** or the **Group**) is a global outdoor, lifestyle, and sports company, proudly certified as a B Corporation (**B Corp**). B Corps are businesses that are committed to accountability, transparency and continuous improvement. This year marks a significant step forward in our climate journey, as we deepen our understanding of the risks and opportunities climate change presents to our business and continue to evolve our response.

During FY25, we have made important progress in several key areas. We have strengthened our risk policy and framework, to support greater alignment between our climate risk assessment process and our enterprise risk management processes. Our scenario analysis has been updated using recent climate science and data, informed by insights from both internal experts and external advisors.

A major focus this year has been developing systems to capture the impacts of climate events across our operations and value chain. This is a complex and ongoing exercise, as reliable data points remain difficult to source. Nevertheless, we recognise that robust data is essential for effective decision-making and tracking our progress against our climate commitments.

We have remained actively engaged in consultations on updates to the Aotearoa New Zealand Climate Standards (**NZCS**), including recent submissions to ensure the perspectives of KMD Brands and our stakeholders are reflected in the evolving climate reporting framework. Under the recently revised thresholds, our formal climate reporting obligations will change from 2026.

While our mandatory reporting obligations are shifting, as a Certified B Corp, we remain committed to practices that align with our business strategy, shareholder expectations, and broader responsibility to people and planet. We will carefully consider the needs of all our stakeholders in how we approach future disclosures.

We are encouraged by the progress made this year but recognise that there are many challenges ahead that will require continued collaboration, innovation, and resilience. We remain committed to supporting our teams, supply chain partners, and industry peers as we collectively navigate the transition to a low-carbon future, while returning to profitable growth for our shareholders.

Brent Scrimshaw LEFT

Group CEO and Managing Director

David Kirk RIGHT

Chairman

1.2 About KMD Brands

The Group consists of three iconic brands: Kathmandu, Rip Curl, and Oboz. KMD Brands operates in multiple geographic regions across the globe, from its corporate office functions, extensive retail footprint, sourcing and manufacturing of product and wholesale customer distribution, as well as online presence.

Key to the purpose and vision of KMD Brands is a love of the outdoors. Each of our three iconic brands creates high-quality products that are designed for purpose, driven by innovation, aiming to be the best for people and planet, and made specifically with the outdoors in mind. Be it surfing, hiking or spending time in the open air, our goal is to promote and enrich activities that bring our customers the joy of an experience outdoors.

As a B Corp, we are committed to embedding responsible business practices across all our brands, protecting the value of our business for long-term success while seeking to recognise the impact of our business on all stakeholders.

PURPOSE

INSPIRING PEOPLE TO EXPLORE AND LOVE THE OUTDOORS.

VISION

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

Our brands

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

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

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

1.3 Compliance statement

This is KMD Brands' second CRD (group climate statement) as a climate-reporting entity under the Financial Markets Conduct Act 2013, prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, 2 and 3).

During preparation of this disclosure, the New Zealand Government announced changes to the reporting thresholds for listed issuers by proposed amendment to the Financial Markets Conduct Act 2013. Pending legislative change, the Financial Markets Authority (FMA) has recorded that it will take a "no-action approach" to preparation of statements by affected CREs. Notwithstanding the "no-action" relief, KMD has chosen to prepare this CRD in compliance with the NZ CS.

In preparing this statement, KMD Brands has elected to use the following adoption provisions in NZ CS2:

- Adoption provision 2: Anticipated financial impacts.
- Adoption provision 4: Scope 3 GHG emissions (noting that KMD Brands has disclosed emissions for all Scope 3 sources, except for Category 8 (Upstream leased assets), 10 (Processing of sold products) and 13 (Downstream leased assets), none of which fall within KMD Brands' GHG emissions footprint).
- Adoption provisions 5 and 6: Comparatives for Scope 3 GHG emissions and comparatives for metrics (noting that KMD Brands provides comparative metrics for FY24 as required).
- Adoption provision 7: Analysis of trends.
- Adoption provision 8: Scope 3 GHG emissions assurance.

This statement is for the FY25 reporting period (1 August 2024 to 31 July 2025) (**FY25**). These disclosures follow the NZ CS recommendations and are structured around four key areas: Governance, Strategy, Risk Management, Metrics and Targets. The Greenhouse Gas (**GHG**) emissions and metrics disclosed in this statement should be read with the methodologies, assumptions and uncertainties set out in Appendix 1 (Table 8).

KMD Brands Limited is a New Zealand registered company listed on the NZX (primary listing) and ASX (foreign exempt listing). This CRD includes disclosures for KMD Brands and each of its subsidiaries, but excludes certain specific geographic regions of immaterial size as further described in section 3.1.2. References to KMD should be taken to include the Group, as appropriate.

1.4 Statement of limitations

This disclosure sets out our present understanding of KMD's climate-related risks and opportunities, our strategy to respond to these risks and opportunities and our expectations of the current and anticipated impacts of climate change in relation to the Group, and our approach to scenario analysis. This reflects KMD's current understanding as at 18 November 2025.

This report contains forward-looking statements and opinions, including climate-related scenarios, targets, assumptions, estimates, judgments, climate projections, forecasts, statements of KMD Brands' future strategy, and operating environment, that may not evolve as anticipated. Such statements are inherently uncertain and subject to limitations, particularly as inputs, available data and information are subject to change. We base those statements and opinions on reasonable information we know at the date of publication. We do not:

- represent those statements and opinions will not change or will remain correct after publishing this report, or
- promise to revise or update those statements and opinions if events or circumstances change or unanticipated events happen after publishing this report except as required by law.

The risks and opportunities described in this report, and our strategies to achieve our targets, may not eventuate or may be more or less significant than anticipated. There are many factors that could cause KMD's actual results, performance or achievement of climate-related metrics (including targets) to differ materially from that described, including economic and technological viability, climatic, government, consumer, and market factors outside of KMD's control.

We give no representation, guarantee, warranty or assurance about the future business performance of KMD Brands, or that the outcomes expressed or implied in any forward-looking statement made in this document will eventuate. While we have sought to provide a reasonable basis for any forward-looking statements, we caution reliance on representations that are necessarily subject to material uncertainty, assumptions and data challenges, particularly given the longer-term horizons required for CRD disclosures, and that are necessarily less reliable than other statements KMD may make in its annual reporting.

This disclaimer should be read along with the methodologies, assumptions and uncertainties and limitations on pages 21 to 23.

Nothing in this statement should be interpreted as capital growth, earnings or any other legal, financial tax or other advice or guidance. We disclaim to the fullest extent permitted by law any loss suffered by reliance on this disclosure. We expect that forward-looking statements made in this document will be updated, amended and restated in future iterations of our disclosures as the quality and reliability of data, assumptions and methodology continues to evolve. For detailed information on our financial performance, please refer to our Annual Integrated Report, available at **https://www.kmdbrands.com/reports**.

This disclosure was approved on behalf of KMD Brands Limited on 18 November 2025.

David Kirk
Chairman

Brent Scrimshaw
Group CEO and Managing Director

2. GOVERNANCE

2.1 Board oversight

The Board of KMD Brands is responsible for the overall corporate governance and oversight of risk for the Group, including our response to the risks and opportunities presented by climate related issues.

The Board approves and adopts the appropriate policies and procedures to enable directors, management and employees to fulfil their functions effectively and responsibly. The Board meets regularly, at least eight times each year. The Board is supported in this function by the Audit and Risk Committee (**ARC**), which meets at least five times per year, and assists the Board in discharging its responsibility for strategic risk oversight. During FY25, the Board was informed about matters relating to governance of climate-related risks and opportunities, including consideration of NZ CS requirements, at the Board meetings held in November 2024 and June 2025, as well as receiving updates from the ARC in August 2024, November 2024, March 2025 and June 2025. The Board also considered climate-related risks and opportunities during its review and approval of the refreshed climate scenarios for KMD in June 2025.

KMD Brands has a **Risk Management Policy** which is reviewed annually. The purpose of the Risk Management Policy is to ensure that, through the KMD Brands Enterprise Risk Management (**ERM**) framework, appropriate systems and methods are designed and implemented to identify, and to the extent that is reasonably practicable, minimise and control our material risks in line with our organisational risk appetite. The ARC reviews reports on assessment of key material enterprise risks from management, which are provided at least twice per year. The ARC is also responsible for oversight of compliance with CRD regulations relevant to KMD Brands.

During FY25, the KMD Brands Board has continued to broaden its understanding of climate-related matters through learning sessions and discussions, drawing on the wealth of knowledge available both internally within KMD Brands and from external industry specialists. In addition, one KMD Brands Director has continued in her role as a Steering Group member of Chapter Zero New Zealand which is part of a global network of directors committed to taking action on climate change. The KMD Brands Board Charter mandates that directors keep up-to-date with trends and changes impacting KMD Brands' business. It also encourages them to participate in professional development courses to maintain their knowledge on relevant issues. For more information on the Board's skills and competencies, refer to the **KMD Brands Corporate Governance Statement**. This document includes a director skills matrix, which is reviewed and updated annually, and which includes specific skill categories for 'Sustainability for communities, climate and product circularity' as well as 'Risk management, including non-financial risk'.

KMD Brands' commitment as a B Corp embeds consideration of impacts on all stakeholders and the environment within the governance processes of KMD Brands. This approach is entrenched in the Constitution of KMD Brands and provides a governing framework for decision making across the organisation. As part of its stakeholder engagement processes, KMD Brands has undertaken Group-wide ESG materiality assessments and, informed by these assessments, has developed a KMD Brands Environment Social and Governance strategy (the **Group ESG Strategy**) that covers the entire Group. These materiality assessments include consideration of material issues to KMD Brands' business such as the impacts of climate change and biodiversity loss. As part of implementing this strategy, governance over climate change-related issues is centrally coordinated. The Board was involved in the development process which led to the formation of the Group ESG Strategy. The Board also approved the Strategy's final focus areas, metrics and targets, which include metrics relevant for managing climate-related risks and opportunities. These metrics are reported on to the Board at least annually.

Performance metrics linked to climate-related risks and opportunities are also incorporated into remuneration policies as described in more detail at paragraph 5.3.3 of this document.

2.2 Role of the management team

The Board delegates responsibility for strategy implementation and management of the ERM framework, which includes assessment and monitoring of, and strategy relating to, climate-related risks and opportunities, to KMD Brands' Group Chief Executive Officer and Managing Director (Group CEO). The Group CEO is supported by an executive leadership team to deliver on these responsibilities.

The Chief Legal and ESG Officer, in conjunction with the Chief Financial Officer, are responsible for overseeing and embedding KMD Brands' ERM framework within the business, which includes climate-related risk assessment. Both of these officers report directly to the Group CEO.

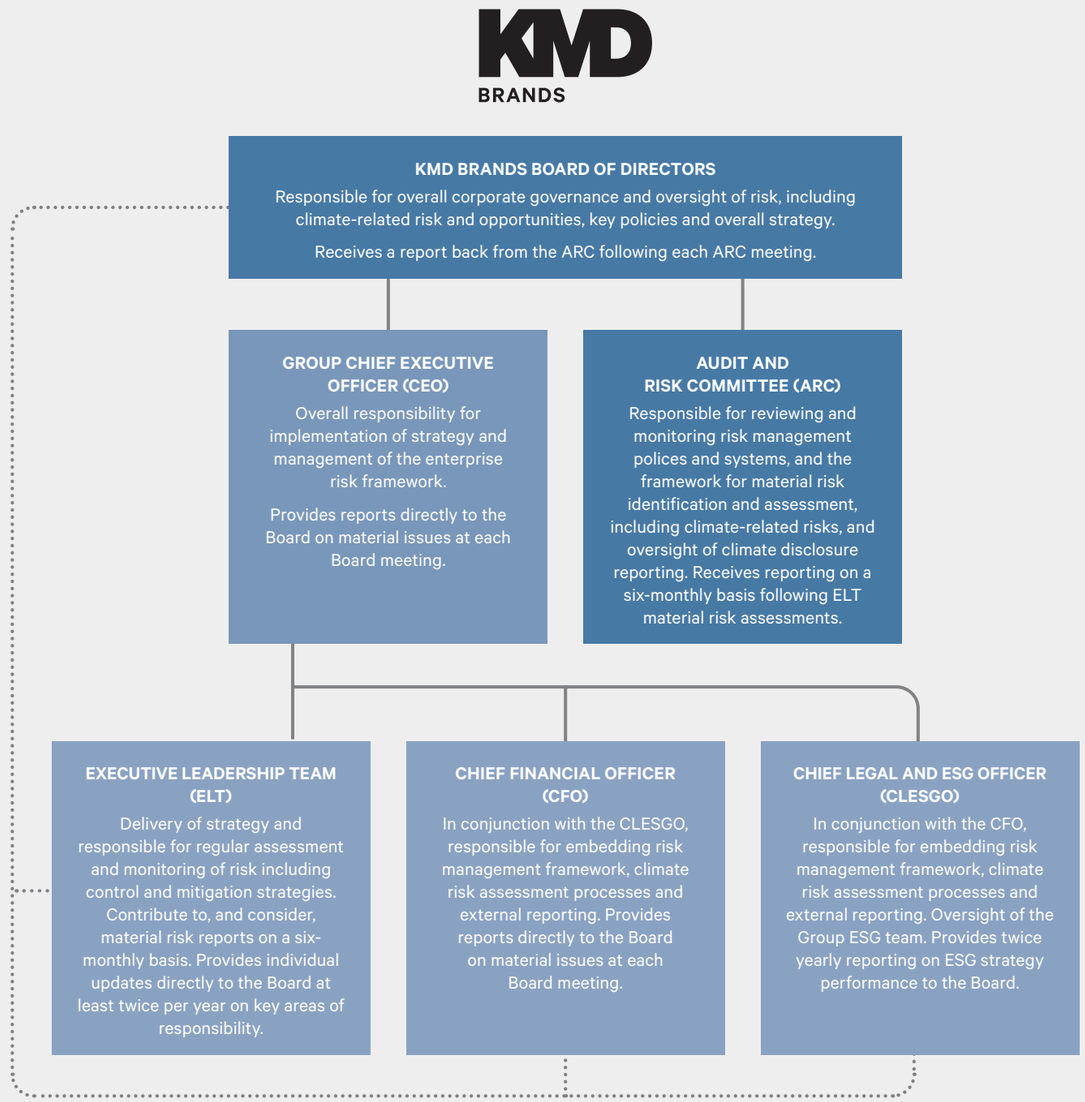
The KMD Brands' group executive leadership team (**ELT**), which includes the Brand CEOs, are responsible for assessment and monitoring of all risks, including climate-related risks and opportunities. The wider management team participates in regular risk assessments, at least twice per year, using the risk management framework to assess the current level of exposure to, and impact of, risks to KMD Brands, and to consider whether appropriate risk mitigation strategies and controls are in place. Reporting on material risks during each reporting period is provided twice per year to the ELT and ultimately the Board.

The Group CEO has ultimate oversight over our Group ESG strategy, with regular reporting to the Board on strategic performance. The Chief Legal and ESG Officer is responsible for oversight of KMD Brands' ESG team, who collectively implement the Group ESG Strategy. This includes climate reporting, supply chain engagement, and our emissions reduction strategy, driving accountability and reporting on progress internally and externally. The ESG team interacts with stakeholders across the business to raise awareness of climate-related issues, provide education on key policies and initiatives connected to both sustainability and social initiatives, and partner with the business on programmes relating to climate risks and opportunities.

Brand CEOs are ultimately responsible for driving activities within the business units comprising their brands. We have a detailed ESG strategic plan for each Brand with specific actions, targets and accountabilities which ladders up to the Group ESG Strategy. We also plan for, and are assessed through, a substantial verification process to maintain B Corp certification across the Group. Our next group B Corp certification process is due to take place at the end of calendar year 2026. This process drives continual improvement as we look for new ways to embed responsible business practices, process improvements, and management of climate-related risks and opportunities across the entire Group in order to maintain certification.

Updates are provided at least annually to the Board on the progress against key metrics tied to the Group ESG Strategy, which include climate-related risks and opportunities. Further information on organisational structure and engagement with the governance body is provided in Figure 1 opposite.

Figure 1: Governance structure



3. STRATEGY

3.1 Climate scenario analysis

3.1.1 Process

As detailed in our first CRD statement, in FY24 KMD Brands completed an entity-level scenario analysis and risk assessment of our climate-related risks and opportunities. During FY25, we revisited and updated our scenario analysis and climate risk assessment, assisted by Deloitte.

The aim of conducting a risk assessment based on scenario analysis is not to predict the most likely outcomes of climate change, but instead, is part of a process for systematically exploring the effects of a range of plausible and challenging future events under conditions of uncertainty to build a better understanding of the potential impacts on our strategy. The scenarios are intended to provide an opportunity for us to develop our internal capacity better to understand and prepare for the uncertain future impacts of climate change.

As part of the review of our climate scenario analysis during FY25, we considered the material macroeconomic and geopolitical changes, the financial analysis performed on KMD Brands' five key cost drivers (discussed further below) and emerging climate science and data sets that informed the basis of our existing climate scenarios, to determine what changes were needed to our scenarios. The updated scenario narratives were reviewed and approved by the Board. We have set out a brief summary of our updated scenario narratives at 3.1.4 below.

KMD Brands continued with the role of a Steering Committee (**Steer Co**) of senior leaders to provide oversight and make decisions throughout the process of refreshing scenario narratives. The scenario analysis refresh process completed during FY25 was a standalone exercise.

3.1.2 Scope and boundary

The scope and boundary of the scenario analysis and climate risk assessment remains the same as KMD Brands originally determined in FY24. In determining this scope and boundary, the Steer Co considered factors including the licensing component of Rip Curl operations, future consumer demand, changes in travel demand, reliance on primary commodities, fluctuations in foreign exchange rates that could impact cash flow and revenue, geographical location of suppliers and manufacturers, physical location of stores (both owned and operated, and of wholesale partners) with the following scope and boundaries determined:

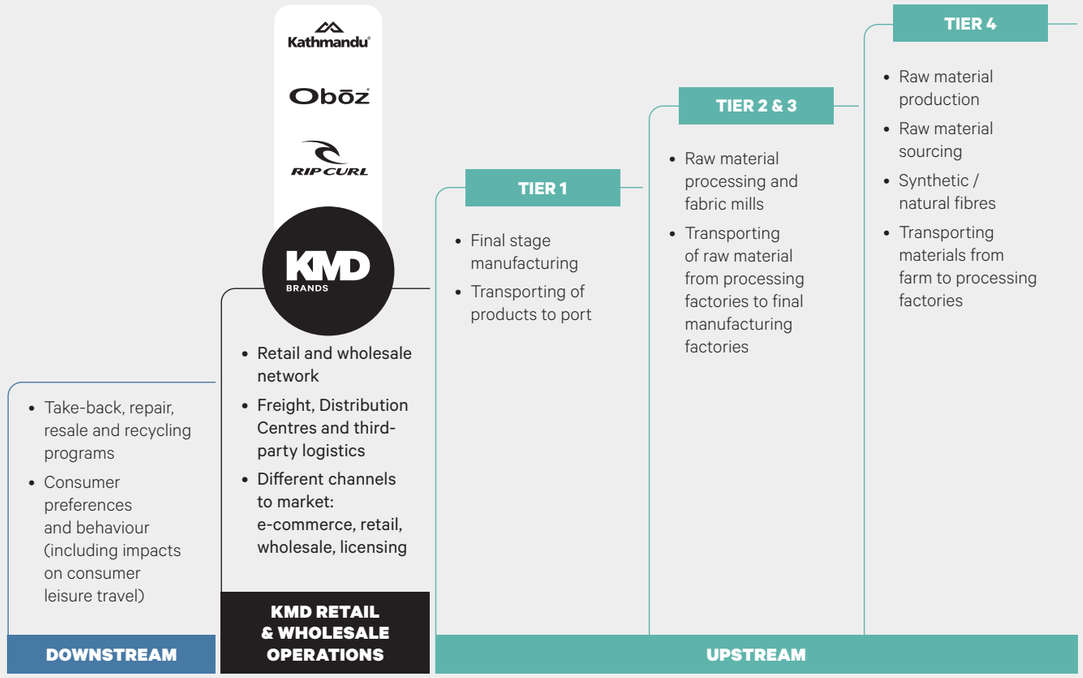
- Regions – South America, Africa and the Middle East were deemed to be out of scope due to the limited size and materiality of the business in those regions.
- Brands – all three Brands, Rip Curl, Kathmandu and Oboz, were in scope.
- Value chain inclusions – four-tiers upstream were included and one-tier downstream (refer to Figure 2 opposite).

We aligned with the time horizons adopted in KPMG's "The Futures of Retail" report (**Retail Sector Scenario Analysis**). This sector level scenario analysis, which KMD Brands participated in forming during FY23, sets out integrated climate change scenarios for New Zealand's retail sector. While several of the driving forces identified in the Retail Sector Scenario Analysis were adopted, a number were adjusted to reflect the drivers most relevant to KMD Brands. The time horizons against which our climate risk assessment and scenario analysis were performed are consistent with the tenure of our profile of retail store leases, the useful life of key IT systems, and the usual cycle of the KMD Brands purchase cycle.

The time horizons adopted were:

- Short-term is defined as Present day to 2030
- Medium-term is defined as 2031 to 2040
- Long-term is defined as 2041 to 2050.

Figure 2: Value chain inclusions



3.1.3 Scenarios and pathways adopted

We referenced the Network for Greening the Financial System (**NGFS**) scenarios detailed in Table 1 below to consider the physical and transition-related impacts for KMD Brands over each time horizon. Given KMD Brands' global reach, we took the high-level scenario architecture and learnings, and scenario outputs, from the Retail Sector Scenario Analysis and expanded on the relevant parts to encompass the global footprint of our operations, with more focus on our specific business model (encompassing both retail and wholesale channels) and by making additional or differentiated assumptions where needed. We selected these scenarios as being most relevant and appropriate to assess the resilience of our business model and strategy as they are easily comparable to other retailers, which encouraged us to select pathways aligned with the Retail Sector Scenario Analysis where it made sense to do so, but tailored in places representative of the global, rather than New Zealand specific, focus of our business, and utilising more up to date data.[1]

Table 1: Pathway overview and key assumptions

	ORDERLY	**DISORDERLY**	**HOT HOUSE WORLD**
NGFS	Net Zero 2050 (1.5°C)[2] and Highway to Paris[3]	Delayed Transition (1.7°C) and Sudden Wake-up Call	Current Policies (3°C+) and Disasters and Policy Stagnation
IPCC	SSP 1-1.9, 1.4°C	SSP 1-2.6, 1.8°C	SSP 5-8.5, 4.4°C
NIWA	RCP 1.9	RCP 2.6, 4.5	RCP 8.5
Policy ambition	1.4°C	1.6°C	3°C+
Policy reaction to climate change	Immediate and smooth	Delayed	Current policies only
Regional policy variation	Medium variation	High variation	Low variation
Carbon removal[4]	Medium-high use	Medium use	Low use
Technology change	Fast change	Slow then fast change	Slow change
Short-term Present day to 2030	Physical impacts: **Low to Medium** Transition impacts: **High**	Physical impacts: **Low to Medium** Transition impacts: **Low to Medium**	Physical impacts: **Low to Medium** Transition impacts: **Low**
Medium-term 2031 to 2040	Physical impacts: **Low to Medium** Transition impacts: **High**	Physical impacts: **Medium** Transition impacts: **High**	Physical impacts: **High** Transition impacts: **Low**
Long-term 2041 to 2050	Physical impacts: **Low** Transition impacts: **Low**	Physical impacts: **Medium** Transition impacts: **Low**	Physical impacts: **High** Transition impacts: **Low**

1. The global warming scenarios selected by KMD Brands differ from those chosen in the Retail Sector Scenario Analysis. This is because at the time of conducting the scenario analysis, there was no available downscaled data for the SSP3 — 7.0 scenario which would impact the ability to use this scenario for the physical risk assessment process. For the physical risk rating exercise, it was agreed to use the SSP 2, RCP 4.5 degree scenario to allow for a better comparison to provide a clearer low, middle and high ground for emissions pathways.
2. Temperature estimate range 1.6°C by 2060, 1.4°C by 2100: IPCC AR6 report – **Summary for Policymakers (ipcc.ch)**
3. NGFS Short-Term Climate Scenarios Technical Documentation, May 2025.
4. Carbon removal includes sequestration from forestry and nature based solutions.

We adopted the shared socioeconomic pathways (**SSP**) provided by the Intergovernmental Panel on Climate Change Sixth Assessment Report (**IPCC AR6**) to assess KMD Brands evolving risk profile. The global data sets that informed the KMD Brands scenario analysis included the IPCC AR6 dataset and the NGFS Regional Model of Investments and Development (REMIND) and Global Change Assessment Model (GCAM) datasets. The NGFS released an updated data set (Phase V) in November 2024 that presents significant changes to the data set it previously published which has been reflected in our updated scenario narratives. The SSPs build upon the Representative Concentration Pathways (**RCPs**) from the IPCC Fifth Assessment Report (**IPCC AR5**). We used the RCP scenarios (that are aligned to the SSP scenarios) from IPCC AR5 for climate metrics that have not yet been developed within the IPCC AR6 models. In our FY25 scenario refresh, we also incorporated the NGFS short-term scenarios released in May 2025 which provide a framework for assessing the immediate impacts of climate change and policy developments on economies and financial systems.

These scenarios provide a snapshot of the evolving risk profile over time in relation to increasing increments of global warming. These scenarios represent three plausible futures under which the emissions concentration in the Earth's atmosphere, the corresponding global earth surface temperatures and resulting climate hazard impacts are linked to political, social and economic conditions.

3.1.4 Climate scenario narratives

To set the scene for our annual physical climate risk and transition risk register refresh, the scenarios summarised in this section 3.1.4 were presented to the Steer Co in multimedia and written format. The scenarios were designed to aid an understanding of the nuances of each scenario; to reflect material data updates; and to convey the potential impact that recent geopolitical shifts could have on each scenario's warming trajectory. The scenarios were informed by financial scenario analysis performed on our five climate-related cost drivers, which are explained in section 3.2. This information enabled the Steer Co to critically review the existing climate risk register and the existing risk ratings, and to adjust accordingly.

A brief description of the revised climate scenario narratives we adopted in FY25 is set out in the following paragraphs. It is emphasised that these are subject to uncertainty and material change as better data becomes available and climate modelling further develops.

Orderly

Early and coordinated global action drives investment into low-carbon technologies, supported by stable carbon markets, disclosure mandates, and carbon border taxes that help halve emissions by 2030 and reach net zero by 2050. Geopolitical tensions accelerate the shift to renewables, making clean energy more affordable and enabling manufacturers to reduce Scope 1 and 2 emissions. Rapid AI adoption boosts clean energy capacity and circular manufacturing, while consumer and investor demand promotes product decarbonisation and low-carbon shipping. Although transition risks are high in the short to medium term, long-term physical risks are low, with weather-related insurance costs rising but mitigated by adaptive business models like asset leasing.

Disorderly

Fragmented global responses and policy reversals, especially by major emitters, undermine climate commitments, stall investment in green technologies, and erode investor confidence. Delayed carbon border taxes and weak shipping levies limit emissions reductions, while a sudden policy shift post-2027 triggers financial instability and inflation, dampening retail demand and increasing production costs. Climate-related damage escalates, driving up insurance costs and forcing relocations, while volatile commodity pricing and slow adoption of low-carbon technologies hinder sustainable product development. The result is higher near-term emissions, more frequent extreme weather events, and increased exposure to physical climate risks, making late-stage transitions significantly more costly for businesses.

Hot house world

Global retreat from climate commitments leads to fossil fuel-dependent growth, minimal decarbonisation investment, and a failure to meet the Paris Agreement targets. Transition risks remain low, but physical climate risks escalate sharply, causing resource scarcity, price volatility, and widespread disruption across the textile supply chain. Economic instability, rising inflation, and climate-induced migration drive up costs, reduce demand, and strain labour availability, while weak regulation allows unchecked capital flows and environmental degradation. Frequent extreme weather events, rising insurance costs, and sea level rise force retail relocations and undermine profitability, with strained global tourism and climate-related barriers to leisure activities reducing demand for specialised products.

3.2 Climate-related risks and opportunities

During our FY25 climate risk review, we performed quantitative analysis to determine the most material risks to our business, and to begin to quantify our anticipated financial exposure to climate risk.

To better understand the extent to which KMD Brands is vulnerable to climate change, we took a value chain approach to our climate risk assessment to quantify the impact of climate change on KMD Brands' five key cost drivers: commodity prices, logistics costs, labour and manufacturing costs, fixed assets and inventory (costs associated with damage recovery and asset loss), and consumer demand attrition.

We then considered the previous year's climate risk register by cost driver against the outputs of the quantitative climate data analysis (for physical risks), and in the context of our updated scenario narratives. This enabled us to critically review and qualify the relevance of the top scoring 20 risks identified during the previous reporting cycle; and to determine whether the ratings of these risks would need to be adjusted.

Applying this approach to our top 20 risks by risk score enabled us to assess our vulnerability to climate hazards. Our climate risk ratings were revised on this basis and are set out in Tables 2 and 3 on the following pages. By applying a materiality threshold, we were able to determine that none of the top 20 rated climate risks present a material threat to KMD's value in the short-term. If left unmanaged, however, these risks could materially impact revenue and margin in the medium and long-term. We have applied materiality in relation to our assessment of these risks, utilising the risk scoring methodologies which we set out in section 4.1.

Through quantitative analysis and scenario refinement, our reassessment of physical climate risks saw movement within our top twenty rated risks, reflecting improved data and a more targeted understanding of exposure across our value chain.

Year-on-year changes in transition risk ratings reflect both regulatory developments and revised impact timelines.

While some ratings increased due to approaching regulatory implementation dates and evolving customer expectations, others decreased or were removed from our reporting as anticipated impacts have not materialised within previously expected timeframes.

The climate related opportunities set out in Table 4, if accessed through future changes to our business, are believed to have the potential to improve our financial performance, and also reduce our impact on the planet.

This year's review of climate-related opportunities focused on identifying those that are genuinely additive to our strategy. Opportunities that were previously included but found to be by-products of risk events or extensions of existing practices have been removed, ensuring our reporting reflects only material and strategic value creation.

Other risks and opportunities that did not meet a materiality threshold have not been disclosed. However, we will continue to monitor the materiality of those risks and opportunities and adjust our disclosures in future as required to reflect changes over time.

Physical risks

KMD Brands' climate risk assessment shows that the company is most vulnerable to physical climate risks like extreme weather, wildfires, heatwaves, and floods. These impacts will likely be experienced across the entire value chain, from grower to end-consumer. However, the overall risk exposure is low over the time horizons considered in our assessment based on current, available data. Under our time horizons to 2050, the impacts under all three scenarios are not widely differentiated, with physical risks in the short and medium-term ranked as minor exposure, rising to moderate to high exposure for extreme weather events and increased temperatures under the Hot House World scenario by 2050. The difference in the scale and severity of the impacts between the three scenarios is expected to be more pronounced in the period 2050 to 2100 which is not covered by this analysis.

Table 2: Physical risks

Risk rating: ● Very low ● Minor ● Moderate ● High ● Extreme **Time horizons:** **Short** Present day to 2030 **Medium** 2031 to 2040 **Long** 2041 to 2050

					RISK SCORE AND SCENARIO			
Category	**Description**	**Current impacts during the reporting period**	**Anticipated impacts**	**Time horizon**	**Orderly**	**Disorderly**	**Hot House**	**Geography most impacted**
Extreme weather events	Increase in intensity of average wind speed and number of windy days. Increase in intensity and frequency of cyclone events.	• **Observed physical impact:** Tropical Cyclone Alfred impacted South East Queensland and Northern New South Wales in March 2025 resulting in lost trading days. • **Current financial impact:** No material financial impact from this physical impact during the reporting period.	• Closure of factories, warehouses and stores impacting production timelines, distribution and sale of product (R-P1). • Damage to inventory, store fit outs and raw materials resulting in write offs and loss of revenue (R-P2). • Grid blackouts and communications network outages negatively impacting productivity (R-P3).	Short-term Medium-term Long-term	●	●	●	Asia, Australasia
Increased temperatures	Increasing annual average temperatures resulting in significantly more hot days per annum causing extended dry periods.	• **Observed physical impact:** 50+ days of temperatures over 36°C at our OnSmooth Factory in Chiang Mai Thailand during the reporting period resulting in lost production time. • **Current financial impact:** No material financial impact from this physical impact during the reporting period.	• More hot days are expected to reduce sales, especially in rainwear and insulation, which are highly weather-sensitive categories (R-P4). • Negative impacts on raw material production and growing conditions reducing quality of, and accessibility to, key commodities increasing price and procurement cost. This may impact product margin and reduce revenue (R-P5). • Impacts on working conditions for our own, and contracted supplier, employees, reducing productivity and delaying product timelines (R-P6).	Short-term Medium-term Long-term	●	●	●	Australasia, Asia, Americas
Pluvial and fluvial flooding	Increasing frequency and intensity of pluvial flooding due to increasing extreme, rare rainfall events.	• **Observed physical impact:** Our Chiang Mai factory was flooded in October 2024 resulting in damage to inventory, fixed assets (plant and equipment) and lost production time. • **Current financial impact:** No material financial impact from this physical impact during the reporting period.	• Damage to warehouses, stores and inventory causing loss of revenue (R-P7). • Transport and shipping delays resulting in loss of revenue (R-P8). • Impacts on manufacturing suppliers in areas where flooding is occurring with greater frequency impacting lead times and capacity for product delivery (R-P9).	Short-term Medium-term Long-term	●	●	●	Australasia, Asia
Wildfire	Increase in wildfire events due to increasing temperatures, lower rainfall and drought conditions.	• **Observed physical impact:** The Los Angeles City wildfires in January 2025 caused power supply loss to our 3rd party logistics warehouse in California impacting despatch timeframes. • **Current financial impact:** No material financial impact from this physical impact during the reporting period.	• Inventory loss, store fit out damage, loss of revenue (R-P10). • Disruption of transport networks causing delay in movement of product (R-P11). • Delays in wholesale customer payments causing an increase in accounts receivable and an increase in bad debts (R-P12). • Impacts on air quality on employee health and consumer activities post wild-fire event (R-P13).	Short-term Medium-term Long-term	●	●	●	Australasia, Americas and South East Asia

Transition risks

Transition risks are the potential challenges that emerge as global economic growth decouples from fossil fuels. These risks are influenced by a range of socio-political factors, including evolving climate policies, changing investor and consumer attitudes, and the introduction of innovative technologies. Under the "Orderly" and "Disorderly" scenarios, transition risks are anticipated to have the most significant impact because these scenarios involve the implementation of global policies designed to mitigate the effects of climate change. Conversely, in a "Hot House" scenario, substantial policy changes are not expected to take place, transition risks are not likely to be experienced and therefore, no "impact" rating has been given. Transition risks were considered across the time horizons extending out to 2050 and rated based on anticipated timing of impact and timeframe for action. We also considered the impact that each risk would have on our business operations, applying a 5-tier 'impact' score. The urgency and impact ratings were combined to give our final transition risk score.

Table 3: Transition risks

Risk rating: ● Very low ● Minor ● Moderate ● High ● Extreme **Time horizons:** **Short** Present day to 2030 **Medium** 2031 to 2040 **Long** 2041 to 2050

					RISK SCORE AND SCENARIO		
Category	**Description**	**Current impacts during the reporting period**	**Anticipated impacts**	**Time horizon**	**Orderly**	**Disorderly**	**Geography**
Market	Consumer preference for sustainable product	• **Observed transition impact:** Consumer purchase behaviours driven by promotional pricing. • **Current financial impact:** No material financial impact from this transition impact during the reporting period.	• Limited consumer willingness to pay for low-emissions product ranges, posing a risk to market share and reduced revenue (R-T1).	Short-term and Medium-term	●	●	Global
Policy, legal and technology	Investment required for transition capabilities	• **Observed transition impact:** Evolving EU climate-related regulations targeting the textile and apparel sector are adding cost and operational complexity through new product disclosure and end-of-life management requirements. • **Current financial impact:** No material financial impact from this transition impact during the reporting period.	• Global product traceability and disclosure requirements may increase operational costs and disrupt design workflows, affecting delivery timelines and resource allocation (R-T2).	Short-term and Medium-term	●	●	Europe, Australasia
Reputation	Investor sentiment	• **Observed transition impact:** Investor sentiment continues to support ESG as a priority for many, though there is an observable variability in views on its importance. • **Current financial impact:** No material financial impact from this transition impact during the reporting period.	• Failure to meet defined sustainability targets and investor expectations which may result in a reduced share price and availability of finance (R-T3).	Short-term and Medium-term	●	●	Global

Opportunities

Opportunities refer to the potential benefits and positive outcomes that could be realised by KMD Brands as we adapt to and mitigate the impacts of climate change. By identifying and capitalising on these opportunities, we can mitigate climate-related risks and drive sustainable growth for our business. Each opportunity would require investment and a change in strategic focus, which are important considerations in our strategic planning. Opportunities were considered across the time horizons extending out to 2050 and rated based on urgency of required action considering anticipated timing of opportunity impact. For physical opportunities, we also evaluated the impact that each opportunity would have on our business operations and resilience, applying a 5-tier 'impact' score. The urgency and impact ratings were combined to give our final opportunity score. For Transition Opportunities, in a "Hot House" scenario, substantial policy changes are not expected to take place, therefore opportunities are not likely to be experienced and therefore, no "anticipated impact" rating has been given.

Table 4: Opportunities

PHYSICAL

Risk rating: ● Insignificant ● Possible ● Moderate ● Strong ● Significant **Time horizons:** **Short** Present day to 2030 **Medium** 2031 to 2040 **Long** 2041 to 2050

				OPPORTUNITY SCORE AND SCENARIO			
Category	**Description**	**Anticipated impacts**	**Time horizon**	**Orderly**	**Disorderly**	**Hot House**	**Geography most impacted**
Increased product demand	More pronounced weather patterns and more extreme seasonality of conditions.	• Greater consumer demand for products used for specific weather conditions resulting in increased sales in key product categories and support for increased margin (O-P1).	Short-term Medium-term Long-term	● ● ●	● ● ●	● ● ●	Global

TRANSITION

Risk rating: ● Insignificant ● Possible ● Moderate ● Strong ● Significant **Time horizons:** **Short** Present day to 2030 **Medium** 2031 to 2040 **Long** 2041 to 2050

				OPPORTUNITY SCORE AND SCENARIO		
Category	**Description**	**Anticipated impacts**	**Time horizon**	**Orderly**	**Disorderly**	**Geography most impacted**
Market	Potential for increased profitability and growth driven by rising demand for climate-responsive products, reduced competition in existing markets, and heightened barriers to entry for new market participants.	• Ability to build a strong customer value proposition and expand market presence through demonstration of sustainable business practices resulting in increased sales, greater customer loyalty and market share growth (O-T1).	Short-term and Medium-term	●	●	Global
Energy Source	Early adoption of renewable energy sources	• Early investment in solar energy across key operating sites may reduce energy costs in the longer term, improving operating profit and reducing emissions (O-T2).	Short-term and Medium-term	●	●	Global

3.3 Transition planning

3.3.1 Current Business Model and Strategy

KMD Brands operates a global, brand-led business model focused on delivering connected consumer experiences through technical products, distinctive design, and fast go-to-market execution.

Our strategy is underpinned by intelligent decision-making, data-informed shared services, scalable processes, and integrated technology systems. Responsible financial governance supports sustainable profitability, cost discipline, and ROI-focused capital allocation across our portfolio.

Our global operations are supported by Centres of Excellence (CoEs) in Supply Chain Management, Finance, People, Property, Legal, ESG, and IT. These CoEs centralise expertise, drive operational efficiencies, and promote best practices across our three brands – Kathmandu, Rip Curl, and Oboz. As a certified B Corp, we are committed to positive social and environmental performance, accountability, and transparency.

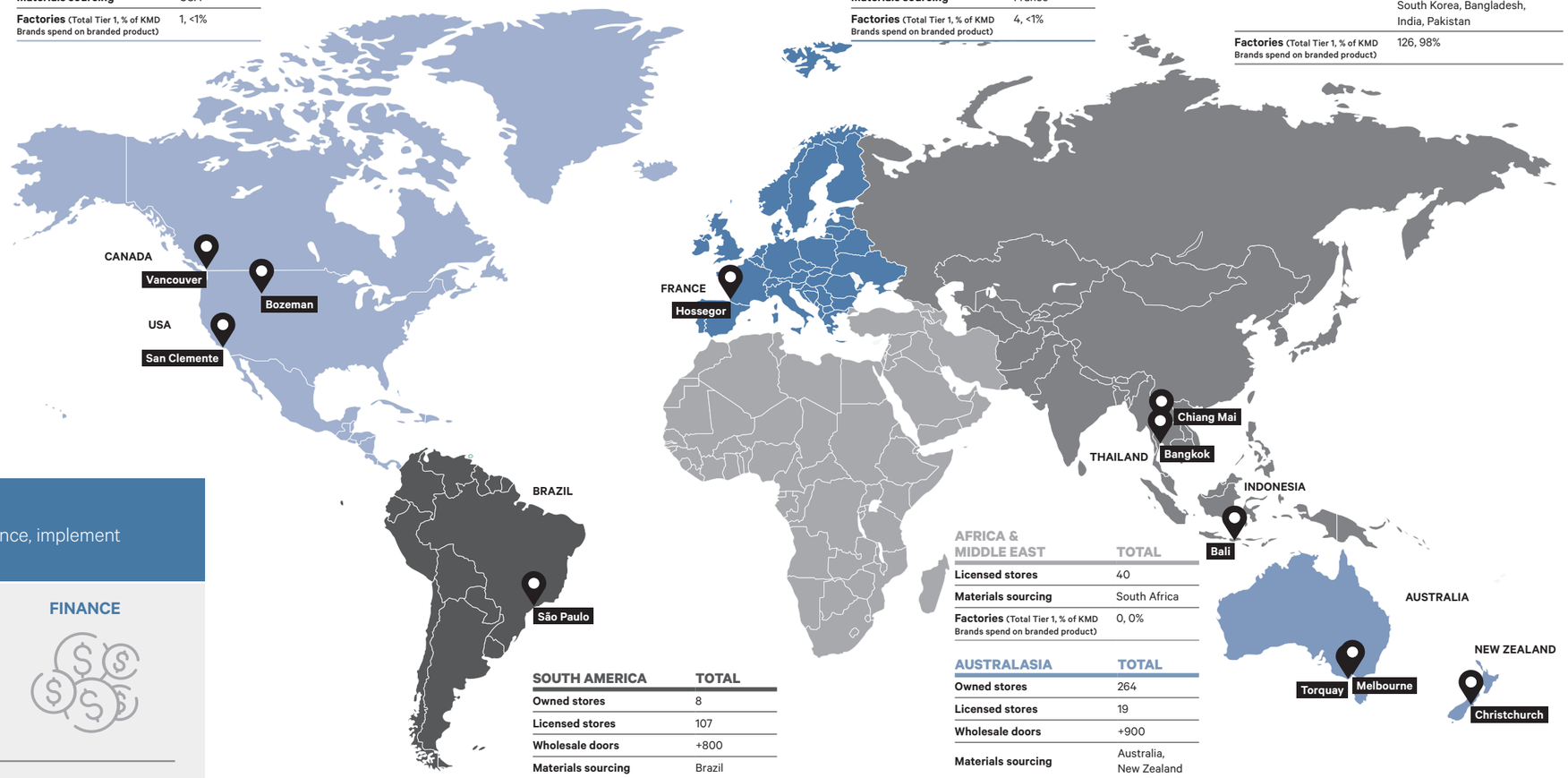
Global footprint

Global Office Locations

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

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

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



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

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

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

Our Group Functions

Our shared Group support functions provide centres of excellence, implement common platforms and leverage scale across our brands.

COMMERCIAL | SYSTEMS | FINANCE

PEOPLE | LEGAL | ESG

3.3.2 Transition Plan Aspects of Our Strategy

In our second year of CRD, KMD Brands is articulating below the principles guiding development of our transition plan, designed to enhance the resilience of our business model to climate change risks and to take advantage of opportunities. Our approach is informed by the UK Transition Plan Taskforce 2023 framework, focusing on:

- **Decarbonising the Business:** We aim to reduce Scope 1 and 2 emissions by at least 47% by July 2030 (from a FY19 base), through solar installations, energy efficiency upgrades, and transitioning our vehicle fleet to hybrid/electric. Selected Scope 3 emissions, including, but not limited to, freight, waste, and purchased goods and services, are targeted for a minimum 28% reduction by July 2030 (against a FY19 base). Waste reduction initiatives aim to divert 90% of operational waste from landfill by 2030.
- **Responding to Climate-Related Risks and Opportunities:** We are working to actively increase the use of responsibly sourced materials in our products, invest in technical innovation, and closely monitor our retail stores and key operational sites to mitigate climate-related hazards. Our commitment to product innovation and deep category expertise will enable us to remain agile in the face of changing climatic conditions, while strengthening our customer value proposition and expanding market presence through the demonstration of sustainable business practices.
- **Contributing to an Economy-Wide Transition:** We actively participate in key industry groups, such as the B Corp community, Seamless (Australia) and Mindful Fashion New Zealand, and seek to foster consumer uptake of circular business models, and encourage supply chain transparency. Initiatives include product take-back, renewal, repair, and recycling programs across our brands, and encouraging verified energy data reporting from our suppliers.

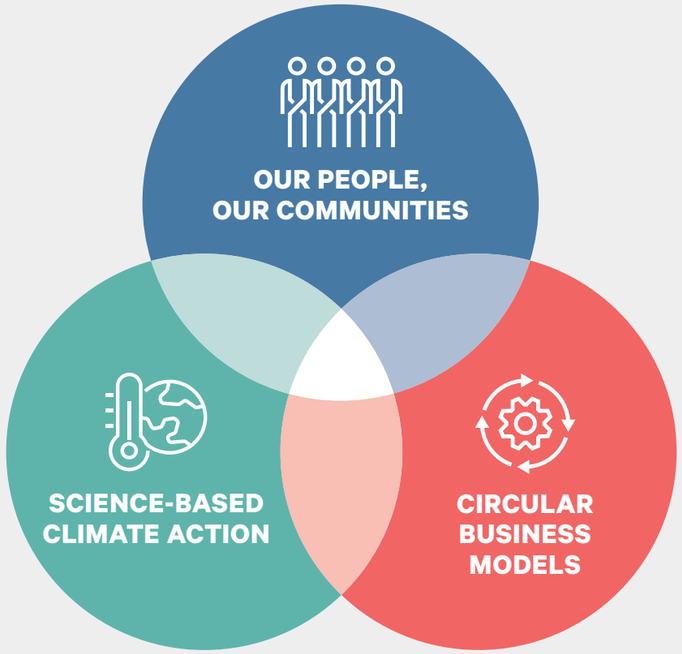
KMD Brands' Transition Plan, outlined on the following page, is intentionally designed to be agile and adaptive, enabling us to respond swiftly to evolving consumer preferences, market dynamics, and climate-related developments. We acknowledge that climate scenarios are not forecasts, and our strategic approach remains grounded in adaptability and responsiveness. In developing our Transition Plan, we have identified a set of key actions already underway, which form part of our existing Group ESG Strategy and our newly launched 'Next Level' strategy reset announced at the beginning of FY26. These actions provide the foundation for our current priorities and are expected to evolve over time, building on progress achieved and aligning with shifts in consumer demand and climate-related risks and opportunities.

At this stage, we do not anticipate significant changes to our overarching strategy as a result of our Transition Plan. Rather, the initiatives are embedded within our current strategic framework and are aligned with mitigating climate risks and capturing opportunities. Successful delivery of the plan will depend on addressing several key challenges, including supplier engagement, reliability of Scope 3 emissions data, cost and capital constraints, and the pressures of a difficult trading environment. These factors will be closely monitored, and our approach will be adapted as needed.

3.3.3 Alignment with Capital Deployment and Funding Decision-Making

While climate-related risks and opportunities are not yet fully integrated into all internal capital deployment and funding decisions, the transition initiatives outlined on the following page already form part of our broader Group ESG strategy and annual budget processes. For example, capital expenditure and operational funding have been allocated to solar investments, low-emission lighting upgrades, product emission reporting tools and circular business model programs. We have included further detail in section 5.3.2 (Table 7) on the capital investment during FY25. Financial accountability is also embedded through sustainability-linked loan (**SLL**) commitments, which apply across our syndicated debt funding facility.

KMD Brands Group ESG Strategy



KMD BRANDS HIGH-LEVEL TRANSITION PLAN

The key principles of our Transition Plan at page 14 above aim to embed decarbonisation of our business within our strategic thinking and value chain operations, while responding to our climate-related risks and opportunities and contributing to an economy-wide decarbonisation transition. Our priority areas, existing work and planned initiatives are set out below. Further detail about KMD Brands' climate-related risks and opportunities are set out on pages 10 to 12.

Priority area	Actions already underway	Achievements to date	Current strategy and planned initiatives	Relevant Risk/Opportunity
Scope 1 and 2 emissions reduction	Solar installations, energy efficiency, electric vehicle pilot for AU fleet	Solar at 22 sites, EV trial	• Expand solar and upgrade HVAC systems at key strategic AU sites • Vehicle fleet transition	**O-T2, R-T3**
Scope 3 emissions reduction	Freight consolidation, 3PL partnerships, product impact analysis for Scope 3 data quality improvement	17% air freight emissions reduction (FY24 vs. FY25)	• 3D design platform • Science Based Target (SBT) / Sustainability Linked Loan target (SLL) • Embedding new technology tools to improve Scope 3 data quality	**R-T3**
Waste reduction	Waste audits, waste-to-landfill diversion	72% waste diverted from landfill FY25	• Scope 3 SBT/SLL targets	**R-T3**
Responsible materials	Increase responsible material content in our products	For FY25: • Kathmandu 100% sustainable cotton; • Rip Curl 47% of wetsuit range containing responsibly sourced materials; • Oboz 64% of range using a minimum of 20% environmentally preferred materials by weight	• Traceability tools • Product lifecycle management (PLM) system investment • Focus on responsible material innovation	**R-P5, R-T2**
Product innovation	Category expertise in insulation, rainwear, UPF wear	Winner of three product innovation ISPO awards in FY25	• Focus on technical products and speed-to-market • Circular design processes	**O-P1, R-P4**
Store network resilience	Climate hazard monitoring	Geographic Information System (GIS) completed on impacts of extreme heat, extreme rainfall and storm surge, on key asset register locations	• Monitor climate events and respond as needed to alter store operations to limit potential damage	**R-P1, R-P2, R-P7, R-P10**
Circular models	Take-back, repair, recycling, rental programs established	Multiple customer take-back programs launched; global repair services, resale in AU/NZ, rental services in EU	• Increase communication of programs to customers to build awareness	**O-T1, R-T1**
Supply chain engagement	Energy data reporting	136 factories reporting verified GHG data in FY25	• Support continued supplier uptake and engagement of the Higg Facility Environmental module (FEM)	**R-T3**
Industry collaboration	Maintaining key industry memberships	Group B Corp certification achieved 2023	• Complete Group B Corp recertification calendar year 2026	**R-T3, O-T1**

4. RISK MANAGEMENT

4.1 Climate risk identification and assessment

Overall risk identification and assessment at KMD Brands is completed according to the Risk Management Policy and ERM Framework approved by the Board of Directors, which outline the process for the identification, classification, review and control of business risks.

The Framework incorporates a set of risk appetite statements, approved by the Board, which establish the Group's appetite for risk in each of the key areas of our business strategy. The ERM framework sets out the guiding principles, roles and responsibilities of the risk assessment process and reporting requirements. The Board recognises that some element of risk is inherently necessary in order to achieve the strategic aims for the Group's businesses and to deliver value to shareholders.

During FY25, we refreshed our Risk Management Policy and ERM Framework to further support greater alignment of our climate risk assessment process to the KMD Brands ERM framework. The methodologies and frameworks for climate risk assessment and enterprise risk management differ significantly, presenting challenges for full integration. However, we were pleased to make progress during the year through development of an internal methodology to enable us to align the overall severity rating of climate risks identified through the scenario analysis and risk assessment process into our broader enterprise risk assessment processes and underlying risk register.

We expect to continue to conduct climate and enterprise risk management assessments separately, utilising designated workshops and distinct methodologies for initial ratings. However, by applying our internal methodology for conversion across climate related risks, we can align the outcomes of both assessments, ensuring consistency in both ratings and terminology.

During FY25, through workshops involving KMD Brands' subject matter experts (**SMEs**), we revisited the list of climate risks originally identified in FY24 through the categorisation of material cost drivers. KMD Brands' SMEs discussed and explored what had changed since the original risk rating process in FY24 that may increase or decrease the potential risk to KMD Brands from key climate hazards. SMEs were asked to consider if there were any additional or emerging material risks or opportunities that should be added to the risk register. We incorporated the results of the further Geographic Information System analysis (further detail is provided in the "Metrics and Targets" section) completed during FY25, and the updates to the climate scenarios approved by the Board.

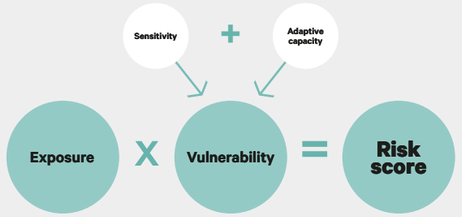
SMEs were then asked to consider, and, if necessary, adjust the rating for each material risk statement over the three time horizons (identified at page 10 for physical risks and page 11 for transition risks), in relation to each of the three warming-scenarios selected using the scoring methodology set out on the page opposite.

The application of materiality is grounded in our risk assessment processes, and incorporates both a qualitative and quantitative analysis, utilising the risk scoring methodologies which we set out on the page opposite.

4.1.1 Assessment of Physical Risks

Currently we determine a Physical Risks score annually for each material risk. The Physical Risks score is calculated on the basis of the exposure, sensitivity and adaptive capacity, with the latter two scores giving an overall vulnerability score. A score was determined for each risk under each of the three scenarios, informed by our internal risk consequence table and guided by climate hazard data provided for RCP 2.6, RCP 4.5[5] and RCP 8.5 at the future time horizons. Each of these elements was rated on a scale of 1 to 5 / Very low – Extreme. The resulting climate risk score was then used to prioritise the physical risks. The following diagram sets out the approach to calculating the physical climate risk score.

Figure 3: Assessment of physical climate risk



Appropriate method for rating chronic risks that increase in frequency and intensity over the long-term.

4.1.2 Assessment of Transition Risks

The key assumption of the Orderly Transition scenario is that the global objective of achieving emissions reductions in line with limiting global warming to no more 1.5°C has been achieved by taking early action to decarbonise.

Transition risks were identified against the backdrop of a NGFS Orderly Transition / IPCC AR6 SSP1-1.9 pathway. The rationale for testing against the Orderly scenario is that transition risks are assumed to be highest under this scenario, in terms of regulatory and policy frameworks, consumer preferences and expectations, and cost of capital.

We assessed transition risks using a time-to-impact urgency criteria, based on the UK's third climate risk assessment and New Zealand's National Climate Change Risk Assessment methods. We then applied a qualitative impact weighting to gauge materiality, using KMD Brands' risk consequence table and materiality thresholds. These thresholds consider factors like financial impact on EBIT, compliance with legal and regulatory standards, and effects on health, safety, and wellbeing.

The Transition Risk rating was then derived from a combined scoring of the urgency criteria with an impact rating of 1 to 5 / Very Low to Extreme to give an overall score.

4.2 Management of climate risks

The outputs of the FY25 climate risk assessment review workshops were analysed and considered in the context of our broader ERM framework, to allow us to prioritise the climate risks that require close monitoring and treatment over time. Using KMD Brands' risk methodology, we can distinguish between risks that are within our tolerance and require monitoring, and those that exceed our tolerance and require treatment.

Both climate and non-climate risks are prioritised in a consistent way under our existing ERM framework and ranked based on residual risk. Climate risks can exacerbate other non-climate risks on our risk register. For instance, our supply chain operations, retail store management, and product development could be impacted by climate-related risks.

Our approach to treatment and monitoring aligns with our strategic priorities. The treatment for climate risks may involve avoidance or mitigation if the aim is to reduce the likelihood, or we may treat a risk through adaptation if the aim is to reduce the impact by building resilience to withstand the risk.

We will continue to progress our capability in relation to how we record, report, monitor and manage these risks over future reporting periods. Our focus remains on systematically and pragmatically incorporating climate-related risks into the ERM framework to strengthen overall risk management. We currently plan to revisit the climate risk assessment on at least an annual basis.

5. For the physical risk rating exercise, SSP 2, RCP 4.5 degree scenario was used to allow for better comparison to provide a clear low, middle and high ground for emissions pathways.

5. METRICS AND TARGETS

5.1 Our GHG emissions inventory

Our Kathmandu brand has been measuring and building on the reporting of its GHG emissions for over a decade. Kathmandu first completed certification under the Toitū carbonreduce programme in 2017, with each Brand completing this certification on an annual basis since 2021. From 2022, we have measured and reported our GHG emissions at a Group level following the acquisition and integration of the Rip Curl and Oboz brands.

5.1.1 Emissions categories

We measure and monitor our total GHG emissions across Scope 1, 2 and 3 against a 2019 base year. Our Scope 1 emissions include direct emissions from sources within our operational control, such as fleet vehicles and gas heating. Scope 2 emissions include indirect emissions from the energy we purchase from electricity grids around the world. We disclose Scope 2 emissions calculated using both the location-based and market-based methods in our emissions reporting.

The substantial majority of our GHG emissions resides in the Scope 3 categories, representing our supply chain and the raw material processing, manufacture and transportation of our products. For FY25, we are relying on Adoption Provision 4: Scope 3 GHG emissions (NZ CS 2) and have disclosed data relating to our Scope 3 emissions profile at an aggregate level, rather than by Scope 3 category. We are also relying on Adoption Provision 8: Scope 3 GHG emissions assurance (NZ CS 2), which excludes Scope 3 from the scope of the assurance engagement.

5.1.2 Accounting and verification

We measure and report our GHG emissions in tonnes of carbon dioxide equivalent (**tCO_2e**), the standard unit of measurement to compare and account for various GHGs based on their global warming potential (**GWP**).

We calculate, report and seek third-party verification of our emissions inventory annually, in line with the KMD Brands financial year (1 August – 31 July) using the operational control consolidation approach, accounting for the direct (Scope 1) and indirect (Scope 2) GHG emissions of the business activities for which we have operational control, as well as the indirect (Scope 3) GHG emissions associated with our organisation's activities. Refer to page 100 of our FY25 Annual Integrated Report for more information.

In FY25, assurance of our Scope 1 and Scope 2 emissions has been completed by our external auditor, KPMG. Scope 1 and Scope 2 emissions have been subject to a limited assurance engagement. Refer to Appendix 3 for the independent assurance report for FY25. KPMG performed assurance readiness procedures to determine whether the preconditions for assurance as required by the relevant standards were met over Scope 3 emissions. These procedures do not constitute an assurance engagement. No assurance was obtained over Scope 3 emissions in reliance on Adoption Provision 8 and the FMA's Scope 3 Assurance Exemption Notice.

5.1.3 Reporting boundary

Our GHG inventory includes all direct emissions from activities within the operational boundaries of KMD Brands, including all owned and operated subsidiaries, offices, stores and operated distribution centres and the indirect emissions associated with our organisation's activities.

Our GHG inventory is prepared in accordance with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard, and our reporting boundary includes all relevant emissions sources categorised by the Greenhouse Gas Protocol's Corporate Standard and Corporate Value Chain (Scope 3) Standard. We measure and report (at an aggregated level) emissions data in our Scope 3 reporting boundary across each of the following GHG Protocol Scope 3 categories:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel and energy related activities
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 9: Downstream transportation and distribution
- Category 11: Use of sold products
- Category 12: End-of-life treatment of sold products
- Category 14: Franchises
- Category 15: Investments

We exclude the following GHG Protocol Scope 3 Categories from our GHG inventory as these activities are not relevant to our organisation's activities and therefore we have no measured emissions in these categories:

- Category 8: Upstream leased assets
- Category 10: Processing of sold products
- Category 13: Downstream leased assets

(**Scope 3 Reporting Boundary**).

For our approved Scope 3 Science Based Target outlined at paragraph 5.2.2, categories 2, 6, 7, 9 and 14 are excluded (**Scope 3 SBTi Target Boundary**).

See Table 8 in Appendix 1 for a description of key methodologies, assumptions, emissions factors and exclusions applied when calculating our GHG emissions.

5.1.4 Methods and uncertainty

Our GHG inventory is calculated using Toitū Envirocare's emissions calculation and reporting software platform 'emanage'. Emissions factors are sourced from a range of public and proprietary sources including, but not limited to:

- New Zealand Ministry for the Environment (MfE, 2025)
- UK Department for Business, Energy & Industrial Strategy (BEIS, 2024)
- Australian Department of Climate Change, Energy, the Environment and Water (DCCEEW, 2024)
- UK Department for Energy Security and Net Zero (DESNZ, 2024 & 2025)
- Climate Transparency Report (CT, 2022)
- Ember (2025); Energy Institute – Statistical Review of World Energy (2025) – with major processing by Our World in Data
- International Energy Agency (IEA, 2024)
- U.S. Environmental Protection Agency (USEPA, 2025)

Emissions factors from these sources are selected when calculating our GHG inventory, prioritising relevance and endorsed data sets where available. When using emissions factors, we assume the selected factors are representative of the activity we are measuring based on available information. We apply these factors to relevant activity data, such as litres of fuel consumed, or kWh of electricity consumed. Activity data for Scope 1 is sourced from fuel card and internal financial reports, and activity data for Scope 2, from electricity meters and bills. Where primary data is not available, estimates are used based on similar activities in our own operations or industry average figures. Refer to Table 8 in Appendix 1 for a full description of key assumptions, methodology and levels of certainty in the calculations of our GHG emissions.

When calculating Scope 3 emissions there is an inherent level of uncertainty that can be a result of incomplete or estimated activity data, and the limitations of some emissions factors. Our emissions are calculated using actual or estimated data that best represent the direct and indirect activities of our operations and value chain, such as electricity or fuel consumed. This activity data is then multiplied by emissions factors that best represent the emissions impact of the relevant activity in tCO_2e. When using emissions factors, we assume the selected factors are representative of the activity we are measuring based on available information.

As science continuously evolves, access to data improves and best practice methodologies emerge, there are limitations when selecting and applying emissions factors that could result in significant differences in our reporting. Best efforts are made to select the most representative emissions factors, prioritising primary data sources, endorsed data sets such as government produced reports and industry average databases wherever these are available.

To accurately track progress towards our GHG reduction targets over time, we will sometimes need to adjust our base year emissions inventory to account for significant changes to our business, methodological changes, the discovery of significant errors, and general improvements in reporting and data. Our recalculation policy is a 5% increase or decrease in total emissions due to changes and improvements in reporting practices. We may also choose to recalculate our baseline for changes less than 5%, particularly if structural changes to the business occur. During FY25, our base year data has remained unchanged; however, our FY24 Scope 3 total has been restated this year due to the discovery of a calculation error. This has decreased our total Scope 3 emissions in FY24 by 2.3%. Although this falls below our recalculation threshold, we have chosen to recalculate for accuracy and transparency.

As reporting regulations continue to evolve, our processes for identifying, measuring, and recording GHG information are still under development, as are the internal controls that support these processes. We recognise that there are currently limitations in both the methodologies and controls applied, and that further improvements are needed to enhance the reliability and robustness of our GHG emissions data and reporting. We remain committed to ongoing refinement as best practice methodologies and expectations continue to advance.

See Table 8 in Appendix 1 for a description of key methodologies, assumptions, emissions factors and exclusions applied when calculating our GHG emissions.

5.2 Our targets and performance

5.2.1 Scope 1 and 2 emissions

In April 2023, we received formal validation from Science Based Targets initiative (SBTi) confirming that our carbon reduction targets met SBTi's internationally recognised criteria. By 2030, KMD Brands commits to reduce absolute Scope 1 and 2 emissions by at least 47% from our FY19 base year. This target has been validated under the SBTi Criteria V5.0 for near-term targets. The SBTi classifies targets against the long-term temperature pathways of global emissions falling well-below 2°C and 1.5°C. The SBTi's Target Validation Team classified our Scope 1 and 2 target ambition as being in line with a 1.5°C trajectory. Carbon offsets are not relied upon and do not contribute towards meeting this emissions reduction target.

In FY25, KMD Brands' total Scope 1 and 2 emissions (location-based) were 9,177 tonnes of carbon representing a 27% decrease in our 2019 base year on an absolute basis. Our combined Scope 1 and 2 emissions increased by 4% in FY25 over our prior year.

Reported Scope 1 emissions remained steady in FY25 compared to FY24, decreasing by just 1%. Scope 1 emissions have reduced by 21% compared to our 2019 base year. This change is substantially due to reduced travel since 2020's COVID-19 restrictions, more fuel-efficient hybrid vehicles in the fleet and improved access to primary data.

TARGET

Reduce absolute Scope 1 and 2 emissions by a minimum of

47%

by 31 July 2030, from a FY19 base year

FY24 PERFORMANCE

27%

decrease in Scope 1 and 2 emissions compared to FY19 base year and 4% decrease compared to FY24

Scope 2 location-based emissions increased slightly by 4% in FY25 over FY24 primarily due to growth in our store network and better-quality data from our energy monitoring system. However, this increase was moderated by our ongoing programme of solar installations at strategic locations. While overall, our Scope 2 emissions (location-based method) represent a 27% decrease on our base year, this is in large part due to the 'greening' of electricity grids across Australia, rather than individual actions by KMD Brands. Continued progress in reducing our Scope 2 emissions relies heavily on the Australian energy grid's ongoing shift towards renewable energy sources. Additionally, we must balance our investments in solar installations with our profitability, which may influence the speed at which we work towards our reduction targets.

Our FY25 gross direct Scope 1 & 2 emissions are set out in Table 5, on page 19.

5.2.2 Scope 3 emissions

We measured our full value chain emissions sources as defined by the categories in the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Our Scope 3 science-based target (over a subset of our Scope 3 emissions) was approved by SBTi in 2023. KMD Brands commits to reduce absolute Scope 3 emissions by a minimum of 28% by 31 July 2030 from a FY19 base year[6] (**Scope 3 SBTi Target**). The SBTi's Target Validation Team classified our Scope 3 target ambition as being in line with a well-below 2°C trajectory. Carbon offsets are not relied upon and do not contribute towards meeting this emissions reduction target.

Our Scope 3 SBTi Target includes the following GHG Protocol categories: 1 (purchased goods and services), 3 (fuel and energy related activities), 4 (upstream transportation and distribution), 5 (waste generated in operations), 11 (use of sold products), 12 (end-of-life treatment of sold products), and 15 (investments). It excludes the following categories: 2 (capital goods), 6 (business travel), 7 (employee commuting), 8 (upstream leased assets), 9 (downstream transportation and distribution), 10 (processing of sold products), 13 (downstream leased assets), and 14 (franchises). Our Scope 3 SBTi Target includes the substantial indirect emissions in our supply chain where we have less control. Our Scope 3 SBTi Target Boundary represents over 80% of our total Scope 3 emissions reporting boundary in FY19, aligned with SBTi's criteria for Scope 3 targets. This selection of emissions sources was included in our Scope 3 target due to the materiality of these categories and our ability to influence reductions. Achieving our Scope 3 SBTi Targets is challenging due to our complex global supply chain. While we can influence many aspects of our Scope 3 footprint, we do not have direct control over many of its constituent elements. Progressing towards our Scope 3 SBTi Target requires collaboration with our suppliers across our entire supply chain as we are significantly dependent on, and have a focus on supporting, our suppliers to transition away from the use of coal and to adopt renewable energy sources in the manufacturing process. It is also dependent on the availability of, and access to, affordable renewable energy sources in the key sourcing countries in our supply chain.

Table 8 in Appendix 1 sets out a full description of key assumptions and levels of certainty in the calculations of our GHG emissions.

For FY25, we are relying on Adoption Provision 4: Scope 3 GHG emissions (NZ CS 2) and have disclosed data at an aggregate level of our Scope 3 emissions profile and performance for FY25 to our Scope 3 SBTi Target.

During the reporting period, we have seen reductions in the Scope 3 indirect emissions of our value chain, such as those relating to capital goods, upstream freight, waste and end-of-life treatment of sold products when compared with FY24 and our base year of FY19. These reductions are primarily due to reductions in freight-related emissions, supported by a focus on packing efficiencies, prioritising sea freight over air, and inventory optimisation. However, our emissions reduction from end-of-life treatment of sold products in FY25 was primarily attributable to reduced inventory order volume amidst the current trading environment. We anticipate that these emissions will increase again in the short-term when trading conditions improve.

Our Scope 3 SBTi Target contains a number of risks, assumptions and dependencies that may impact our ability to reach the Target. The most significant category of our Scope 3 emissions (Category 1: Purchased goods and services) incorporates third-party emissions from the production of goods in our supply chain, including the raw material processing and manufacture of the products that carry our branding. The access to, and quality of, data contributing to our emissions calculations in this category in particular is a difficult area to measure and track. In particular, data in Category 1 is currently calculated using a "spend-based" method, utilising data from the cost of purchasing goods and services, multiplied by an emissions factor based on industry averages. However, the activity data and emissions factor used may not be an accurate representation of the actual emissions footprint of individual product composition. We expect we will need to make further adjustments to our reported emissions profile particularly in this Category as our access to higher quality and better representative data and emissions factors improves and new methodologies develop. This may impact our ability to reach our current Scope 3 SBTi Target.

We are focussed on improving our access to Scope 3 data for significant emissions sources, including as discussed above, for Category 1: Purchased Goods & Services. During FY25 we have made further progress on improving our access to better quality representative data by adopting Worldly's Product Impact Calculator (**PIC**). This tool provides us with detailed, product-by-product emissions data using real information from the factories we use. The PIC evaluates the environmental impacts associated with all stages of a product's life cycle, including raw material extraction, production impact using verified factory GHG emissions, product use and ultimately disposal. This tool 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. We have started to integrate the PIC within our systems, with the emissions output from the tool expected to eventually replace the majority of the spend-based data that is currently used for calculating Scope 3 Category 1 emissions.

During FY25, 41% of our tier 1 and 48% of our traced tier 2 factory partners, a total of 136 assessments, completed verified environmental assessments using Worldly's Higg Facility Environmental Module (**FEM**). The FEM helps our manufacturing facilities measure and improve their environmental performance. The module measures environmental management systems, energy use and GHG emissions, water use, wastewater, air emissions, waste and chemical management. Each of the impact areas is scored and contributes equally to the total FEM score, where a higher score indicates higher performance. The average score increased by 21% from the previous year and was 25% above the platform's benchmark score. 72% of these facilities have an implementation plan to improve energy use and/or GHG emissions, and 69% have reduced energy use compared to their baseline. We will continue to discuss how we best support these facilities to improve their energy use performance which now directly feeds into our product data using the PIC tool.

6. As set out at section 5.1.3 above, our Scope 3 SBTi Target Boundary includes the following GHG Protocol categories: 1 (purchased goods and services), 3 (fuel and energy related activities), 4 (upstream transportation and distribution), 5 (waste generated in operations), 11 (use of sold products), 12 (end of life treatment of sold products), and 15 (investments).

5.2.3 Emissions inventory

The table below summarises our operational GHG emissions data for the reporting period 1 August 2024 to 31 July 2025 with comparisons to our prior year and base year data from FY19.

Table 5: KMD Brands GHG emissions inventory

Category	FY19 Base year emissions (tCO_2e)[7]	FY24 emissions (tCO_2e)[8]	FY25 emissions (tCO_2e)[9]	% change from base year	% change FY25 vs FY24
Scope 1	653	518	514	-21%	-1%
Scope 2					
Scope 2 (location-based)	11,934	8,341	8,663	-27%	+4%
Scope 2 (market-based)	10,474	10,231	10,568	+1%	+3%
SUBTOTAL: Scope 1 and 2 (location-based)	12,587	8,859	9,177	-27%	+4%
Scope 3: Reporting Boundary[10]	210,473	168,622	171,174	-19%	+2%
Scope 3: SBTi Target Boundary[11]	192,895	151,333	151,374	-22%	0%
Emissions intensity ratio (tCO_2e / $million of Revenue)[12]	Not reported	181	182	N/A	+1%

7. Our FY19 base year is partially verified including GHG Protocol Scopes 1, 2 & 3. The base year is estimated from a Scope 3 screening and inventories for Kathmandu, Rip Curl and Oboz from FY19, FY20 & FY21 respectively.
8. During FY25, data for FY24 Scope 3 Category 4 has been restated due to the discovery of a calculation and methodology error.
9. In FY25, KPMG was engaged to carry out a limited assurance review of our Scope 1 & 2 emissions. KPMG performed assurance readiness procedures to determine whether the preconditions for assurance as required by the relevant standards were met over Scope 3 emissions. These procedures do not constitute an assurance engagement. No assurance was obtained over FY25 Scope 3 emissions in reliance on Adoption Provision 8.
10. Refer to paragraph 5.1.3 for information on our Scope 3 Reporting Boundary.
11. Our Scope 3 SBTi Target Boundary includes the following GHG Protocol categories: 1 (purchased goods and services), 3 (fuel and energy related activities), 4 (upstream transportation and distribution), 5 (waste generated in operations), 11 (use of sold products), 12 (end of life treatment of sold products), and 15 (investments).
12. GHG emissions intensity has been calculated using Scope 1, Scope 2 (location-based) and total measured Scope 3 emissions. Our FY24 emissions intensity ratio has been restated due to the restatement of our FY24 Scope 3 total.

5.3 Other metrics

5.3.1 Potential vulnerability to physical and transition risks and alignment to opportunities

We have chosen to report on potential exposure to physical and transition risks as the relevant metric for assessment of vulnerability, as this represents the best available data and analysis for the current reporting period. During FY25, assisted by Deloitte, we expanded our Geographic Information System (GIS)[13] analysis to consider the impacts by key geographic region of three climate hazards, being extreme heat, extreme rainfall and storm surge, on key retail store, warehouse and owned manufacturing locations from our asset registers (**Asset Locations**). Table 6 shows, by geographic region, the percentage of KMD Brands' business assets that could be potentially exposed to the physical climate risks arising from these climate hazards under the Hot House World scenario at the long-term time horizon considered in our climate risk assessment.[14] Of these Asset Locations, only our wetsuit factory in Thailand is an owned asset; the rest of the Asset Locations are leased. This analysis relates to potential exposure of assets to these climate hazards rather than their vulnerability, which is mitigated by the ability to adapt our leasing portfolio to more climate-resilient locations with the average lease term being less than five years.

We consider our exposure to the transition risks identified through our climate risk assessment process to be immaterial at this stage, as was our assessment in FY24. We have assessed the highest rated transition risks identified, being changes in consumer preference for sustainable product, investment required for transition capabilities and investor sentiment due to failure to meet expectations in relation to sustainability practices and goals, against the internal risk consequence table contained in our ERM Framework.

We are not currently seeing impacts from these transition risks and our assessment is that none of our business activities are presently vulnerable to these risks. We consider that these risks are being actively managed and mitigated through initiatives governed by our Group ESG Strategy, as outlined at section 3.3, Transition Planning, above.

Further, we consider that all (100%) of our brands are aligned with the key transition opportunity identified to build a strong customer value proposition and expand market presence through demonstration of sustainable business practices (as was our assessment in FY24). For each of our brands, this is an area of focus, and part of the underlying business strategy and priorities.

We are also actively taking steps to align our operations with the opportunity identified for early investment in solar energy across key operating sites. We currently have solar systems operating at a total of 22 sites, including our head office and flagship store in Torquay, distribution centre in Melbourne, our wetsuit manufacturing facility in Thailand, and our head office in Bozeman. With solar installed at 19 of our retail stores across Australia, this constitutes 9% of our Australian operated store network with onsite solar systems in place.

As we progress on our journey towards climate change maturity, our comprehension of how climate-related risks could have an effect on our business will continue to evolve. This will enable us to further refine our mitigation strategies and provide more precise reporting on the degree of vulnerability or alignment in future disclosures.

Table 6: % of assets (as a proportion of the value of total assets across the Group) potentially exposed to increasing number of hot days, precipitation-related risks and storm surge related risks under 3°C+ scenario at 2050[15]

Climate hazard	Americas	Australasia	Europe	South East Asia
% of assets potentially exposed to an increasing number of hot days[16]	6%	7%	2%	4%
% of assets potentially exposed to precipitation-related risks[17]	0%	3%	1%	0%
% of assets potentially exposed to storm surge related risks[18]	4%	29%	2%	2%

5.3.2 Capital deployment

During FY25, we have deployed capital expenditure or investment towards the following climate-related risks and opportunities:

Table 7: Capital expenditure or investment deployed towards climate-related risks and opportunities during the reporting period

Description	Initiative	FY24 spend (NZD)	FY25 spend (NZD)
Installation, maintenance and repair of solar energy systems	New installations, maintenance of existing systems	$98,553 (investment)	Due to economic and trading conditions, planned new solar energy system installations were put on hold during FY25
Investment in circular business models	Kathmandu REDU, Upparel and ImpacTex recycling programmes NZ soft plastic recycling scheme Rip Curl Wetsuit recycling	$291,327 (expenditure)	$237,685 (expenditure)
Lighting upgrades	Installation of energy-efficient, LED lighting in store builds or refit	$205,770 (investment)	$50,000 (investment)
Investment in product emissions reporting tool	Product lifecycle assessment tools	$54,000 (expenditure)	$52,000 (expenditure)

We do not currently use an internal price on carbon.

5.3.3 Remuneration

All employees have ESG responsibilities included in their job descriptions and have an ESG-related objective as part of annual goal setting and performance evaluation processes.

Executives and certain senior management roles are eligible to participate in a Short-term incentive (**STI**) scheme that delivers rewards by way of cash and/or deferred equity. The amount of any STI paid in a year, after first achieving a minimum Group Earnings Before Interest and Tax threshold, is linked to the individual's overall performance assessment, including achievement against their annual goals or key performance indicators (**KPIs**). STI outcomes for the executive team are aligned with the Group's strategic objectives, with each member of the executive team, including the Group CEO, having individual KPIs linked back to strategic focus areas. These KPIs are specific to each executive's role and responsibilities and include KPIs linked to climate-related risks and opportunities. In FY25, the potential STI incentive for executive management ranged between 30% and 75% (30% and 60% in FY24) of an individual's fixed annual remuneration, with a potential of up to 90% (90% in FY24) for the Group CEO. Any STI award is allocated in proportion to the KPIs achieved during the financial year, with only part of any STI award representing KPIs linked to climate-related risks and opportunities, and payment of any STI award is subject to achievement of the financial performance hurdle.

13. GIS analysis was undertaken using the NEX-GDDP-CMIP6 dataset, which is comprised of global downscaled climate scenarios derived from the General Circulation Model (GCM) runs performed under the Coupled Model Intercomparison Project Phase 6 (CMIP6), that inform the greenhouse gas emissions scenarios known as the Shared Socioeconomic Pathways (SSPs).
14. Note that for FY25, KMD Brands is disclosing vulnerability values per business asset location (rather than on a subsidiary basis as in FY24), therefore comparative metrics for FY23 and FY24 are unavailable for this dataset.
15. SSP3-7.0 scenario at 2050.
16. Assets and operations located in areas potentially presenting high temperature-related risks, based on the 3°C+ scenario at 2050.
17. Assets and operations potentially exposed to precipitation-related risks (fluvial and pluvial flooding) based on 3°C+ scenario at 2050.
18. Assets and operations potentially exposed to storm surge related inundation, based on the number of assets exposed to a 1 in 100 year storm surge event at 2050, under a 3°C+ scenario. Storm surge is a new metric for FY25.

6. APPENDICES

Appendix 1: GHG emissions sources

Table 8: GHG emissions sources, methods, assumptions, exclusions and uncertainty

GHG protocol scope & category	Activity measured	Emissions factor source		Methodology, key assumptions, exclusions and uncertainty (qualitative)
Scope 1 **Direct emissions sources.**	Direct emissions from mobile combustion of fuel used in company-owned vehicles. Direct emissions from stationary combustion of fuels used to produce heat, steam and/or electricity.	DCCEEW (2024) MfE (2025) USEPA (2025) DESNZ (2024) DESNZ (2025) Toitū		Activity data is sourced from our fleet management portal, internal financial reporting and supplier invoices. Average-data method: the unit of fuel consumed multiplied by relevant fuel emission factor (petrol, diesel, LPG and natural gas). Excludes sites for which stationary combustion is not yet verified. Excludes fugitive emissions from air-conditioning systems across our sites, as these are deemed de minimis (less than 1% of total emissions). High certainty in activity data and emissions factor sources.
Scope 2 (location-based method) **Purchased electricity.**	Indirect, location-based emissions from imported electricity for owned and operated sites.	DCCEEW (2024) MfE (2025) IEA (2024) USEPA (2025) TMOE (2024) TMOE (2025)	CT (2022) AIB (2024) BEIS (2024) DESNZ (2025)	Activity data is sourced from supplier invoices and our third-party energy monitoring system. Average-data method: kWh consumed multiplied by local electricity emissions factor. Assumes utility provider reporting is accurate. High certainty in activity data and emissions factor sources.
Scope 2 (market-based method) **Purchased electricity.**	Indirect, market-based emissions from imported electricity for owned and operated sites.	DCCEEW (2024) NZECS BraveTrace (2025) IEA (2024) Green-e TMOE (2024) TMOE (2025)	CT (2022) AIB (2024) AIB (2025) USEPA (2025)	Activity data is sourced from supplier invoices and our third-party energy monitoring system. Average-data method: kWh electricity consumed multiplied by market or residual-mix factor. Market and residual-mix factors are unavailable in some territories where we operate; assumes the location-based method is a representative proxy. High certainty in activity data. Medium certainty in emissions factor sources.
Scope 3 Category 1 **Purchased goods and services.**	Indirect emissions from the upstream cradle-to-gate processes for the production and delivery of purchased goods and services to our organisation.	DESNZ (2024) DESNZ (2025)		Activity data is sourced from internal financial reporting (ERP). Spend-based screening method: $NZD spent on purchased goods and services multiplied by relevant DESNZ emissions factor for GL code. Assumes all upstream raw materials, processing, assembly and transportation between manufacturing stages (cradle-to-gate) is in scope of selected emissions factor. Assumes emissions from the manufacturing of all purchased inventory are equivalent to apparel manufacturing. Low certainty in activity data and emissions factor sources.
Scope 3 Category 2 **Capital goods.**	Indirect emissions from the upstream cradle-to-gate processes for the production and delivery of capital goods to our organisation.	DESNZ (2024)		Activity data is sourced from internal financial reporting (ERP). Spend-based screening method: $NZD spent on Capital goods multiplied by relevant DESNZ emissions factor for GL code. Assumes all upstream raw materials, processing, assembly and transportation between manufacturing stages (cradle-to-gate) is in scope of selected emissions factor. Low certainty in activity data and emissions factor sources.

GHG protocol scope & category	Activity measured	Emissions factor source	Methodology, key assumptions, exclusions and uncertainty (qualitative)
Scope 3 Category 3 Fuel and energy related activities.	Indirect emissions from the transmission and distribution losses that occur in electricity grids that we purchase electricity from.	DCCEEW (2024) MfE (2025) IEA (2024) USEPA (2025) DESNZ (2024) DESNZ (2025) CT (2022) AIB (2024)	Activity data is sourced from supplier invoices and our third-party energy monitoring system. Average-data method: kWh consumed multiplied by relevant electricity emissions factor for transmission and distribution losses in the applicable territory. Assumes utility provider reporting is accurate. Excludes the indirect lifecycle emissions associated with the extraction, production and transport of the fuels used by the company and generation of electricity purchased by the company. Deemed de minimis (less than 1% of total emissions). High certainty in activity data. Medium certainty in emissions factor sources.
Scope 3 Category 4 Upstream transportation and distribution.	Indirect emissions from the transportation and distribution of our purchased inventory from the port of origin to the point of receipt, such as a distribution centre or store.	DESNZ (2024) DESNZ (2025) MfE (2025)	Activity data is sourced from internal supply-chain reporting, supplier provided impact reporting and estimates of average distances travelled between port of origin and receipt, as well as between distribution centres and end customers. Average-data method: tonnes per estimated kilometre travelled multiplied by emission factor for relevant mode (air, sea or road). Assumes the cradle-to-gate transportation of materials and components during manufacturing, prior to us taking ownership of finished goods, is accounted for in Scope 3 Category 1 and 2. Medium certainty in activity data. Low certainty in emissions factor sources.
Scope 3 Category 5 Waste generated in operations.	Indirect emissions from waste generated at operated sites.	Turner et al. (2015) DESNZ (2024) DESNZ (2025) DCCEEW (2024) MfE (2025)	Activity data is sourced from supplier provided waste management reporting. Average-data method: Mass disposed by waste stream (landfill, comingled and mixed plastics recycling, paper and cardboard recycling, soft plastics recycling, glass recycling, aluminium recycling and neoprene recycling) multiplied by emission factor for relevant waste type. Assumes primary data from waste management providers is accurate and can be used as a representative proxy for operational waste where primary data is unavailable. Assumes mixed plastic recycling is a suitable emissions factor for neoprene recycling. Low certainty in activity data and emissions factor sources.
Scope 3 Category 6 Business travel.	Indirect emissions from business related air and road travel.	MfE (2025) Toitū DESNZ (2025) DESNZ (2024) DCCEEW (2024)	Activity data is sourced from corporate travel agency and internal financial reporting. Average-data method: distance travelled by class (economy, premium economy, business or first class) or mode (taxi, rental vehicle, Uber or Uber Green) multiplied by relevant emissions factor. Assumes reporting from corporate travel agency is accurate. Medium certainty in activity data and emissions factor sources.
Scope 3 Category 7 Employee commuting.	Indirect emissions from employees commuting to their place of work.	MfE (2025)	Activity data is sourced from an estimated average commute derived from Statistics New Zealand and applied to the number of full-time employees globally. Average-data screening method: estimated distance travelled and emissions factor for a medium sized petrol vehicle. Assumes Auckland statistics are representative of global locations and four weeks annual leave is taken. Assumes New Zealand MfE factors are representative of global road vehicles. Excludes casual employees and time worked from home. Deemed de minimis (less than 1% of total emissions). Low certainty in activity data and emissions factor sources.

GHG protocol scope & category	Activity measured	Emissions factor source	Methodology, key assumptions, exclusions and uncertainty (qualitative)
Scope 3 Category 9 Downstream transportation and distribution.	Indirect emissions from purchased electricity for third-party operated sites owned and operated by our wholesale customers.	DESNZ (2024) DESNZ (2025)	Activity data is sourced from internal financial reporting, supplier invoices and our third-party energy monitoring system. Average-data method: 5% of the average annual kWh consumption at Kathmandu and Rip Curl operated stores multiplied by local electricity emissions factor. Assumes the impact of wholesale customers operating a retail store is similar to the impact of our own retail operations. This impact is allocated at 5%, based off utilisation rates in our own operations and the estimated space occupied by the goods of other brands that these retailers stock. Low certainty in activity data and emissions factor sources.
Scope 3 Category 11 Use of sold products.	Indirect emissions from customer use of sold products that directly consume electricity or contain fuel.	MfE (2025) DCCEEW (2024) DESNZ (2025)	Activity data is sourced from internal financial reporting. Average-data method: estimated lifetime consumption of electricity of sold electrical products multiplied by local electricity emissions factor. Average-data method: combustion of cooking fuel from sold gas products multiplied by relevant fuel emission factor (Propane, Butane and Isobutane). For electrical products, we assume customers follow user instructions and use sold products in the country of purchase for approximately four years. Indirect use phase emissions, such as the laundering and care of sold products, are excluded. For gas products we assume customers combust the entire contents of the product. Medium certainty in activity data. Medium certainty in emissions factor sources.
Scope 3 Category 12 End-of-life treatment of sold products.	Indirect emissions of end-of-life treatment of sold products.	BEIS (2025)	Activity data is sourced from internal financial reporting. Average-data method: average mass of sold products in reporting year multiplied by emissions factor for textiles in landfill. Assumes all product is destined for landfill eventually and has an equal impact to textiles in landfill. Medium certainty in activity data. Low certainty in emissions factor sources.
Scope 3 Category 14 Franchises.	Indirect Scope 2 emissions from purchased electricity for third-party operated sites owned and operated by licensees under the Rip Curl name.	Ember (2025), Energy Institute - Statistical Review of World Energy (2025) – with major processing by Our World in Data	Activity data is sourced from internal financial reporting, supplier invoices and our third-party energy monitoring system. Average-data method: average annual kWh consumed at operated Rip Curl stores multiplied by local electricity emissions factor. Assumes utility provider reporting is accurate and licensed stores have a similar impact to our operated stores. Low certainty in activity data and emissions factor sources.
Scope 3 Category 15 Investments.	Indirect emissions from our joint-venture Rip Curl Thailand.	n/a - no specific emission factor is used for this source	Activity data is sourced from internal financial reporting. Average-data screening method: $m revenue from Rip Curl Thailand multiplied by emissions intensity (tCO_2e/$ m) of Rip Curl Group operations / 50% ownership. Assumes Rip Curl Thailand has a similar emissions intensity to sites operated across the Rip Curl Group. Low certainty in activity data and emissions factor sources.

Appendix 2: Glossary

Term	Definition
AIB (2024)	European Residual Mixes. Association of Issuing Bodies. Brussels, Belgium. IPCC Sixth Assessment Report (AR6)
ARC	Audit and Risk Committee of the Board
Asset Locations	Retail store, warehouse and owned manufacturing locations from KMD Brands asset registers
B Corp	B Corporation or Benefit Corporation
BEIS (2024)	UK Department for Business, Energy and Industrial Strategy. Government greenhouse gas conversion factors for company reporting. London, United Kingdom. IPCC Fifth Assessment Report (AR5)
BraveTrace (2025)	BraveTrace. Annual Production Year Report: Including Residual Supply Mix (RSM) for New Zealand. Auckland, New Zealand.
CRD	Climate-related disclosure
CT (2022)	Carbon Transparency Climate Transparency Report 2022. IPCC Fifth Assessment Report (AR5)
DESNZ (2024)	UK Department for Business, Energy and Industrial Strategy. Government greenhouse gas conversion factors for company reporting. London, United Kingdom. IPCC Fifth Assessment Report (AR5)
DESNZ (2025)	UK Department for Business, Energy and Industrial Strategy. Government greenhouse gas conversion factors for company reporting. London, United Kingdom. IPCC Fifth Assessment Report (AR5)
ERM	Enterprise Risk Management framework
ESG	Environmental, Social and Governance
ELT	Executive Leadership Team
FEM	Higg Facility Environmental Module
GHG	Greenhouse gas emissions
Green-e	Green-e® certification program. Green-e® is a program of the nonprofit Center for Resource Solutions, based in San Francisco, USA.
IEA (2024)	International Energy Agency. IEA Emission factors. Paris, France. IPCC Fifth Assessment Report (AR5)
IPCC	Intergovernmental Panel on Climate Change
KMD Brands or the Group	KMD Brands Limited and its subsidiaries
MfE (2025)	New Zealand Ministry for the Environment. MfE Guidance for Voluntary Greenhouse Gas Reporting. Wellington, New Zealand. IPCC Fifth Assessment Report (AR5)
NGFS	Network for Greening the Financial System
NIWA	National Institute of Water and Atmospheric Research
NZ CS	Aotearoa New Zealand Climate Standards 1, 2 and 3
NZECS	New Zealand Energy Certificate System. Administered and developed by Certified Energy, New Zealand.
NZ SAE 1	New Zealand Standard on Assurance Engagements 1 – Assurance Engagements over Greenhouse Gas Emissions Disclosures
PIC	Product Impact Calculator
RCP	Representative Concentration Pathway for Emissions
Retail Sector Scenario Analysis	"Integrated Climate Change Scenarios for New Zealand's Retail Sector" published by KPMG August 2023
SBTi	Science Based Targets initiative
Scope 3 SBTi Target	KMD Brands approved Scope 3 SBTi target
SME	KMD Brands subject matter experts
SSP	Shared socio-economic pathway
STI	Short term incentive plan
tCO2e	Tonne of carbon dioxide equivalent
TMOE (2025)	Thailand Ministry of Energy. Energy Statistics, CO2 Statistic. Emissions Dashboard. Energy Policy and Planning Office, Ministry of Energy, Royal Thai Government. IPCC Fourth Assessment Report (AR4)
Turner et al. (2015)	Greenhouse gas emission factors for recycling of source-segregated waste materials. Resources, Conservation and Recycling. 2015, Pages 186-197. IPCC Fourth Assessment Report (AR4)
USEPA (2025)	U.S. Environmental Protection Agency. Emission Factors for Greenhouse Gas Inventories. Washington, DC, USA. IPCC Fifth Assessment Report (AR5)

Appendix 3: Independent Limited Assurance Report

KPMG

Independent Limited Assurance Report to KMD Brands Limited

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that, in all material respects, the scope 1 and 2 gross greenhouse gas emissions, additional required disclosures of scope 1 and 2 gross greenhouse gas emissions and scope 1 and 2 gross greenhouse gas emissions methods, assumptions and estimation uncertainty disclosures included in the Climate Related Disclosures (**GHG disclosures**) are not fairly presented and prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (**the criteria**) for the period 1 August 2024 to 31 July 2025.

Information subject to assurance

We have performed an engagement to provide limited assurance in relation to KMD Brands Limited's GHG disclosures for the period 1 August 2024 to 31 July 2025.

Below are the locations of the GHG disclosures subject to assurance:

NZ CS 1-3 requirement	Climate Related Disclosure reference	Page
NZ CS 1 22 (a)	Section 5.2.3, Table 5 (Scope 1 and Scope 2 emissions)	19
NZ CS 1 24 (a)	Section 5.1.3 (Scope 1 and Scope 2 emissions)	17
NZ CS 1 24 (b)	Section 5.1.3 (Scope 1 and Scope 2 emissions)	17
NZ CS 1 24 (c)	Appendix 1 (Scope 1 and Scope 2 sources)	21 to 23
NZ CS 1 24 (d)	Appendix 1 (Scope 1 and Scope 2 sources)	21 to 23
NZ CS 3 52	Appendix 1 (Scope 1 and Scope 2 sources)	21 to 23
NZ CS 3 53	Appendix 1 (Scope 1 and Scope 2 sources)	21 to 23

Our conclusion on the GHG disclosures does not extend to any other information included, or referred to, in the Climate Related Disclosures or other information that accompanies or contains the Climate Related Disclosures and our assurance report, including but not limited to Scope 3 emissions and related methods, assumptions and estimation uncertainty disclosures and emissions intensity ratio (**other information**).

Criteria

The criteria used as the basis of reporting include the NZ CSs. As disclosed on page 17 of the Climate Related Disclosures, the greenhouse gas emissions have been measured in accordance with the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition); and

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- Additionally, scope 2 emissions have been measured in accordance with The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard.

As a result, this report may not be suitable for another purpose.

Standards we followed

We conducted our limited assurance engagement in accordance with New Zealand Standard on Assurance Engagements 1 (**NZ SAE 1**) Assurance Engagements over Greenhouse Gas Emissions Disclosures and International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements (**ISAE (NZ) 3410**) issued by the New Zealand Auditing and Assurance Standards Board (**Standard**). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our responsibilities under the Standard are further described in the 'Our responsibility' section of our report.

Other Matter – Prior year comparatives not assured

The GHG disclosures for the period 1 August 2023 to 31 July 2024 and base year period 1 August 2018 to 31 July 2019 were not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information.

Our conclusion is not modified in respect of this matter.

How to interpret limited assurance and material misstatement

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Misstatements, including omissions, within the GHG disclosures are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the GHG disclosures.

Use of this assurance report

Our report is made solely for KMD Brands Limited. Our assurance work has been undertaken so that we might state to KMD Brands Limited those matters we are required to state to them in the assurance 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 KMD Brands Limited for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.

KMD Brands Limited's responsibility for the GHG disclosures

The Directors of KMD Brands Limited are responsible for the preparation and fair presentation of the GHG disclosures in accordance with the criteria. This responsibility includes the design, implementation and maintenance of such internal control as Directors determine is relevant to enable the preparation of the GHG disclosures that are free from material misstatement whether due to fraud or error.

The Directors of KMD Brands Limited are also responsible for selecting or developing suitable criteria for preparing the GHG disclosures and appropriately referring to or describing the criteria used.

Our responsibility

We have responsibility for:

- planning and performing the engagement to obtain limited assurance about whether the GHG disclosures are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to KMD Brands Limited.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement performed in accordance with the Standard involves assessing the suitability in the circumstances of KMD Brands Limited's use of the criteria as the basis for the preparation of the GHG disclosures, assessing the risks of material misstatement of the GHG disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG disclosures.

We exercised professional judgment and maintained professional scepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the GHG disclosures that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on the understanding of the GHG disclosures that is sufficient and appropriate to provide a basis for our conclusion. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

In undertaking limited assurance on the GHG disclosures the procedures we primarily performed were:

- obtained, through inquiries, an understanding of the KMD Brand Limited's control environment, processes and information systems relevant to the preparation of the GHG disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- performed walkthroughs of key processes and data sets;
- agreed a selection of GHG emissions data to relevant underlying source documents and reperformed emission factor calculations for a limited number of items; and
- considered the presentation and disclosure of the GHG disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality management

This assurance engagement was undertaken in accordance with NZ SAE 1. NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards*) (New Zealand) (**PES 1**) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (**PES 3**), which requires

the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have also complied with Professional and Ethical Standard 4 *Engagement Quality Reviews* (**PES 4**) which deals with the appointment and eligibility of the engagement quality reviewer and the engagement quality reviewer's responsibilities relating to the performance and documentation of an engagement quality review.

Our firm has also provided statutory audit and reasonable assurance bank covenants compliance services to KMD Brands Limited and performed agreed upon procedures engagement for store revenue certificates and assurance readiness procedures over Scope 3 emissions. Subject to certain restrictions, partners and employees of our firm may also deal with KMD Brands Limited on normal terms within the ordinary course of trading activities of the business of KMD Brands Limited. These matters have not impaired our independence as assurance providers of KMD Brands Limited for this engagement. The firm has no other relationship with, or interest in, KMD Brands Limited.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by KMD Brands Limited, we are not permitted to be involved in the preparation of the GHG disclosures as doing so may compromise our independence.

The engagement partner on the assurance engagement resulting in this independent assurance report is Peter Taylor.

KPMG

KPMG Christchurch

20 November 2025

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