

KATHMANDU HOLDINGS LIMITED

Offer Document

1.2 for 1 Accelerated Entitlement Offer of New Shares
1 April 2020

*Not for release to US wire services or distribution
in the United States*

This Offer Document is an important document. You should read the entire document before deciding what action to take with respect to your Entitlements. If you have any doubts as to what you should do, please consult your broker, financial, investment or other professional advisor.



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IMPORTANT NOTICE

GENERAL INFORMATION

The Offer is made under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 and pursuant to the provisions of section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Instrument 19-0895).

This Offer Document is not a product disclosure statement or other disclosure document for the purposes of the FMCA, the Corporations Act or any other law, has not been lodged with the Financial Markets Authority or ASIC, and does not contain all of the information that an investor would find in a product disclosure statement or other disclosure document, or which may be required in order to make an informed investment decision about the Offer or Kathmandu.

ADDITIONAL INFORMATION AVAILABLE UNDER KATHMANDU'S CONTINUOUS DISCLOSURE OBLIGATIONS

Kathmandu is subject to continuous disclosure obligations under the NZX Listing Rules. You can find market releases by Kathmandu at nzx.com and at asx.com.au under the code "KMD".

Kathmandu may, during the period of the Offer, make additional releases to the NZX and the ASX. To the maximum extent permitted by law, no release by Kathmandu to the NZX or the ASX will permit an applicant to withdraw any previously submitted application without Kathmandu's prior consent.

OFFERING RESTRICTIONS

This Offer Document does not constitute an offer, advertisement or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Offer Document may not be sent or given to any person who is not an Eligible Shareholder or an Institutional Investor in circumstances in which the Offer or distribution of this Offer Document would be unlawful. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. In particular, this Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside of New Zealand or Australia except to Institutional Investors or as Kathmandu may otherwise determine in compliance with applicable laws.

Neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act

of 1933, as amended (*US Securities Act*) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be issued to, or taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States or to persons acting for the account or benefit of a person in the United States (to the extent such persons hold Existing Shares and are acting for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer pursuant to this Offer Document may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act), in reliance on Regulation S.

Further details on the offering restrictions that apply are set out in Part Four.

If you come into possession of this Offer Document, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. Kathmandu disclaims all liability to such persons.

CHANGES TO THE OFFER

Subject to the NZX Listing Rules, Kathmandu reserves the right to alter the dates set out in this Offer Document.

Additionally, Kathmandu reserves the right to withdraw all or any part of the Offer (either generally or in particular cases) and the issue of New Shares at any time before the Allotment Date at its absolute discretion.

NO GUARANTEE

No guarantee is provided by any person in relation to the New Shares to be issued pursuant to the Offer. Likewise, no warranty is provided with regard to the future performance of Kathmandu or any return on any investments made pursuant to this Offer Document.

DECISION TO PARTICIPATE IN THE OFFER

The information in this Offer Document does not constitute a recommendation to acquire or invest in New Shares nor does it amount to financial product advice. This Offer Document has been prepared without taking into account the particular needs or circumstances of any investor, including an investor's investment objectives, financial and/or tax position.

PRIVACY

Any personal information provided by Eligible Shareholders on the Entitlement and Acceptance Form or via the online application will be held by Kathmandu or the Registrar at the addresses set out in the Directory.

Kathmandu and/or the Registrar may store your personal information in electronic format, including in online storage or on a server or servers which may be located in New Zealand, Australia or overseas. The information will be used for the purposes of administering your investment in Kathmandu.

This information will only be disclosed to third parties with your consent or if otherwise required or permitted by law. Under the New Zealand Privacy Act 1993 and the Australian Privacy Act 1988 (Cth), you have the

right to access and correct any personal information held about you.

ENQUIRIES

Enquiries about the Offer can be directed to an NZX Primary Market Participant, or your solicitor, accountant or other professional adviser. If you have any questions about the number of New Shares shown on the Entitlement and Acceptance Form that accompanies this Offer Document, or how to apply online or complete the Entitlement and Acceptance Form, please contact the Registrar.

DEFINED TERMS

Capitalised terms used in this Offer Document have the specific meaning given to them in the Glossary at Part Five of this Offer Document.

PART 1: LETTER FROM THE CHAIR

Kathmandu Holdings Limited has today announced that it intends to raise approximately NZ\$207 million via a NZ\$30 million underwritten placement to certain institutional investors, together with an approximately NZ\$177 million underwritten 1.2 for 1 pro-rata accelerated entitlement offer (the *Offer*).

As you may know from our recent announcements, in line with Government regulation or generally accepted best practice positions around the world, to minimise the spread of COVID-19 (coronavirus), we have temporarily closed stores and offices across New Zealand, Australia, Europe, Brazil and North America. The health and safety of the Group's employees, customers and the broader community is our highest priority.

While we are taking steps to implement, and in some cases have already implemented, aggressive and significant cost savings and structural cost reduction initiatives across the Group, the impacts of the virus are expected to have a material adverse effect on our financial performance. This pre-emptive decision to raise capital is intended to fortify the Group's balance sheet during this difficult period and ensure we will emerge in a position of strength. The proceeds of the placement and the Offer will be used to deleverage the Group's balance sheet and provide liquidity and funding for medium term operating requirements while we respond to the impacts of the virus. The Board notes the Group's lenders remain supportive of the business.

Under the Offer, eligible shareholders may subscribe for 1.2 new ordinary shares for every 1 existing share held as at 7.00pm (NZDT) (5.00pm (AEDT)) on the Record Date of Friday, 3 April 2020, at an application price of NZ\$0.50 per new share (or A\$0.49 per new share).

The application price reflects a 51% discount to NZ\$1.02, being the last closing price of Kathmandu's shares on the NZX on 30 March 2020, and a 30.2% discount to the theoretical ex-rights price of NZ\$0.72.¹

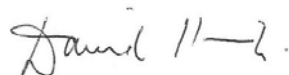
The placement and the institutional component of the Offer will be accelerated and will close on 1 April 2020. Eligible retail shareholders have until 5.00pm (NZST) on 17 April 2020 to subscribe for new shares. In addition to being able to take up their entitlement, eligible retail shareholders may apply for additional shares not taken up by other retail shareholders. Online application at www.kathmandushares.com is strongly encouraged given the likelihood of delays with the postal system at this time.

The placement and the Offer are fully underwritten by Jarden Partners Limited, Credit Suisse (Australia) Limited, Craigs Investment Partners Limited and Forsyth Barr Group Limited. Under the Offer, there will be no trading of entitlements or any shortfall bookbuild of new shares not taken up. Those shareholders who do not exercise their entitlements, or who are ineligible to do so, will have their shareholdings diluted.

Reflecting their commitment to the company, I am also pleased to confirm that all non-Executive Directors intend to take up their direct entitlements, to the extent that they are eligible to participate in the Entitlement Offer.

On behalf of the Board, I welcome your participation in the Offer and thank you for your continued support. We hope for the good health and wellbeing of all our stakeholders during this challenging time.

Yours Sincerely,



David Kirk
Chairman

¹ TERP is the Theoretical Ex-Rights Price at which Kathmandu ordinary shares would trade immediately after the ex-rights date for the Offer. TERP is calculated with reference to Kathmandu's closing share price of NZ\$1.02 on 30 March 2020 and includes all new shares issued under the placement and the Offer. TERP is a theoretical calculation only and the actual price at which Kathmandu ordinary shares will trade immediately after the ex-rights date for the Offer will depend on many factors and may not be equal to TERP.

PART 2: OFFER AT A GLANCE

Issuer	Kathmandu Holdings Limited
The Offer	A pro rata entitlement offer of 1.2 New Shares for every 1 Existing Share held by an Eligible Shareholder at 7:00pm (NZDT) or 5:00pm (AEDT) on the Record Date, with fractional entitlements being rounded down to the nearest share. A shorter than usual offer period will apply to Eligible Institutional Shareholders, with the Institutional Entitlement Offer taking place over the Business Day the Offer is announced. If an Eligible Shareholder does not take up all of its Entitlements, its current shareholding will be diluted as a result of the issue of New Shares. New Shares that are attributable to Entitlements that are not taken up by Eligible Retail Shareholders (together with those attributable to Entitlements of Ineligible Retail Shareholders) will be offered to Eligible Retail Shareholders who take up their Entitlements in full.
Application Price	NZ\$0.50 (or the A\$ Price) per New Share.
Existing Shares currently on issue	295,073,217 Existing Shares.
Maximum number of New Shares being offered under the Offer	354,087,860 New Shares (subject to rounding).
Offer size	The approximate amount to be raised under the Offer is NZ\$177 million.
New Shares	The same class as, and ranking equally with, Existing Shares.
Eligible Retail Shareholders	You are an Eligible Retail Shareholder if, as at 7:00pm (NZDT) or 5:00pm (AEDT) on the Record Date, you are recorded in Kathmandu's share register as a Shareholder and: (a) your address is shown in Kathmandu's share register as being in New Zealand or Australia; or (b) Kathmandu considers, in its discretion, you may be treated as an Eligible Retail Shareholder, and you are not in the United States and not acting for the account or benefit of a person in the United States and not an Institutional Shareholder.
How to apply	<i>Eligible Retail Shareholders</i> Applications must be made: (a) online at www.kathmandushares.com; or (b) by completing the personalised Entitlement and Acceptance Form and returning it to the Registrar together with payment. If a postal application is made please allow plenty of time for it to be received by us. <i>Eligible Institutional Shareholders</i> The Lead Managers will contact Eligible Institutional Shareholders and advise them of the terms and conditions of participation in the Offer and to confirm their application process.
Underwriting	The Offer is fully underwritten by the Underwriters.

PART 3: IMPORTANT DATES

INSTITUTIONAL ENTITLEMENT OFFER

This timetable is relevant to participants in the Institutional Entitlement Offer. Eligible Retail Shareholders should refer to the important dates for the Retail Entitlement Offer set out in the “Retail Entitlement Offer” table on the following page.

Key Event	Date ²
Trading halt commences on the NZX Main Board and the ASX (pre-market open)	Wednesday, 1 April 2020
Institutional Entitlement Offer opens at 10.00am (NZDT) or 8.00am (AEDT)	Wednesday, 1 April 2020
Institutional Entitlement Offer closes at 10.30pm (NZDT) or 8.30pm (AEDT)	Wednesday, 1 April 2020
Announce results of Institutional Entitlement Offer Trading halt lifted on the NZX Main Board and ASX	Thursday, 2 April 2020
Record Date 7.00pm (NZDT) or 5.00pm (AEDT)	Friday, 3 April 2020
Settlement of Institutional Entitlement Offer on ASX	Wednesday, 8 April 2020
Settlement of Institutional Entitlement Offer on the NZX Main Board and commencement of trading of allotted New Shares on the NZX Main Board and ASX	Thursday, 9 April 2020

² The dates set out in the table above (and any references to them in this Offer Document) are subject to change and are indicative only. All times and dates refer to NZ time (unless otherwise specified). Kathmandu reserves the right to amend the timetables (including by extending the closing dates for the Offer or accepting late Applications, either generally or in particular cases) subject to the NZX Listing Rules. Any extension of the closing dates for the Offer will have a consequential effect on the issue date of New Shares.

RETAIL ENTITLEMENT OFFER

The timetable immediately below is relevant to participants in the Retail Entitlement Offer. Eligible Institutional Shareholders should refer to the important dates for the Institutional Entitlement Offer set out in the “Institutional Entitlement Offer” table above.

Key Event	Date ³
Record Date 7.00pm (NZDT) or 5.00pm (AEDT)	Friday, 3 April 2020
Expected dispatch of the Offer Document and Entitlement and Acceptance Forms	Monday, 6 April 2020
Retail Entitlement Offer opens	Monday, 6 April 2020
Retail Entitlement Offer closes at 5.00pm (NZST) or 3.00pm (AEST) (last day for online applications, or for receipt of the Acceptance Form, with payment)	Friday, 17 April 2020
Announce results for Retail Entitlement Offer	Wednesday, 22 April 2020
Settlement of Retail Entitlement Offer on ASX	Thursday, 23 April 2020
Settlement of Retail Entitlement Offer on the NZX Main Board and commencement of trading of allotted New Shares on the NZX Main Board	Friday, 24 April 2020
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer and commencement of trading of allotted New Shares on ASX	Monday, 27 April 2020

Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms or apply via the online application process as soon as possible. No cooling-off rights apply to applications submitted under the Offer.

³ The dates set out in the table above (and any references to them in this Offer Document) are subject to change and are indicative only. All times and dates refer to NZ time (unless otherwise specified). Kathmandu reserves the right to amend the timetables (including by extending the closing dates for the Offer or accepting late Applications, either generally or in particular cases) subject to the NZX Listing Rules. Any extension of the closing dates for the Offer will have a consequential effect on the issue date of New Shares.

PART 4: DETAILS OF THE OFFER

THE OFFER

The Offer is an offer of New Shares to Eligible Shareholders under a pro rata accelerated entitlement offer. Under the Offer, Eligible Shareholders are entitled to subscribe for 1.2 New Shares for every 1 Existing Share held at 7:00 pm (NZDT) or 5:00 pm (AEDT) on the Record Date. The New Shares will be the same class as, and will rank equally with, Existing Shares which are quoted on the NZX Main Board and ASX. It is a term of the Offer that Kathmandu will take any necessary steps to ensure that the New Shares are, immediately after issue, quoted on the NZX Main Board and ASX.

If you are an Eligible Shareholder you may take up all or some of your Entitlements or do nothing with all or some of your Entitlements. If you are an Eligible Shareholder and you do not take up all of your Entitlements, your current shareholding will be diluted as a result of the issue of New Shares.

The maximum number of New Shares being offered under the Offer is 354,087,860 New Shares (subject to rounding). Kathmandu will raise a total of approximately NZ\$177 million through the Offer, which is fully underwritten by the Underwriters.

APPLICATION PRICE

The Application Price is NZ\$0.50 (or the A\$ Price) per New Share.

The A\$ Price is A\$0.49 per New Share. The Australian dollar price of A\$0.49 has been set by Kathmandu taking into account the NZ\$:A\$ exchange rate published by the Reserve Bank of New Zealand on its website for 31 March 2020.

The Application Price must be paid in full on application. Payment of the Application Price must be made, for the Retail Entitlement Offer, together with a completed Entitlement and Acceptance Form delivered (either by mail, delivery or email) to the Registry in accordance with the instructions set out in the Entitlement and Acceptance Form or in accordance with the online application process.

If you elect to apply for New Shares using New Zealand Dollars, any New Shares issued to you will be issued on Kathmandu's NZX branch register. If you elect to apply for New Shares using the A\$ Price, any New Shares issued to you will be issued on Kathmandu's ASX branch register.

Kathmandu may accept late applications and application monies, but it has no obligation to do so. Kathmandu may accept or reject (at its discretion) any Entitlement and Acceptance Form or online application which it considers is not completed correctly, and may correct any errors or omissions on any Entitlement and Acceptance Form or the online application.

An application may not be withdrawn without Kathmandu's prior consent once submitted.

Application monies received will be held in a trust account with the Registry until the corresponding New Shares are allotted or the application monies are refunded. Interest earned on the application monies will be for the benefit, and remain the property, of Kathmandu and will be retained by Kathmandu whether or not the issue of New Shares takes place. Any refunds of application monies (without interest) will be made within 10 Business Days of allotment (or the date that the decision not to accept an application is made, as the case may be).

WITHDRAWAL

Subject to Kathmandu's compliance with all applicable laws, Kathmandu reserves the right to withdraw the Offer at any time at its absolute discretion. If any Application is not accepted, all applicable application monies will be refunded, without interest, to the relevant Shareholder.

OVERVIEW OF THE OFFER

Kathmandu will raise a total of approximately NZ\$177 million through the Offer, which is fully underwritten by the Underwriters. The maximum number of New Shares that are being offered under the Offer is 354,087,860 New Shares (subject to rounding).

The Offer comprises the following components:

- the Institutional Entitlement Offer; and
- the Retail Entitlement Offer,

in each case, as described in further detail below.

The Offer is an accelerated non-renounceable entitlement offer, which is made pursuant to a class waiver by NZX granted 26 March 2020. This means that if you, as an Eligible Shareholder, do not take up your full Entitlement under the Offer, then your Entitlement will lapse, and you will receive no value for those lapsed Entitlements. Further, if you do not take up your Entitlement, you will have your percentage holding in Kathmandu reduced as a result of the Offer.

PURPOSE OF THE OFFER

Kathmandu intends that the proceeds raised from the Offer will be applied to deleverage the Group's balance sheet and provide liquidity and funding for medium-term operating requirements (including estimated redundancy costs).

THE INSTITUTIONAL ENTITLEMENT OFFER

Overview of the Institutional Entitlement Offer

Kathmandu is offering Eligible Institutional Shareholders the opportunity to subscribe for 1.2 New Shares for every 1 Existing Share held as at 7:00 pm (NZDT) or 5:00 pm (AEDT) on the Record Date, at an Application Price of NZ\$0.50 (or the A\$ Price). This ratio and the Application Price are the same as for the Retail Entitlement Offer. The Lead Managers will seek to approach Eligible Institutional Shareholders, who may take up all, part or none of their Entitlements.

The Institutional Entitlement Offer opens at 10:00 am (NZDT) or 8:00 am (AEDT) on Wednesday, 1 April 2020 and closes at 10.30 pm (NZDT) or 8.30 pm (AEDT) on Wednesday, 1 April 2020 (subject to Kathmandu's right to modify these dates or times).

Entitlements will not be quoted and cannot be traded on the NZX Main Board, the ASX or privately transferred.

Eligibility under the Institutional Entitlement Offer

The Institutional Entitlement Offer is only open to Eligible Institutional Shareholders. Kathmandu and the Lead Managers will determine the Shareholders who will be treated as Eligible Institutional Shareholders for the purpose of determining the Shareholders to whom an offer of New Shares will be made under the Institutional Entitlement Offer. In exercising their discretion, the Lead Managers may have regard to a number of matters, including legal and regulatory requirements and logistical and registry constraints. Kathmandu and the Lead Managers will agree on which Shareholders will be treated as Ineligible Institutional Shareholders.

Kathmandu reserves the right to reject any application for New Shares under the Institutional Entitlement Offer that it considers comes from a person who is not an Eligible Institutional Shareholder.

Acceptance of Entitlement under the Institutional Entitlement Offer

The Lead Managers may seek to contact Eligible Institutional Shareholders to inform them of the terms and conditions of participation in the Institutional Entitlement Offer and seek confirmation of their Entitlements under the Offer. Application for New Shares by Eligible Institutional Shareholders can only be made in accordance with that process.

Entitlements are not rounded up to a minimum holding. The number of New Shares to which an Eligible Institutional Shareholder is entitled under an Entitlement will, in the case of fractions of New Shares, be rounded down to the nearest whole number. Applications in excess of an Eligible Institutional Shareholder's Entitlement will not be accepted.

New Shares attributable to the Institutional Entitlement Offer not taken up by Eligible Institutional Shareholders under the Institutional Entitlement Offer and the entitlements of certain Ineligible Institutional Shareholders may, subject to demand, be allocated to Institutional Investors who participate in the institutional placement or as the Underwriters may otherwise determine.

Settlement of the Institutional Entitlement Offer

Settlement of the Institutional Entitlement Offer will occur on the Institutional Settlement Date in accordance with arrangements advised by the Lead Managers. Each investor remains responsible for ensuring its own compliance with the Takeovers Code and other applicable legislation.

THE RETAIL ENTITLEMENT OFFER

Overview of the Retail Entitlement Offer

Kathmandu is offering Eligible Retail Shareholders the opportunity to subscribe for 1.2 New Shares for every 1 Existing Share held as at 7.00pm (NZDT) or 5.00pm (AEDT) on the Record Date, at an Application Price of NZ\$0.50 (or the A\$ Price) per New Share. This ratio and the Application Price are the same as for the Institutional Entitlement Offer. Eligible Retail Shareholders are sent this Offer Document together with a personalised Entitlement and Acceptance Form and may take up all, part or none of their Entitlements.

The Retail Entitlement Offer opens on Monday, 6 April 2020 and closes at 5.00 pm (NZST) or 3.00pm (AEST) on Friday, 17 April 2020 (subject to Kathmandu's right to modify these dates or times).

Entitlements will not be quoted and cannot be traded on the NZX Main Board, the ASX or privately transferred.

Eligibility under the Retail Entitlement Offer

The Retail Entitlement Offer is only open to Eligible Retail Shareholders.

The Retail Entitlement Offer does not constitute an offer to any person who is not an Eligible Retail Shareholder (including any Institutional Shareholder or an Ineligible Retail Shareholder). Any person allocated New Shares under the Institutional Entitlement Offer does not have any entitlement to participate in the Retail Entitlement Offer in respect of those New Shares.

Kathmandu reserves the right to reject any application for New Shares under the Retail Entitlement Offer that it considers comes from a person who is not an Eligible Retail Shareholder.

Acceptance of Entitlement under the Retail Entitlement Offer

The Entitlement and Acceptance Form distributed to Eligible Retail Shareholders with this Offer Document sets out an Eligible Retail Shareholder's Entitlement to participate in the Retail Entitlement Offer. Applications for New Shares by Eligible Retail Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Offer Document or via an online application at www.kathmandushares.com.

Entitlements are not rounded up to a minimum holding. The number of New Shares to which an Eligible Retail Shareholder is entitled under an Entitlement will, in the case of fractions of New Shares, be rounded down to the nearest whole number.

Eligible Retail Shareholders are not obliged to subscribe for any or all of the New Shares to which they are entitled under the Offer. They may take up some or all of their Entitlement or allow some or all of their Entitlement to lapse.

Any person outside New Zealand or Australia who takes up an Entitlement in the Retail Entitlement Offer (and therefore applies for New Shares) through a New Zealand or Australian resident nominee, and their nominee, will be deemed to have represented and warranted to Kathmandu that the Offer can be lawfully made to their nominee pursuant to this Offer Document. None of Kathmandu, the Lead Managers, the Underwriters, the Registrar or any of their respective directors, officers, employees, agents, or advisers accept any liability or responsibility to determine whether a person is eligible to participate in this Offer.

Application to take up additional New Shares

New Shares that are attributable to Entitlements that are not taken up by Eligible Retail Shareholders (together with those attributable to Entitlements of Ineligible Retail Shareholders) will be offered to Eligible Retail Shareholders who take up their Entitlements in full.

Eligible Retail Shareholders who have taken up all of their Entitlements in full may apply for these additional New Shares by completing the appropriate section on the Entitlement and Acceptance Form, or as directed via the online application, and applying for additional New Shares at the Offer Price. **Payment must be made for both your Entitlements and any additional New Shares for which you wish to apply.**

If you elect to apply for your Entitlements using the A\$ Price, then any additional New Shares that you are applying for **must also be paid for in Australian dollars at the A\$ price.**

Allocations and any necessary scaling of additional New Shares applied for by Eligible Retail Shareholders who take up their Entitlements in full will be determined by Kathmandu and the Lead Managers.

NOMINEES

If you hold Existing Shares as nominee for more than one person, then you may (depending on the nature of each such person) be an Eligible Institutional Shareholder, Ineligible Institutional Shareholder, Eligible Retail Shareholder or Ineligible Retail Shareholder with regard to the Entitlement of each such person.

Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in the eligible jurisdictions, irrespective of whether they participated under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will receive a letter from Kathmandu. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

- (a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- (b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to exercise Entitlements under the Retail Entitlement Offer.

Kathmandu is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares or Entitlements. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Kathmandu is not able to advise on foreign laws.

OVERSEAS SHAREHOLDERS

The Offer is only open to Eligible Shareholders and persons that Kathmandu is satisfied can otherwise participate in the Offer in compliance with all applicable laws. Kathmandu has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders and the Institutional Entitlement Offer to Ineligible Institutional Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside New Zealand and Australia.

This Offer Document is only being sent by Kathmandu to Eligible Shareholders. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. Any failure to comply with such restrictions may contravene applicable securities law. Kathmandu disclaims all liability to such persons.

Nominees and custodians may not distribute any part of this Offer Document, and may not permit any beneficial shareholder to participate in the Offer who is located, in the United States or any other country outside New Zealand and Australia except to institutional and professional investors listed in, and to the extent permitted under, this section.

Hong Kong

WARNING: This Offer Document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under

the securities laws of Hong Kong) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Offer Document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

Norway

This Offer Document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this Offer Document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This Offer Document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The offering of the New Shares in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because such offering is made to professional clients within the meaning of the FinSA only and the New Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offer Document does not constitute a prospectus pursuant to the FinSA, art. 652a, or art. 752 of the Swiss Code of Obligations (in its version applicable during the transitory period after entering into force of FinSA on January 1, 2020) or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules (in their version enacted on January 1, 2020, and to be applied during the transitory period), and no such prospectus has been or will be prepared for or in connection with the offering of the New Shares.

United Kingdom

Neither the information in this Offer Document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This Offer Document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this Offer Document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Offer Document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Kathmandu.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Offer Document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offer Document or any of its contents.

UNDERWRITING AGREEMENT

Kathmandu has requested the Underwriters to underwrite the Offer and the Underwriters have agreed to do so. This means that the Underwriters will subscribe at the Application Price for any New Shares that are not subscribed for under the placement or by Eligible Shareholders under the Offer in accordance with the terms of the Underwriting Agreement. A summary of the principal terms of the Underwriting Agreement are set out immediately below:

- The Underwriters have the power to appoint sub-underwriters.
- The Underwriters will be paid an agreed fee for their services in connection with the placement and the Offer.
- The Underwriting Agreement contains termination events, representations, warranties and indemnities that are customary for an offer of this nature.
- The reasons why the Underwriters may terminate their obligations under the Underwriting Agreement include events which have, or are likely to have, a material adverse effect on Kathmandu, the Shares or the Offer. These may be as a result of events related to Kathmandu or as a result of external events, such as material or fundamental changes in financial, economic and political conditions in certain countries or financial markets.
- If the Underwriting Agreement is terminated, a termination fee may be payable to the Underwriters.

- Kathmandu has indemnified the Underwriters and their respective directors, officers, partners, employees and advisers against certain losses sustained, suffered or incurred, arising out of or in connection with the placement, the Offer, the allotment of the New Shares or the Underwriting Agreement.
- For a period commencing on the date of the Underwriting Agreement and ending six months after the Allotment Date for the Retail Entitlement Offer, Kathmandu and its subsidiaries will not, without the prior written consent of the Underwriters:
 - offer for sale or accept offers for any Shares or other equity securities issued by Kathmandu;
 - allot or issue any Shares or other equity securities of Kathmandu (whether preferential, redeemable, convertible or otherwise);
 - issue or grant any right or option that entitles the holder to call for the issue of Shares or other equity securities by Kathmandu or that is otherwise convertible into, exchangeable for or redeemable by the issue of, Shares or other equity securities by Kathmandu;
 - create any debt instrument or other obligation which may be convertible into, exchangeable for or redeemable by, the issue of Shares or other equity securities by Kathmandu;
 - otherwise enter into any agreement whereby any person may be entitled to the allotment and issue of any Shares or other equity securities by Kathmandu; or
 - make any announcement of an intention to do any of the above,

other than pursuant to existing employee incentive plans (including as may be amended or updated from time to time), the placement or the Offer; or

- dispose of or charge, or agree to dispose of or charge, the whole or any substantial part of the business; or
- enter into any commitment that is or may be material in the context of the placement, the Offer, the underwriting or the quotation of Shares on the NZX and ASX,

other than as publicly disclosed or disclosed to the Underwriters prior to the date of the Underwriting Agreement.

TERMS AND RANKING OF NEW SHARES

New Shares will rank equally with, and have the same voting rights, dividend rights and other entitlements as, Existing Shares in Kathmandu quoted on the NZX Main Board and ASX. Entitlements will not be quoted and cannot be traded on the NZX Main Board, ASX or privately transferred. It is a term of the Offer that Kathmandu will take any necessary steps to ensure that the New Shares are, immediately after issue, quoted on the NZX Main Board and ASX.

Kathmandu does not have a formal dividend policy. However, Kathmandu's Board has taken the prudent decision to suspend dividend payments until after such time as more normal trading conditions resume.

NZX

The New Shares have been accepted for quotation by NZX and will be quoted on the NZX Main Board upon completion of allotment procedures. The NZX Main Board is a licensed market under the FMCA. However, NZX accepts no responsibility for any statement in this Offer Document. It is expected that trading on the NZX Main Board of the New Shares issued under:

- the Institutional Entitlement Offer will commence on Thursday, 9 April 2020; and
- the Retail Entitlement Offer will commence on Friday, 24 April 2020.

ASX

An application has or will be made to ASX for quotation of the New Shares issued under the Offer and Kathmandu expects that the New Shares will be quoted upon completion of allotment procedures. It is expected that trading on ASX of the New Shares issued under:

- the Institutional Entitlement Offer will commence on Thursday, 9 April 2020; and
- the Retail Entitlement Offer will commence on Monday, 27 April 2020.

ASX accepts no responsibility for any statement in this Offer Document. The fact that ASX may approve the New Shares for quotation is not to be taken in any way as an indication of the merits of Kathmandu. Holding statements for New Shares allotted under the Offer will be issued and mailed as soon as practicable after allotment. Applicants under the Offer should ascertain their allocation before trading in the New Shares. Applicants can do so by contacting the Registrar, whose contact details are set out in the Directory.

Applicants selling New Shares prior to receiving a holding statement do so at their own risk. No person accepts any liability or responsibility should any person attempt to sell or otherwise deal with New Shares before the holding statement showing the number of New Shares allotted to an applicant is received by the applicant for those New Shares.

PART 5: GLOSSARY

Term	Definition
A\$ Price	A\$0.49 per New Share.
Allotment Date	In respect of the: (a) Institutional Entitlement Offer, Thursday, 9 April 2020; and (b) Retail Entitlement Offer, Friday, 24 April 2020.
Application Price	NZ\$0.50 (or the A\$ Price) per New Share.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited or the market it operates (as the context requires).
Business Day	Has the meaning giving to that term in the NZX Listing Rules.
Corporations Act	The Australian Corporations Act 2001 (Cth).
Eligible Institutional Shareholder	A person who, as at 7.00 pm (NZDT) or 5.00 pm (AEDT) on the Record Date, was recorded in Kathmandu's share register as being a Shareholder and: (a) whose address is shown in Kathmandu's share register as being in New Zealand, Australia, Hong Kong, Norway, Singapore, United Kingdom or Switzerland, or is a person who Kathmandu is satisfied the Institutional Entitlement Offer may be made to under all applicable laws without the need for any registration, lodgement or other formality (other than a formality with which Kathmandu is willing to comply), and who is not in the United States and who is not acting for the account or benefit of a person in the United States; and (b) is an Institutional Investor (or the nominee of an Institutional Investor) and is invited to participate in the Institutional Entitlement Offer.
Eligible Retail Shareholder	A person who, as at 7.00 pm (NZDT) or 5.00 pm (AEDT) on the Record Date, was recorded in Kathmandu's share register as being a Shareholder and: (a) whose address is shown in Kathmandu's share register as being in New Zealand or Australia; or (b) who Kathmandu considers, in its discretion, may be treated as an Eligible Retail Shareholder, and who is not in the United States and not acting for the account or benefit of a person in the United States and is not an Institutional Shareholder.
Eligible Shareholder	An Eligible Retail Shareholder or an Eligible Institutional Shareholder.
Entitlement	A right to subscribe for 1.2 New Shares for every 1 Existing Share held at 7.00 pm (NZDT) or 5.00 pm (AEDT) on the Record Date at the Application Price, issued pursuant to the Offer.
Entitlement and Acceptance Form	The personalised entitlement and acceptance form accompanying this Offer Document for Eligible Retail Shareholders.
Existing Share	A Share on issue on the Record Date.

FMCA	The Financial Markets Conduct Act 2013.
Group	The Kathmandu, Rip Curl and Oboz businesses, or Kathmandu and its subsidiaries, as the context requires
Ineligible Institutional Shareholder	A person who, as at 7.00 pm (NZDT) or 5.00 pm (AEDT) on the Record Date, was recorded in Kathmandu's share register as being a Shareholder who is not an Institutional Investor but, if the Shareholder's address was shown in Kathmandu's share register as being in New Zealand, Australia, Hong Kong, Norway, Singapore, the United Kingdom or Switzerland would in the opinion of Kathmandu be an Institutional Investor.
Ineligible Retail Shareholder	A Shareholder who is not an Institutional Shareholder or an Eligible Retail Shareholder.
Ineligible Shareholder	Shareholders other than Eligible Shareholders.
Institutional Entitlement Offer	The offer of New Shares to Eligible Institutional Shareholders.
Institutional Investor	A person: (a) in New Zealand, in relation to the Institutional Entitlement Offer, who is a wholesale investor as defined in the FMCA; (b) in Australia, who Kathmandu or the Lead Managers reasonably believe to be a person who is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84; (c) in Norway, who is a "professional client", as that term is defined in Norwegian Securities Trading Act of 29 June 2007 no. 75 (Section 10-6); (d) in Hong Kong, who Kathmandu considers is a "professional investor" as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; (e) in Singapore, who Kathmandu considers is an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act, Chapter 289 of Singapore); (f) in the United Kingdom, who Kathmandu considers is a "qualified investor" within the meaning of section 86(7) of the United Kingdom Financial Services and Markets Act 2000; and within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; (g) in Switzerland, who Kathmandu considers is a professional client in the meaning of article 4(3) FinSA or who has validly elected to be treated as a professional client pursuant to article 5(2) FinSA; or (h) who Kathmandu is satisfied the Institutional Entitlement Offer may be made to under all applicable laws without the need for any registration, lodgement or other formality (other than a formality with which Kathmandu is willing to comply), and who is not in the United States and who is not acting for the account or benefit of a person in the United States.
Institutional Settlement Date	The date of settlement of New Shares under the Institutional Entitlement Offer, expected to be Wednesday, 8 April 2020 on ASX and Thursday, 9 April 2020 on NZX.

Institutional Shareholder	Eligible Institutional Shareholders and Ineligible Institutional Shareholders.
Kathmandu	Kathmandu Holdings Limited (company number 2334209).
Lead Managers	Jarden Securities Limited, Credit Suisse (Australia) Limited, Craigs Investment Partners Limited and Forsyth Barr Limited.
New Share	A Share in Kathmandu offered under the Offer of the same class as, and ranking equally in all respects with, Kathmandu's quoted Shares at the Allotment Date.
NZX	NZX Limited.
NZX Main Board	The main board equity security market operated by NZX.
NZX Listing Rules	The listing rules of NZX in relation to the NZX Main Board (or any market in substitution for that market) in force from time to time, read subject to any applicable rulings or waivers.
NZX Primary Market Participant	Any company, firm, organisation, or corporation designated or approved as a primary market participant from time to time by NZX.
Offer	The accelerated entitlement offer of New Shares detailed in this Offer Document, comprising the Institutional Entitlement Offer and the Retail Entitlement Offer.
Offer Document	This document.
Record Date	Friday, 3 April 2020.
Registrar	Link Market Services Limited.
Retail Entitlement Offer	The offer of New Shares to Eligible Retail Shareholders.
Share	A fully paid ordinary share in Kathmandu.
Shareholder	A registered holder of Shares.
Takeovers Code	The Takeovers Code set out in the schedule to the Takeovers Regulations 2000.
Underwriters	Jarden Partners Limited, Credit Suisse (Australia) Limited, Craigs Investment Partners Limited and Forsyth Barr Group Limited.

NOTE:

- All references to time are to New Zealand time unless stated or defined otherwise.
- All references to currency are to New Zealand dollars unless stated or defined otherwise.
- All references to legislation are references to New Zealand legislation unless stated or defined otherwise.
- This Offer Document, the Offer and any contract resulting from it are governed by the laws of New Zealand, and each applicant submits to the exclusive jurisdiction of the courts of New Zealand.

PART 6: DIRECTORY

ISSUER

Kathmandu Holdings Limited

223 Tuam Street, Christchurch Central
Christchurch, 8011
New Zealand
Telephone: +64 3 968 6110

kathmanduholdings.com

LEGAL ADVISORS

Chapman Tripp

Level 35, ANZ Centre
23-29 Albert Street
Auckland 1010
New Zealand

ARRANGERS, LEAD MANAGERS AND UNDERWRITERS

Jarden Securities Limited (as Arranger and Lead Manager) and Jarden Partners Limited (as Underwriter)

Level 39, ANZ Centre
23-29 Albert Street
Auckland 1010
New Zealand

Credit Suisse (Australia) Limited (as Arranger, Lead Manager and Underwriter)

1 Macquarie Place
Level 31
Sydney, NSW 2000
Australia

Craigs Investment Partners (as Lead Manager and Underwriter)

Level 36, Vero Centre
48 Shortland Street
Auckland, 1010
New Zealand

Forsyth Barr Limited (as Lead Manager) and Forsyth Barr Group Limited (as Underwriter)

Level 23
Lumley Centre
88 Shortland Street
Auckland

If you have any queries about the Entitlements shown on the Entitlement and Acceptance Form which accompanies this Offer Document, or how to apply online or complete the Entitlement and Acceptance Form, please contact the Registrar at:

SHARE REGISTRAR

Link Market Services Limited

New Zealand

PO Box 91976
Auckland, 1142
New Zealand

Level 11, Deloitte Centre
80 Queen Street
Auckland 1010

Telephone: +64 9 375 5998

www.linkmarketservices.co.nz

applications@linkmarketservices.co.nz

Australia

Locked Bag A14
Sydney South NSW 1235
Australia

Level 12
680 George Street
Sydney NSW 2000

Telephone: +61 1300 554 474

www.linkmarketservices.com.au

applications@linkmarketservices.co.nz

