

KATHMANDU HOLDINGS LIMITED

Notice of Special Meeting

Acquisition of Rip Curl – VOTE IN FAVOUR




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Kathmandu Holdings Limited (ARBN 139 836 918)

Notice of Special Meeting

NOTICE IS GIVEN that a Special Meeting of Kathmandu Holdings Limited ("the Company") will be held at Dexus Place, Auditorium, Level 5, 1 Margaret Street, Sydney, NSW, 2000, Australia or online at www.virtualmeeting.co.nz/kmdsm19 on Friday, 18 October 2019 at 12.00pm (NZDT) (10.00am (AEDT)) to consider, and if thought fit, pass the following resolutions:

Ordinary Resolution 1: Acquisition of Rip Curl — That the shareholders of the Company ratify, confirm and approve, including for the purposes of Rule 5.1.1(b) of the NZX Listing Rules, for all purposes the acquisition by Barrel Wave Holdings Pty Ltd, a wholly owned subsidiary of the Company, of all of the shares in Rip Curl Group Pty Ltd under the share sale agreement dated 1 October 2019.

Special Resolution 2: Amendment of Constitution

— To amend the Company's constitution in the manner described in the explanatory notes, with effect from the close of the Special Meeting.

See the Explanatory Statement below for further details relating to the resolutions.

Ordinary resolution and special resolution

An ordinary resolution is a resolution passed by a simple majority (i.e. over 50% of the votes of shareholders of the Company entitled to vote and voting on the resolution).

A special resolution is a resolution passed by a majority of 75% or more of the votes of shareholders of the Company entitled to vote and voting on the resolution.

Addresses by Chairman and Chief Executive Officer

Please note that for shareholders who are unable to attend the meeting:

- the meeting will be broadcast online at www.virtualmeeting.co.nz/kmdsm19; and
- transcripts of the Chairman's and Chief Executive Officer's addresses to the meeting (and any accompanying slide presentations) will be posted on the Company's website at kathmanduholdings.com and released to the NZX and ASX market announcement platforms at the same time or before they are delivered to the meeting.

Approvals

NZX has confirmed it has no objection to this notice of meeting, but takes no responsibility for any statement made in this notice of meeting.

By Order of the Board



Chris Kinraid
Company Secretary
1 OCTOBER 2019



Explanatory Statement

Introduction

The purpose of this Explanatory Statement is to provide shareholders with further information on the business to be considered at the Special Meeting of Kathmandu Holdings Limited ("the Company") to be held on Friday, 18 October 2019.

Explanatory Note 1: Acquisition of Rip Curl

As announced on 1 October 2019, Barrel Wave Holdings Pty Ltd, a wholly owned subsidiary of the Company, has agreed to acquire all of the shares in Rip Curl Group Pty Ltd ("Rip Curl") under a share sale agreement dated 1 October 2019 ("the Transaction").

The Transaction is conditional on approval by the Company's shareholders as an ordinary resolution. That approval is being sought from shareholders at this meeting.

Important information about the Transaction accompanies this notice

A presentation detailing the proposed Transaction accompanies this notice of meeting (**Transaction Summary**). The Transaction Summary includes details of the rationale for the proposed acquisition of Rip Curl, the key risks involved and the terms of the proposed transaction.

You should read the Transaction Summary and the accompanying letter from the chair in full, as they contain important information to assist you in determining whether to vote in favour of this resolution.

Recommendation of the Board

The Board unanimously recommends the Transaction to shareholders for approval and encourages all shareholders to vote in favour of the Resolution. In the Board's view, the Transaction is in the best interests of the Company and its shareholders. The directors intend to vote all shares in the Company held or controlled by them in favour of the resolution to approve the acquisition.

Consequences if Resolution is not approved

If the Company's shareholders do not approve the Transaction by 31 December 2019 then the share sale agreement will be at an end, unless all parties agree to an extension in writing.

In addition, if the Company's shareholders do not approve the Transaction at the Special Meeting, the underwriters will be entitled to terminate the underwriting agreement in relation to the accelerated entitlement offer (unless the Company obtains the prior written consent of the Underwriters to seek shareholder approval on a different date). If the underwriters terminated the underwriting agreement in these circumstances, the Company would be required to pay a break fee of A\$2 million to Rip Curl. No break fee would be payable if completion occurred under the share sale agreement, notwithstanding the termination of the underwriting agreement (although the Transaction would still remain conditional on shareholder approval being obtained by 31 December 2019 as outlined above).

Listing Rules requirements – acquisition of assets

Under NZX Listing Rule 5.1.1 a listed issuer must obtain shareholder approval for an acquisition of assets in respect of





which the “Gross Value” exceeds 50% of the issuer’s “Average Market Capitalisation” (each as defined in the NZX Listing Rules), or where an acquisition of assets would significantly change the nature of the issuer’s business. The Gross Value of the assets being acquired exceeds 50% of the Company’s Average Market Capitalisation and therefore shareholder approval for the Transaction is required under NZX Listing Rule 5.1.1. The Company does not consider that the Transaction will significantly change the nature of its business.

Explanatory Note 2: Amendment of Constitution

The NZX Listing Rules have been amended by NZX following their review in 2018. The new NZX Listing Rules came into effect on 1 January 2019, subject to a six-month transitional period. They applied to the Company with effect from 15 April 2019.

A class waiver was also issued by NZX, providing that issuers may defer updating their constitution to comply with the new NZX Listing Rules, provided they do so at their next Annual Meeting (or Special Meeting called by the Board) following transition to the new NZX Listing Rules.

Accordingly, the special resolution seeks shareholder approval to amend the Company’s constitution to comply with the new NZX Listing Rules. The proposed amendments to the constitution are unrelated to the proposed acquisition by the Company of Rip Curl, which is being voted on as a separate matter at this Special Meeting. As required by the class waiver noted above, the proposed amendments would have otherwise been put before shareholders at the Company’s Annual Meeting in any event.

Shareholders can view all proposed amendments to the constitution in marked-up form showing all proposed changes to the existing constitution on Kathmandu’s website at <https://www.kathmanduholdings.com/investor-relations/governance/>.

The proposed amendments to the constitution are to reflect the new NZX Listing Rules, to reflect the Company’s transition to a foreign exempt listing on the ASX on 19 September 2019 and to make procedural changes. The key proposed amendments are as follows:

- (i) **Board composition:** Providing that the Company’s board will satisfy the board composition requirements of the NZX Listing Rules.
- (ii) **Director rotation:** Amending the clauses relating to director rotation to incorporate the requirements of the Listing Rules by reference to the Listing Rules.
- (iii) **Proxies:** Including more prescriptive requirements relating to proxy forms.
- (iv) **Sale of a Minimum Holding:** A procedure has been introduced allowing for the sale of share parcels of less than a minimum holding so as to provide for those shares to be sold on market (including through a broker on behalf of the Company).
- (v) **Managing Directors:** Removing the clauses in respect of Managing Directors as these are no longer consistent with the NZX Listing Rules.
- (vi) **Interest Group quorums:** Removing the specific quorum for a meeting of an interest group, so that the quorum for such a meeting is consistent with other meetings of shareholders.

The proposed amendments do not impose or remove a restriction on the Company’s activities, and accordingly no rights arise under section 110 of the Companies Act 1993.

In accordance with the NZX Listing Rules, if there is any provision in the Company’s constitution that is inconsistent with the NZX Listing Rules, the NZX Listing Rules will prevail.

The Board unanimously recommends that shareholders vote in favour of the amendments to the Company’s constitution.

Procedural Notes

Admission to meeting

The Company has determined that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 7.00pm (NZDT) on Wednesday, 16 October 2019.

Shareholders attending the special meeting can vote electronically by using the LinkVote App. To vote electronically, a shareholder must download the LinkVote App on the Apple App Store or Google Play Store to vote at the meeting using your mobile phone. Alternately, a poll card will be provided at registration for voting purposes.

Shareholders who will be attending the meeting, and who will not be appointing a proxy, are requested to bring the proxy/postal voting form to the meeting to assist with registration.

Shareholders who do not plan to attend the meeting are encouraged to complete and return the proxy/postal voting form for each of their holdings of the Company's shares, complete a postal vote or participate online.

Online participation

To participate online please go to www.virtualmeeting.co.nz/kmdsm19. Shareholders participating online will be able to ask questions during the meeting via the chat function. Information on participating via this function can be retrieved during the meeting through the 'Question' button. Please note, if you will be participating online you will require your shareholder number, found on your proxy form, for verification purposes.

Voting restrictions

As announced on 1 October 2019, the Company is undertaking an accelerated entitlement offer. To the extent that a shareholder is issued shares under the institutional entitlement offer in reliance upon clause 8B of the Takeovers Code (Class Exemptions) Notice (No 2) 2001 such that he, she or it holds or controls more than 20% of the voting rights in the Company, he, she or it may not exercise the votes attaching to those additional shares.

A shareholder in this position may cast a vote with his, her or its shares held prior to allotment under the institutional entitlement offer.

Proxies & Postal Votes

1. Any person entitled to attend and vote at the special meeting may exercise the right to vote at the meeting by



being present in person, by appointing a proxy to attend and vote in your place or by casting a postal vote. If you are unable to attend and vote at the meeting and wish to appoint a person who will be attending as your proxy, please complete the enclosed proxy/postal voting form.

2. Proxy and Postal voting can also be completed online at vote.linkmarketservices.com/KMD

New Zealand Register Holders:

You will require your CSN/Holder Number and FIN to complete your vote.

Australian Register Holders:

You will require your SRN/HIN and postcode to complete your vote.

3. The Chairman of the meeting offers himself as a proxy to shareholders.
4. The Chairman will vote according to your instructions on the proxy/postal voting form. If the Chairman is not instructed how to vote on any resolution, he will vote on, and in favour, of the resolution.

5. A proxy need not be a shareholder.
6. Alternatively, you may submit a postal vote by ticking the relevant box on the proxy/postal voting form and providing your voting direction for the resolutions.
7. If you return your proxy/postal voting form without indicating on any resolution how you wish to vote, you will be deemed to have abstained from voting on that resolution.
8. If you complete the postal vote section and also appoint a proxy your postal vote will take priority over your proxy appointment.
9. You can complete your postal vote online as detailed on the proxy/postal voting form.
10. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be shareholders of the Company) to attend and vote for the shareholder at the meeting.
11. If the shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A single proxy exercises all voting rights.
12. The proxy/postal voting form must be signed by the shareholder or the shareholder's attorney duly authorised in writing or if the shareholder is a corporation under its corporate seal or by its duly authorised attorney or representative. If an attorney is to attend the meeting please submit the relevant certified power of attorney for noting and return. If a representative of the corporation or body corporate is to attend the meeting the appropriate Letter of Representation should be produced prior to admission.
13. In the case of joint holders the proxy/postal voting form may be signed by either security holder.
14. Proxy/postal voting forms will only be valid and accepted if they are signed and forwarded to the Company's share registry, Link Market Services, at the address or facsimile number specified below, or by being scanned and emailed to meetings@linkmarketservices.co.nz (please put the words "**KMD Proxy Form**" in the subject line for easy identification) so as to be received by 12.00pm (NZDT) or 10.00am (AEDT) on Wednesday, 16 October 2019, being at least 48 hours before the meeting.

The Company's share register is maintained at the following address:

In Australia:

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000

Postal Address: Locked Bag A14
Sydney South NSW 1235

Telephone: +61 1300 554 474 (toll free within Australia)
+61 2 8280 7100

Facsimile Number: +61 2 9287 0309

In New Zealand:

Link Market Services Limited
Level 11, Deloitte Centre,
80 Queen Street, Auckland 1010
New Zealand

Postal Address: PO Box 91976
Auckland 1142
New Zealand

Telephone: +64 9 375 5998

Facsimile Number: +64 9 375 5990

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