Kathmandu Holdings Limited

Special Meeting

18 October 2019

Kathmandu
World ready.

RIP CURL
THE ULTIMATE SURFING COMPANY

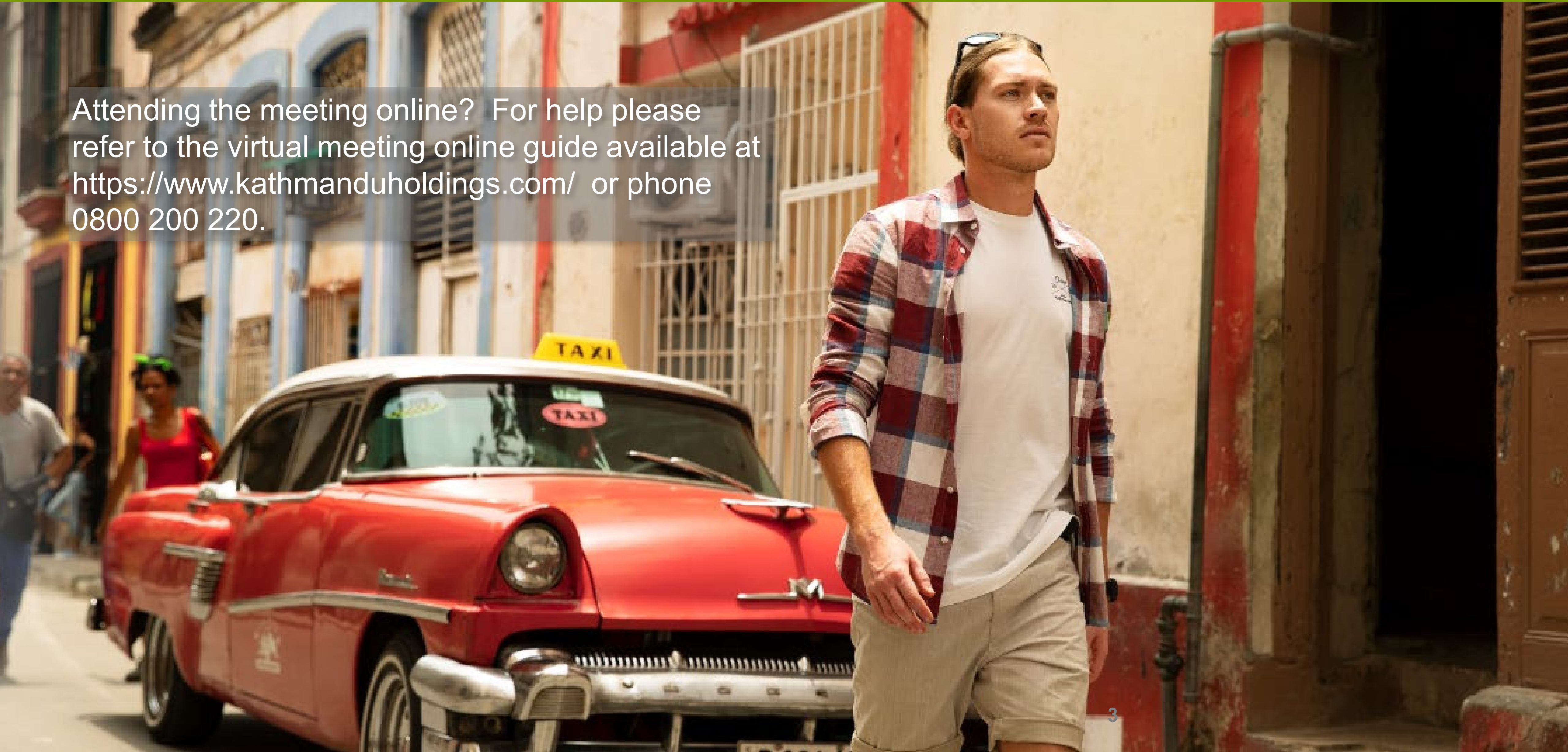
Obōz
FOOTWEAR

AGENDA: SPECIAL MEETING 18 OCTOBER 2019

- Meeting Procedures
- Chairman's address
- Chief Executive Officer’s Address
- Resolution 1 – Ordinary resolution to approve the acquisition of Rip Curl
- Resolution 2 – Special resolution to amend the Constitution

MEETING PROCEDURES

Attending the meeting online? For help please refer to the virtual meeting online guide available at https://www.kathmanduholdings.com/ or phone 0800 200 220.



CHAIRMAN’S ADDRESS

David Kirk

THE ULTIMATE SURFING COMPANY

Born in Bells Beach, Australia, in 1969, Rip Curl has always been a brand on The Search

"The Search was the driving force that led to the creation of Rip Curl... We loved charging into the unknown and the journey that waited. It was about the great sense of adventure, anticipation, curiosity and the chance to score great uncrowded waves. Rip Curl helps us live this life..." *– Doug 'Claw' Warbrick (Rip Curl Co-Founder)*

COMBINED GROUP MEETS THE YEAR ROUND NEEDS OF CUSTOMERS GLOBALLY

The combination creates an outdoor and action sports company which offers complementary products with diversification in product, channel, geography and seasonality

CEO'S ADDRESS

Xavier Simonet

TRANSACTION SUMMARY

Acquisition of Rip Curl	» Kathmandu has entered into a binding agreement for the acquisition of 100% of the shares in Rip Curl Group Pty Ltd ("Rip Curl") at an enterprise value of A$350 million on a debt free, cash free basis(1) (NZ$368 million(2)) » Acquisition price implies 7.3x EV / FY19 pro forma normalised EBITDA (excluding proportional EBITDA contribution of minority interests not being acquired) » Rip Curl is the ultimate surfing company and an authentic, unique global action sports brand with FY19 pro forma normalised revenue of A$455 million(3) (NZ$477 million(2)) and FY19 pro forma normalised EBITDA of A$49 million(3) (NZ$52 million(2)) » Completion is expected to occur by the end of calendar year 2019, subject to shareholder approval and customary closing requirements » The key risks associated with the transaction are detailed in the Transaction Summary
Rip Curl overview	» Rip Curl is an iconic Australian brand and a designer, manufacturer, wholesaler and retailer of surfing equipment and apparel » Offers surf-related products, from highly technical wetsuits, boardshorts, swimwear and watches to beach lifestyle apparel, equipment and accessories » Global presence across Australia, New Zealand, North America, Europe, South East Asia and Brazil » Operates through a multi-channel model, which was initially focused on wholesale distribution and has evolved to include direct to customer retail » Founded in 1969 by the current owners, Brian Singer and Doug Warbrick, and headquartered in Torquay, Victoria
Compelling strategic rationale	» Creates a NZ$1.0 billion(4) global outdoor and action sports company anchored by two iconic Australasian brands » Highly complementary product categories » Geographic diversification » Complementary expertise » Brand affinity and cultural alignment

(1) Excludes the value of minority interests owned by Rip Curl that are not being acquired.
(2) Based on a AUD/NZD exchange rate of 1.05.
(3) Represents pro forma normalised financials of Rip Curl for the financial year ending 30 June 2019. Pro forma normalised financials reflect Rip Curl's statutory revenue and EBITDA as disclosed in its audited financial statements adjusted for the impact of certain structural changes in the business and one-off items. Refer to page 19 of the Transaction Summary for further details of these adjustments.
(4) Represents pro forma normalised combined FY19 revenue. Kathmandu revenue represents statutory revenue for the financial year ending 31 July 2019. Rip Curl revenue represents pro forma normalised revenue for the financial year ending 30 June 2019 as noted above.

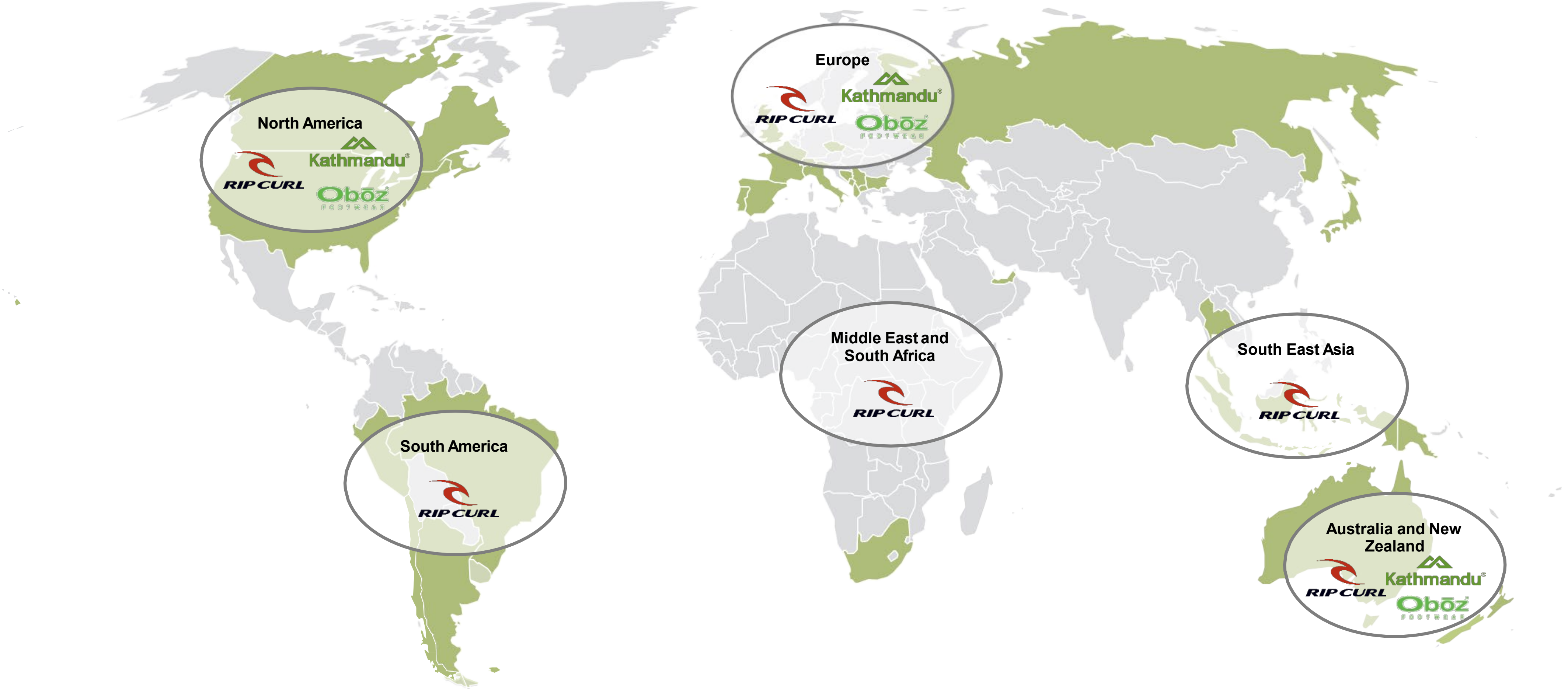
INVESTMENT HIGHLIGHTS

1	**Creates a NZ$1.0bn(1) global outdoor and action sports company anchored by two iconic Australasian brands**
2	**Rip Curl is a leader in the global surf industry with products that are complementary to Kathmandu from a technical and seasonal perspective**
3	**Rip Curl provides a platform for Kathmandu's expansion into new core target markets to establish a deeper and more meaningful global presence**
4	**Diversifies Kathmandu by reducing reliance on the Australian and New Zealand markets**
5	**Significant opportunities to drive top line growth and profit across geographies and commercial channels**
6	**Synergy benefits expected to be achieved over time through leveraging each other's expertise and realising scale benefits**
7	**FY20 pro forma EPS accretion in excess of 10%(2) with potential for further upside as synergies are identified post acquisition**

(1) *Represents pro forma normalised combined FY19 revenue. Kathmandu revenue represents statutory revenue for the financial year ending 31 July 2019. Rip Curl revenue represents pro forma normalised revenue for the financial year ending 30 June 2019 as detailed on page 19 of the Transaction Summary.*

(2) *EPS accretion has been calculated by comparing Kathmandu's budgeted standalone FY20 EPS (calculated assuming that the acquisition does not occur, and adjusted for the impact of the pro-rata accelerated entitlement offer) against the Combined Group pro forma FY20 EPS excluding any synergies and one-off transaction costs. The Combined Group pro forma FY20 EPS is based on: (i) Kathmandu's standalone budgeted FY20 EBIT; (ii) Rip Curl's standalone budgeted FY20 EBIT; (iii) estimated incremental amortisation costs associated with the expected purchase price allocations arising from the transaction (noting that, on completion, a formal purchase price allocation exercise will be completed which may give rise to a change in this expense); (iv) the assumed transaction debt funding structure and associated interest costs; and (v) Kathmandu's pro forma number of shares outstanding post transaction (accounting for both new shares issued under the pro-rata accelerated entitlement offer, and new shares issued to the vendors in the Vendor Placement).*

COMBINED GROUP HAS A DEEPER AND MORE MEANINGFUL GLOBAL PRESENCE



- c.7,300 wholesale doorways
- Retail footprint of 595 stores(1)
- Online presence 9% of sales

+

- Supplier relationships
- Local management capabilities

→ Global presence

(1) Comprising 341 owned stores and 254 licensed stores.

VISION FOR THE COMBINED GROUP

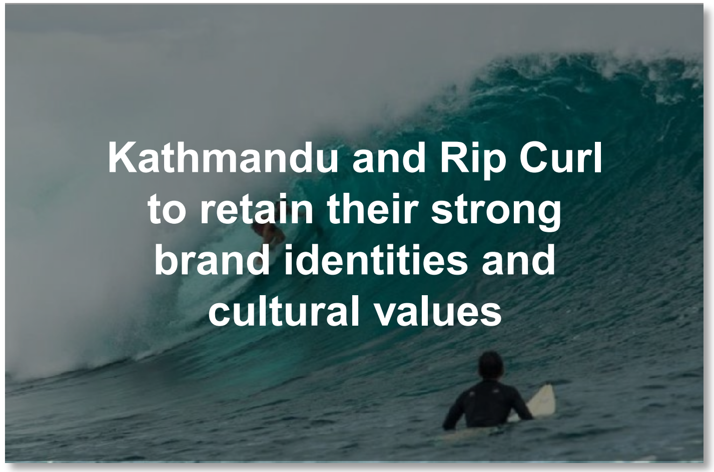
Kathmandu HOLDINGS LIMITED (1)

Kathmandu

RIP CURL

Oboz FOOTWEAR

Shared support functions where operational value can be derived



(1) *No changes to the Kathmandu Board are proposed as a result of the transaction. Changes to the scope of existing Kathmandu senior managers' roles are expected upon completion of the transaction.*

SUMMARY OF ACQUISITION FUNDING AND SOURCES & USES

Summary

Purchase price	» Total cash consideration of A$350 million(1)
Funding	» The acquisition, and associated transaction costs, will be fully funded through a combination of equity and debt issuance comprising: » A 1 for 4 underwritten accelerated entitlement offer to raise NZ$145 million (A$138 million(2)) » Vendor Placement of approximately A$31 million (NZ$32 million(2)) in new Kathmandu shares to the founders and CEO of Rip Curl » A$220 million (NZ$231 million(2)) from debt facilities underwritten and arranged by Credit Suisse AG, Sydney Branch
Timing and closing conditions	» Completion is expected to occur by the end of calendar year 2019, subject to shareholder approval and customary closing requirements

Sources and uses of funding

Sources	NZ$m	A$m
New debt	231	220
Equity	145	138
Vendor scrip	32	31
Total Sources	**408**	**388**

Uses	NZ$m	A$m
Purchase consideration(1)	368	350
Refinancing of existing Kathmandu net debt	19	18
Transaction costs and financing fees(3)	19	18
Cash to balance sheet	2	2
Total Uses	**408**	**388**

(1) *Excludes the value of minority interests owned by Rip Curl that are not being acquired.*
(2) *Based on a AUD/NZD exchange rate of 1.05.*
(3) *Includes the costs of M&A, financial, tax, commercial and legal advisers, as well as fees associated with the equity raising and debt underwriting.*

RESOLUTION 1: ACQUISITION OF RIP CURL

Ordinary Resolution

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.

Proxies:
In respect of this item of business, the following proxies have been received:

	Resolution 1
In favour	163,108,197
Against	87,489
Open/Undecided	339,349

RESOLUTION 2: AMENDMENT OF CONSTITUTION

Special Resolution

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

Proxies:
In respect of this item of business, the following proxies have been received:

	Resolution 2
In favour	161,618,642
Against	25,204
Open/Undecided	400,491

CONCLUSION

Thank you for your participation