

KMD Brands Limited
ASX / NZX / Media announcement

24 March 2026

(All amounts in NZ\$ unless otherwise stated)

Response to Stokehouse transaction concept

In response to a news article published yesterday, KMD Brands (**NZX/ASX: KMD**, “**KMD**” or the “**Group**”) confirms it received a proposed transaction concept from a US surfwear company, Stokehouse Unlimited (“Stokehouse”).

With the support of its financial advisors, KMD Brands engaged with Stokehouse with respect to the concept put forward by Stokehouse, which involved KMD Brands de-merging Rip Curl into a separate NZX and ASX listed company and subsequently merging Rip Curl with Stokehouse.

Stokehouse proposed that after the de-merger of Rip Curl from KMD Brands, and its merger with Stokehouse, Stokehouse shareholders would own 22% of the merged entity. This proposed ownership structure is misaligned with the earnings delivered by the Stokehouse and Rip Curl businesses given Stokehouse’s immaterial contribution to combined EBITDA, and would unfairly dilute KMD Brands shareholders. In addition, Mr. Naude, the current CEO of Stokehouse, would be Chief Executive of the combined business, and he would lead the business from California.

The KMD Brands Board of Directors carefully evaluated the proposed transaction concept put forth by Stokehouse and determined that it is not in the best interests of shareholders as it does not provide a clear path to enhance shareholder value, as compared to the continued execution of the Next Level transformation. This determination was made having regard to the following key factors:

- There is significant advantage in the composition and structure of the KMD Brands platform. The brands are highly complementary, with geographic, channel and seasonal diversity serving to de-risk the portfolio;
- The Stokehouse business has limited scale and profitability and has significant debt relative to its earnings profile;
- The proposed relative ownership splits for the merger do not reflect the earnings contribution of the underlying businesses;
- Separating the businesses would create significant dis-synergies, consuming material resources, taking substantial time and incurring material one-off costs;
- The transaction concept would create two smaller entities with less combined profitability versus KMD Brands standalone, given the dis-synergies of separation and standalone costs;
- The sources of the required debt and equity funding for both businesses are unclear and uncertain; and
- There is no new capital being introduced by Stokehouse, and instead the transaction concept relies on a large capital raising by the smaller demerged Rip Curl-Stokehouse entity which would create significant further dilution for KMD Brands shareholders in addition to the dilution they would suffer through Stokehouse shareholders owning 22% of the demerged Rip Curl entity.

David Kirk, Chairman, KMD Brands, said:

“The concept proposed by Stokehouse creates no value for shareholders and is challenging from an execution standpoint. In addition, the combination of multiple surf brands that directly compete with



each other is not a strategy that has proven effective. Our focus remains on executing the Next Level strategy, which has already gained momentum.”

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

- ENDS -

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