



ACQUISITION OF RIP CURL AND EQUITY RAISING

Transaction Summary

1 October 2019



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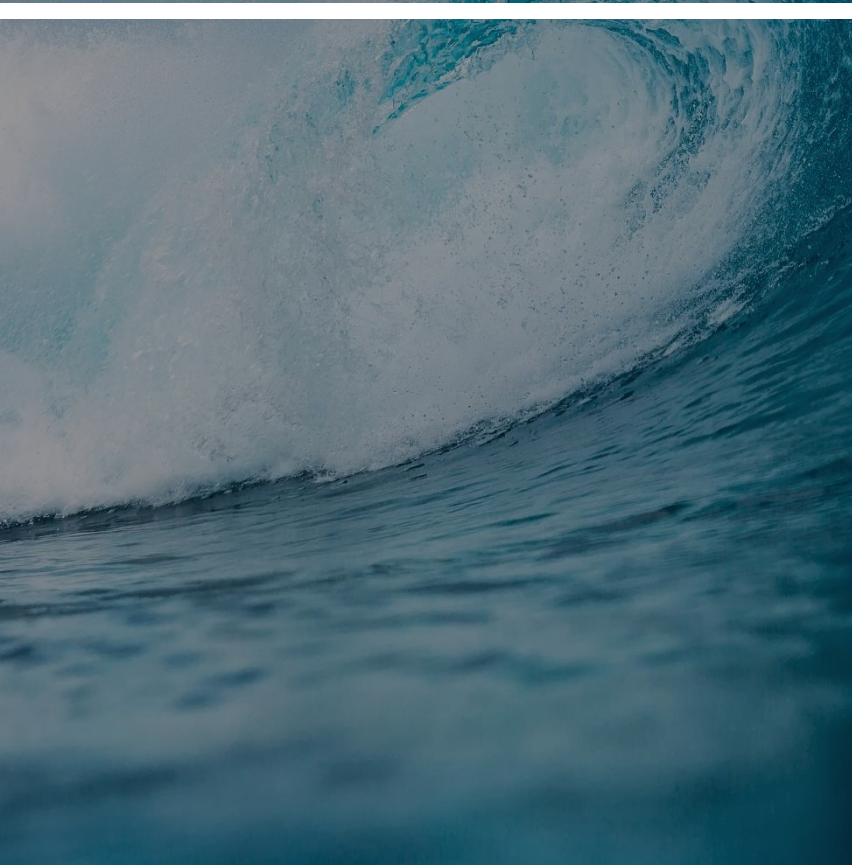
Capitalised terms used in this presentation and not otherwise defined have the specific meaning given to them in the Glossary at the back of the Offer Document.

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1. EXECUTIVE SUMMARY



1. 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 Section 5

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 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.

1. TRANSACTION SUMMARY (CONT.)

Funding and equity raising

- » The acquisition will be fully funded through a combination of equity and debt comprising:
 - » An underwritten 1 for 4 pro-rata accelerated entitlement offer to raise NZ\$145 million (A\$138 million⁽¹⁾)
 - » Vendor Placement of approximately A\$31 million (NZ\$32 million⁽¹⁾) in new Kathmandu shares to the founders and CEO of Rip Curl. The entities associated with the founders and CEO of Rip Curl have elected to receive some of the consideration for the acquisition in Kathmandu shares and have agreed to escrow those shares for 12 months following issue
 - » A\$220 million (NZ\$231 million⁽¹⁾) from debt facilities which are fully underwritten

Financial impacts

- » The transaction is expected to deliver meaningful EPS accretion for Kathmandu shareholders
 - » FY20 pro forma EPS accretion in excess of 10% (pre-synergies)⁽²⁾
 - » Potential for further upside via an initial assessment of synergies
- » Kathmandu intends to maintain a conservative capital structure, with pro forma net debt / FY19 EBITDA as at 31 July 2019 of approximately 1.5x and expects to subsequently delever to a target leverage range of 0.9 – 1.1x by the end of FY21

(1) Based on a AUD/NZD exchange rate of 1.05.

(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).

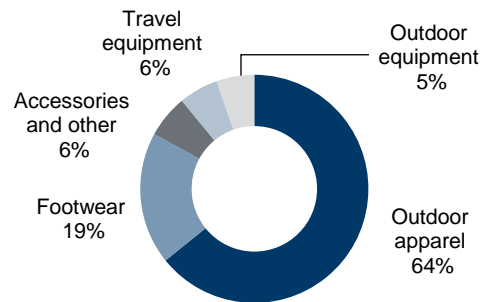
1. STRATEGIC RATIONALE

Global outdoor and action sports company	<ul style="list-style-type: none"> » Combination of Kathmandu and Rip Curl creates a global outdoor and action sports company anchored by two iconic Australasian brands » In excess of NZ\$1.0bn in revenue with a combined footprint of 341 owned retail stores, 254 licensed stores and over 7,300 wholesale doorways globally, driving scale benefits
Highly complementary product categories	<ul style="list-style-type: none"> » Significantly diversifies Kathmandu's product portfolio offering across 24 key categories » Rip Curl's summer / beach focus provides seasonal balance to Kathmandu's winter / outdoor focus » Shared focus on technical and functional products
Geographic diversification	<ul style="list-style-type: none"> » Significantly diversifies Kathmandu's geographic revenue profile, provides access into new markets and increases total addressable market » Rip Curl's presence in North America and Europe, which are strategic priorities for Kathmandu, provides capabilities and relationships for Kathmandu to accelerate its international expansion into these key regions
Complementary expertise	<ul style="list-style-type: none"> » Rip Curl's wholesale expertise, relationships and network can assist Kathmandu in expanding the wholesale business » Kathmandu's online capabilities can be leveraged to accelerate growth in Rip Curl's underpenetrated online channel » Kathmandu's retail expertise can be leveraged to improve the efficiency of Rip Curl's store network
Brand affinity and cultural alignment	<ul style="list-style-type: none"> » Kathmandu and Rip Curl were both founded with the vision to create high quality, functional products that serve a core category of consumers » Rip Curl's underlying brand philosophy, 'The Search', is naturally aligned with Kathmandu's outdoor adventure ethos, 'World Ready'

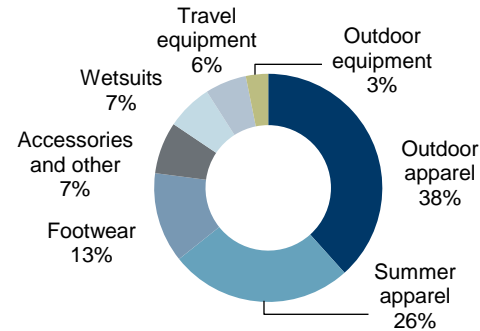
1. PRO FORMA COMBINATION ANALYSIS

Product Segmentation⁽³⁾

FY19 Kathmandu standalone revenue⁽¹⁾

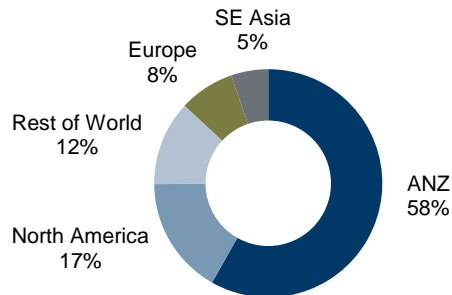
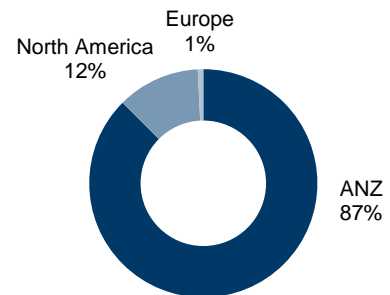


FY19 pro forma Combined Group revenue⁽²⁾



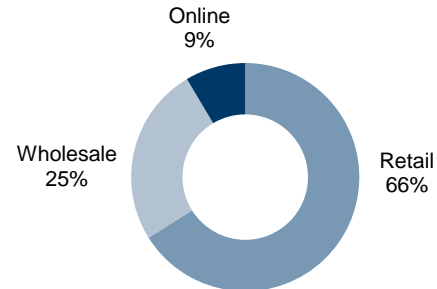
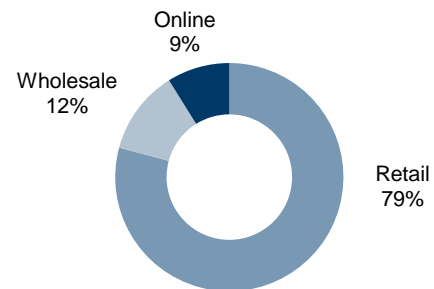
Diversifies contribution through increased presence in surfwear and womenswear, a complementary category in the Kathmandu ecosystem

Geographical Segmentation



Step change in geographic reach and reduces seasonality of earnings and reliance on Australasia

Distribution Segmentation



Provides commercial channel diversification, increases proportion of wholesale channel and reduces reliance on pure retail trading

(1) Kathmandu revenue represents statutory revenue for the financial year ending 31 July 2019.

(2) Represents pro forma combined FY19 revenue for illustrative purposes. The basis of Kathmandu revenue is noted above. Rip Curl revenue is based on revenue for the financial year ending 30 June 2019 from management accounts.

(3) The product segmentation of the Combined Group excludes Rip Curl revenue from third party brands (which are predominantly sold from multi-brand stores), which are not tracked by product categories.

2. RIP CURL OVERVIEW

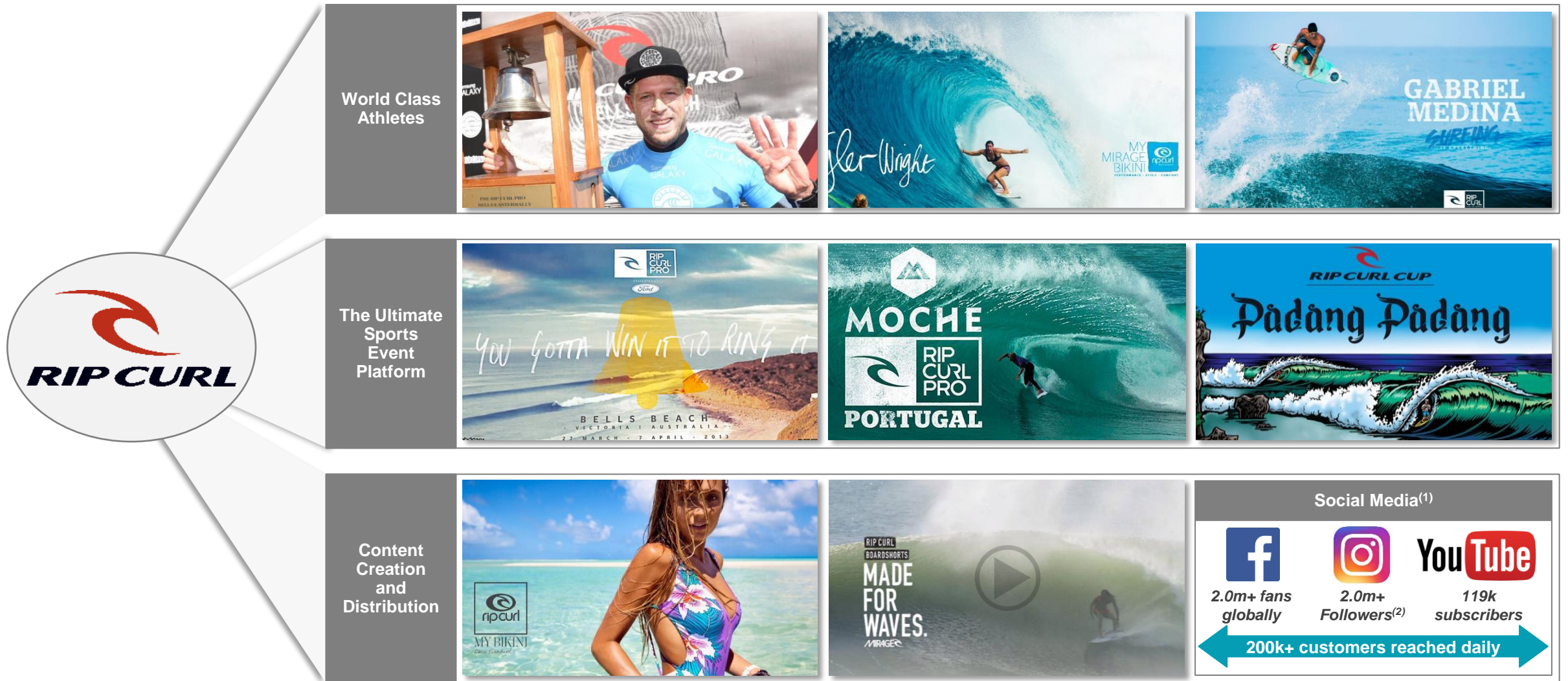


2. THE ULTIMATE SURFING COMPANY

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)



2. PART OF THE FABRIC OF AUTHENTIC GLOBAL SURF CULTURE



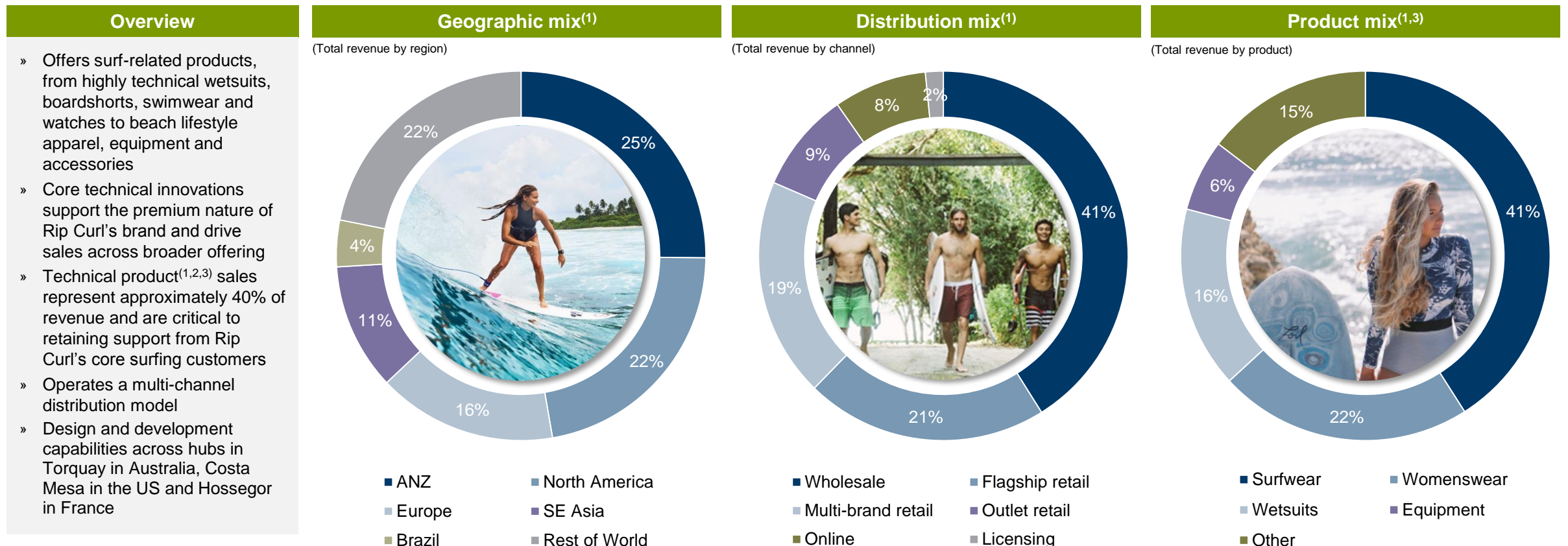
(1) As at June 2019.

(2) Across 10 of Rip Curl's largest accounts. Rip Curl's online presence is enhanced by its athletes' own strong Social Media presence, with Gabriel Medina (7.8m Instagram followers) and Alana Blanchard (1.7m followers), in particular, consistently leading the industry tables for followers.

2. RIP CURL AT A GLANCE



» Rip Curl is a leading global action sports brand with a long-standing history in marketing, designing, manufacturing, wholesaling and retailing surfing apparel and equipment



(1) Represents revenue for the financial year ending 30 June 2019 from management accounts.

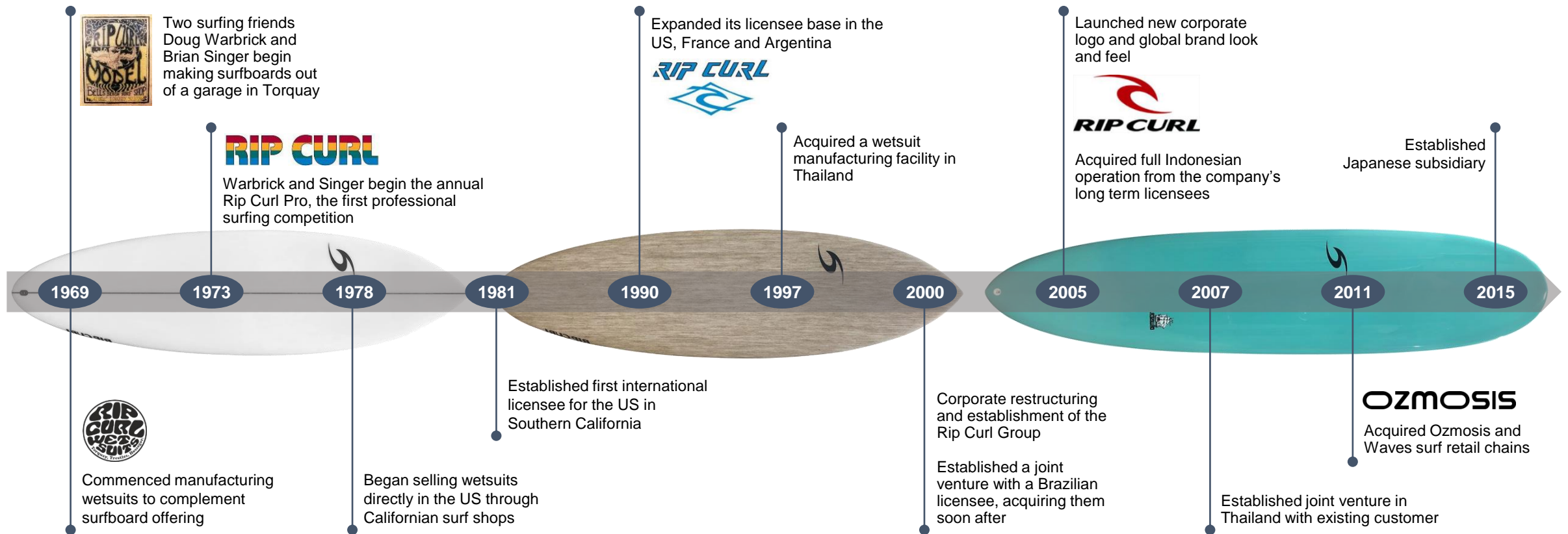
(2) Technical products comprise wetsuits, equipment, watches, boardshorts and other products.

(3) Product mix excludes revenue from third party brands (which are predominantly sold from multi-brand stores), which are not tracked by product categories.

2. AN ICONIC BRAND WITH A RICH HISTORY SYNONYMOUS WITH SURFING



- » Born in Bells Beach, Australia, in 1969, Rip Curl's vision is to be regarded as the Ultimate Surfing Company in all that it does
- » Rip Curl is one of the largest and most iconic surf brands globally and is at the forefront of product innovation, marketing and brand development



2. DIFFERENTIATED PRODUCT OFFERING FOCUSED ON THE CORE SURF CUSTOMER

T Wetsuits



- » 'Flashbomb' – the world's fastest drying wetsuit
- » Flex-energy lining
- » Thermo-shield panels
- » Solar heat absorption

Womenswear



- » Designed with style and performance in mind
- » Continuous feedback and testing from Rip Curl's pro women's surf team

T⁽¹⁾ Surfwear



- » Ultimate stretch shorts
- » Durable fabrics
- » Quick dry technology
- » 'Surf grip' waistband

T Equipment



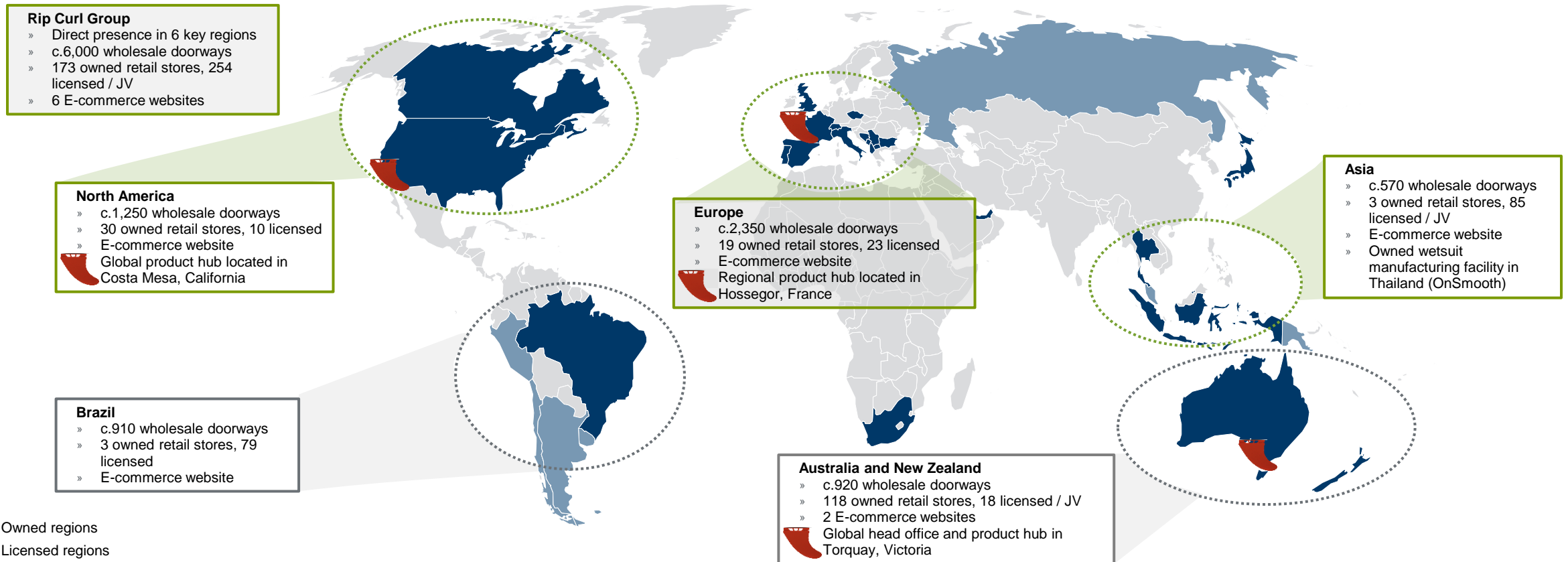
- » Lightweight
- » Durable
- » Functional
- » RFID blocking

(1) Boardshorts are considered as technical products.

2. GLOBAL FOOTPRINT WITH STRONG REPRESENTATION IN MAJOR SURF DESTINATIONS






» Rip Curl has a direct presence across 6 key regions through stores, design and manufacturing facilities



Note: Rip Curl metrics as at 30 June 2019. Rip Curl also has an additional 39 licensed and JV stores in other regions including the Middle East, Africa and South Pacific.

2. WELL ESTABLISHED AND DIVERSIFIED COMMERCIAL CHANNELS

» Rip Curl's controlled distribution has traditionally focused on the wholesale channel and has progressively evolved towards direct to customer retail

	Wholesale	Retail	Online
Overview	<ul style="list-style-type: none"> » Wholesale distribution to external retail customers » Primary contributor to overall company revenue » Australia, North America and Europe are the largest contributors from a region perspective 	<ul style="list-style-type: none"> » Broad retail footprint of owned retail distribution covering 173 owned physical locations worldwide <ul style="list-style-type: none"> – 90 flagship stores (stores located in prime tourist destinations and iconic surf locations) – 26 owned outlet stores (stores distributing old season stock) – 57 Ozmosis stores which offer multi-brand products (operates independently to Rip Curl business primarily in shopping centres) 	<ul style="list-style-type: none"> » E-commerce is a relatively new channel of the Rip Curl business <ul style="list-style-type: none"> – Australia / New Zealand launched in 2010, North America in 2011, Europe in 2014, Brazil in 2015, Japan in 2016 and Indonesia in 2018 » Comprises 6 E-commerce websites delivering products to Rip Curl's 6 key regions
Key customers			

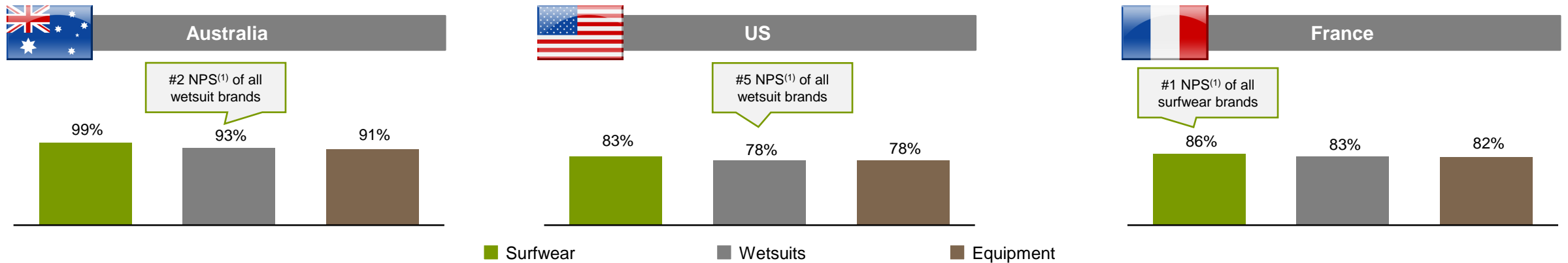
Note: Rip Curl metrics as at 30 June 2019.

2. HIGHLY RECOGNISABLE, GLOBAL BRAND



- » Rip Curl's brand is highly recognisable across surfwear, wetsuit and equipment categories in Australia, the US and France
- » Demonstrable brand affinity with core surf customers who value product functionality and performance showcased by world class pro team and events program

Brand awareness (2019)



Key highlights

Surfwear

- » High brand awareness and purchase conversion across all categories of consumers (from casual to core surfers) in Australia
- » Second highest purchase penetration in France, with most support from core and casual surfers

Wetsuits

- » Market leader for wetsuits in Australia, with strong purchase penetration driven by technical product excellence
- » Wetsuits resonate most strongly with core and casual surfers across all markets, supported by Rip Curl's technical product focus

Equipment

- » Brand awareness among core, casual and surf-inspired customers is high, driven by product quality and functional performance

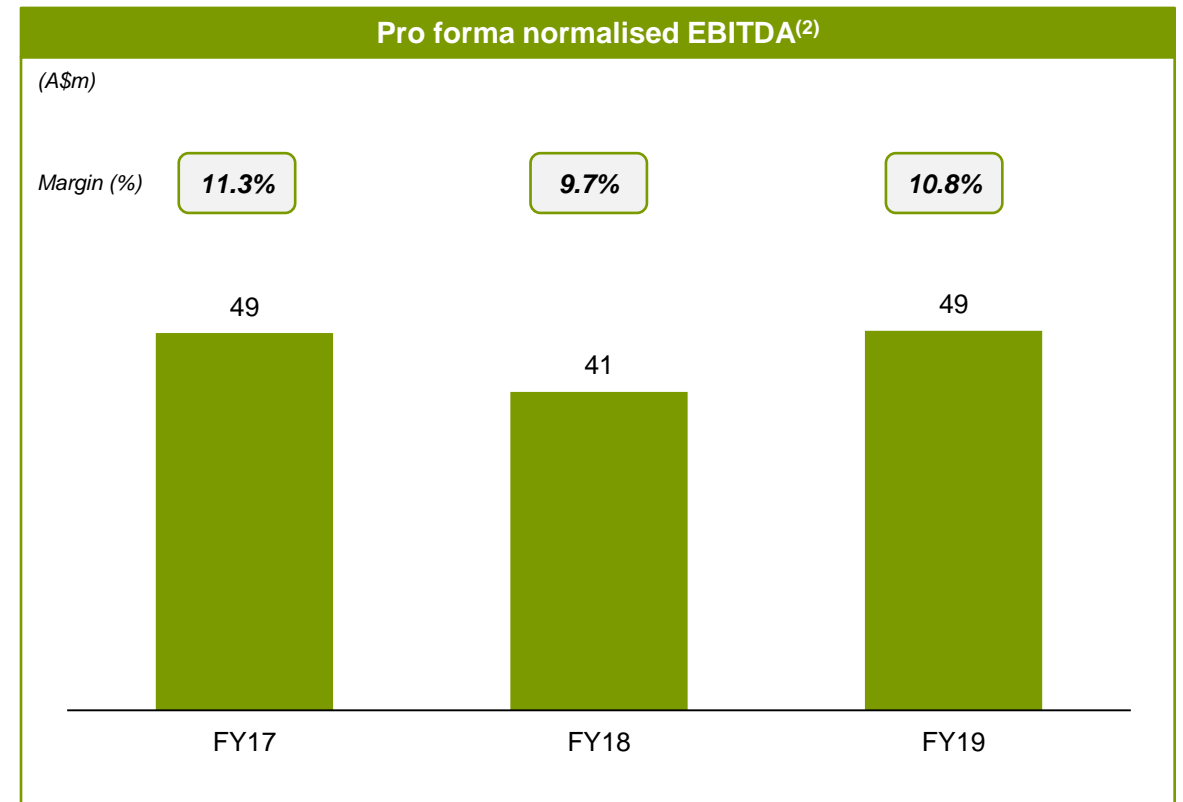
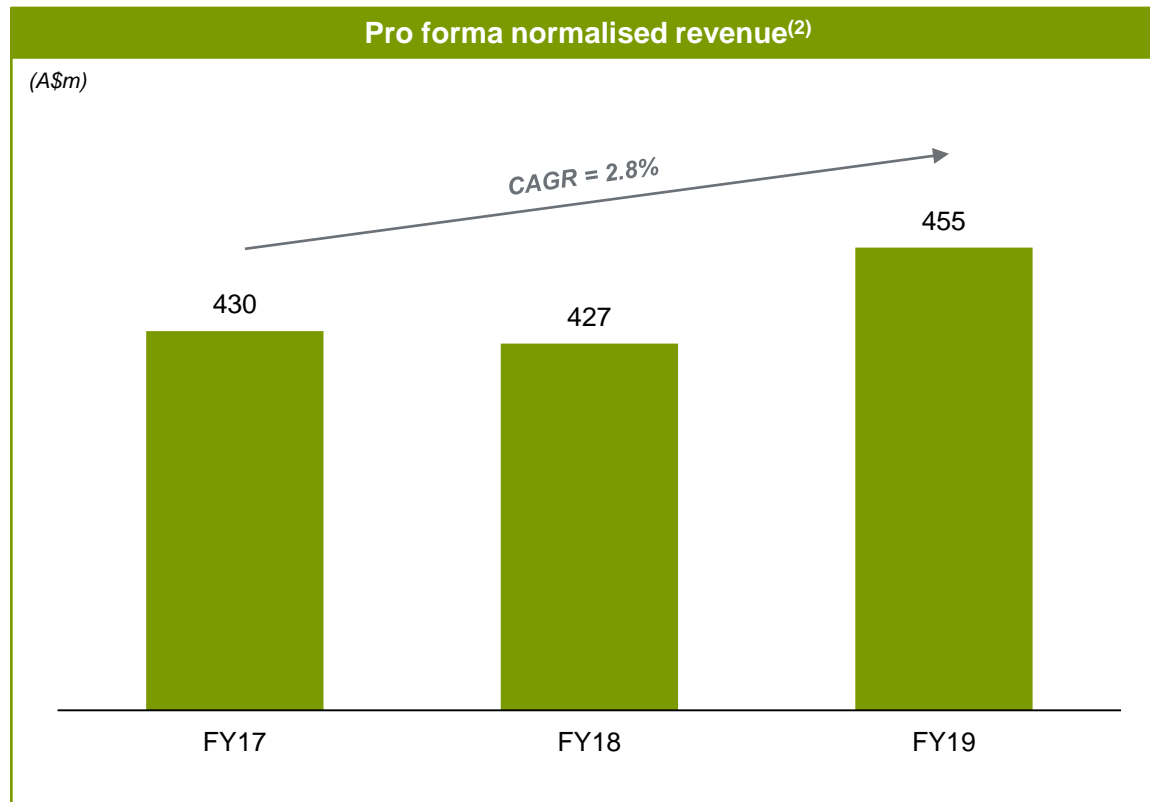
Source: L.E.K. analysis.

Note: Core surfer defined as someone who surfs 8+ times per year; casual surfer as someone who surfs 1-7 times per year; and surf-inspired consumers are those who have an aspirational surf and beach lifestyle but do not surf.

(1) Net promoter score, determined by % promoters - % detractors.

2. HISTORICAL FINANCIAL PERFORMANCE

- » Rip Curl acquisition price implies 7.3x EV / FY19 pro forma normalised EBITDA⁽¹⁾
- » Historically, Rip Curl focused on its core strength – developing and selling technical products through wholesale channels



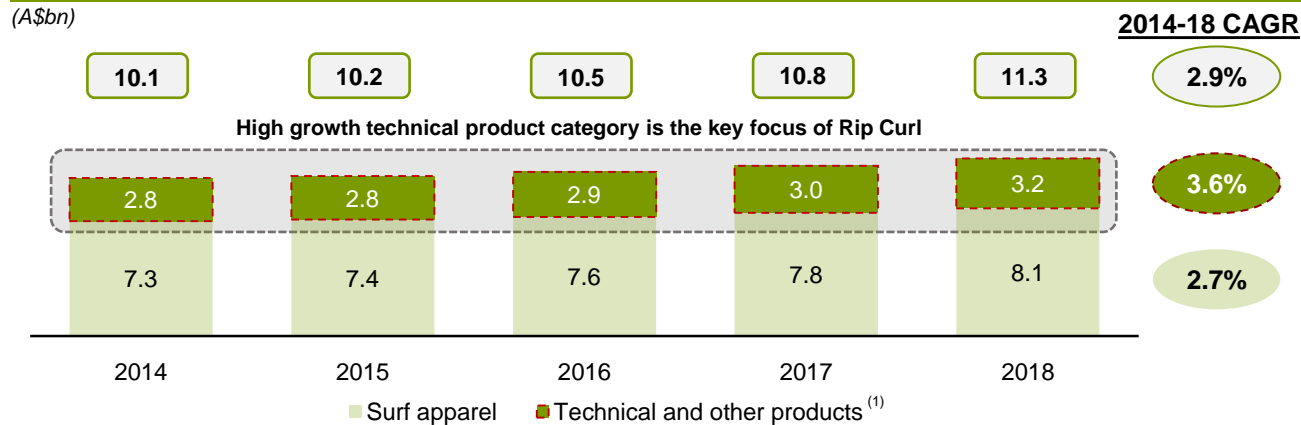
(1) Excludes the value of minority interests owned by Rip Curl that are not being acquired.

(2) Pro forma normalised revenue and EBITDA reflects Rip Curl's statutory revenue and EBITDA as reflected within the audited financial statements adjusted for the impact from certain structural changes in the business, non-recurring and one-off items, and reclassification of interest income. For EBITDA: (i) the structural changes (FY17: A\$(2.1)m; FY18: A\$1.1m; FY19: A\$3.3m) include removing the margin impact associated with Rip Curl having exited the retail channel in Indonesia during 2018, exiting a joint venture arrangement in South Africa, and the impact of streamlining Group governance functions; (ii) the non-recurring and one-off costs (FY17: A\$2.7m; FY18: A\$(197)k; FY19: A\$4.9m) primarily relate to restructuring costs associated with the structural changes in Group leadership functions; and (iii) the reclassification of interest income amounts to A\$(301)k in FY17, A\$(890)k in FY18 and A\$(799)k in FY19. The pro forma normalised financials are for the twelve month periods ending 30 June 2017, 2018 and 2019. In addition to the adjustments outlined as aforementioned, there were certain costs incurred historically that are not expected to be incurred in FY20 and going forward, as they relate to compensation and expenses associated with former employees who have been restructured out of the business. These costs totalled A\$2.7m in FY17, A\$5.2m in FY18 and A\$4.2m in FY19. For the avoidance of doubt, these costs have not been added back to the pro forma normalised EBITDA numbers presented above.

2. LARGE GLOBAL INDUSTRY WITH GROWTH UNDERPINNED BY TECHNICAL PRODUCTS

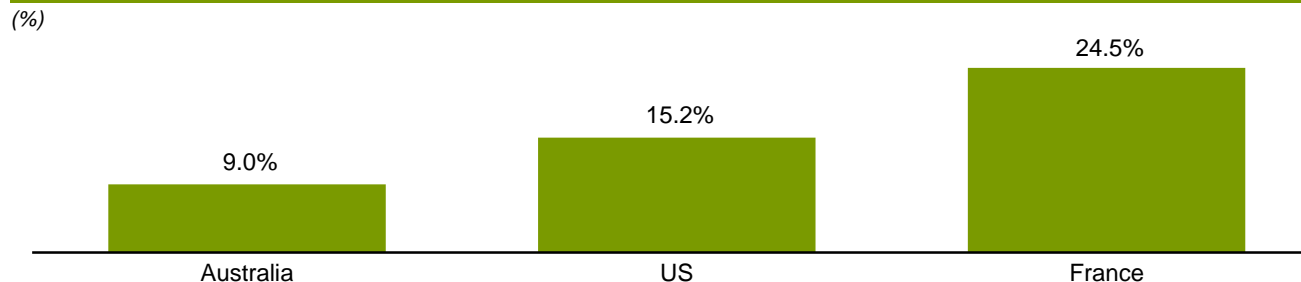
» Rip Curl operates in the c.A\$11.3bn global surf apparel and equipment industry

Global surf apparel and equipment market



- » Rip Curl’s products are focused on core technical surf category, placing emphasis on authentic alignment with the lifestyle of participants
- » The global surf apparel and equipment market is underpinned by a number of positive fundamentals:
 - Increased participation rates in surfing across all key surfing regions, reinforced by increasing female participation and rising interest from the inclusion of surfing in the 2020 Olympics
 - Increased online interest, reflected in the growth in web traffic for branded surfwear
 - Consumers reporting steady or increasing purchase intentions across most categories in the key markets of Australia, the US and France
 - Strong and consistent growth in key product categories of Rip Curl (primarily equipment and wetsuits) across Australia, the US and France
- » The surf apparel and equipment market in Rip Curl’s largest region, Australia, expanded above the global average with a 2014-18 CAGR of 4.3%
- » Overall, the surf products market has a strong, committed core consumer base with steady growth in participation and spending

Core technical product expenditure (wetsuit and equipment) growth (2017-19 CAGR)⁽²⁾



Source: GIA Report 2019, L.E.K. analysis.

(1) “Technical products” includes surf wetsuits, surfboards, boardshorts and other surf equipment.

(2) Based on expenditure by surveyed participants who are identified as either core surfers, casual surfers or surf-inspired consumers as defined on page 18.

3. INVESTMENT HIGHLIGHTS



3. 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.

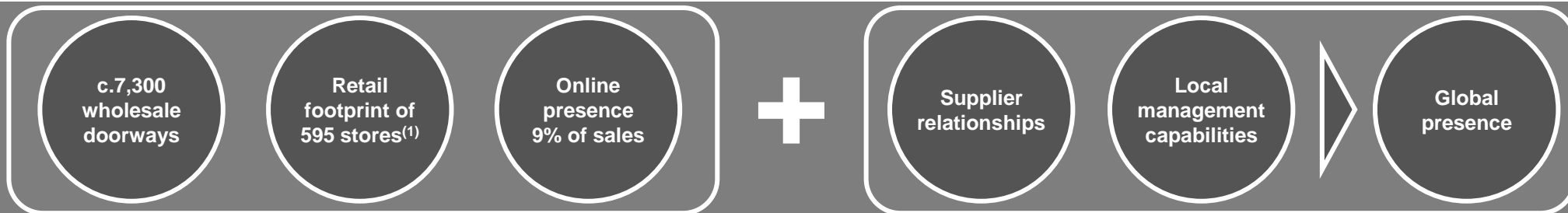
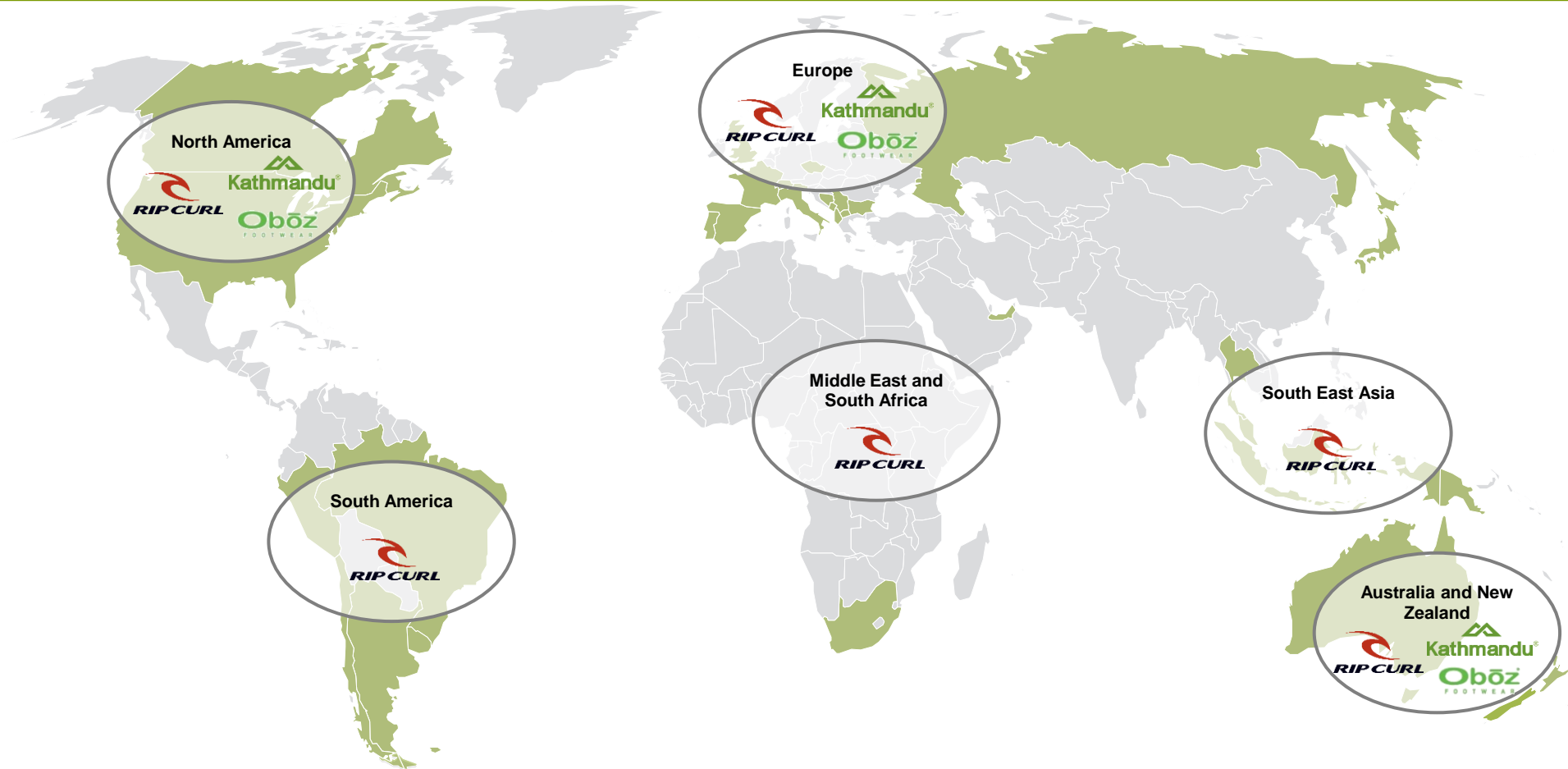
(2) EPS accretion has been calculated by comparing Kathmandu's budgeted standalone FY20 EPS (calculated assuming that the acquisition does not occur, and adjusted for the impact of the pro-rata accelerated entitlement offer) against the Combined Group pro forma FY20 EPS excluding any synergies and one-off 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).

3. COMBINED GROUP MEETS THE YEAR ROUND NEEDS OF CUSTOMERS GLOBALLY



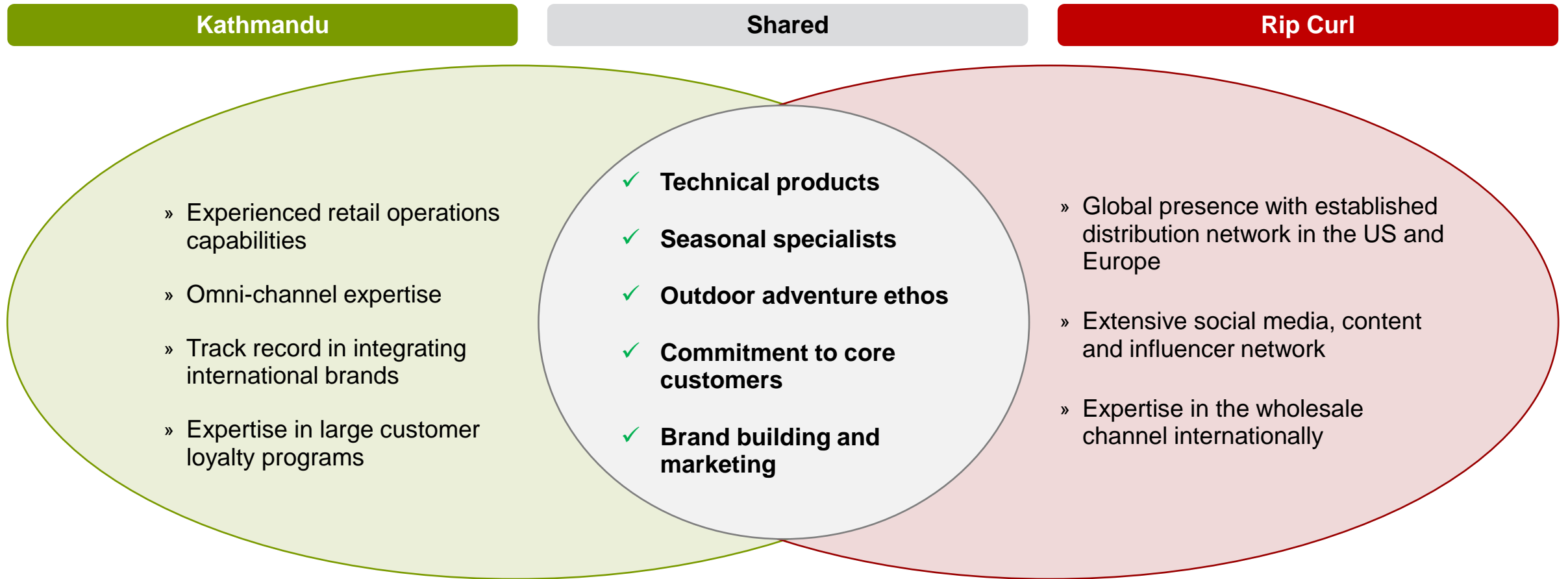
The combination creates an outdoor and action sports company which offers complementary products with diversification in product, channel, geography and seasonality

3. COMBINED GROUP HAS A DEEPER AND MORE MEANINGFUL GLOBAL PRESENCE



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

3. COMPLEMENTARY CORE CAPABILITIES THAT BENEFIT THE CONSUMER UNDER A COMBINED BUSINESS



Kathmandu and Rip Curl’s respective strengths will be leveraged to create a combined business that excels across product development, sales and marketing

3. SIGNIFICANT OPPORTUNITIES TO DRIVE GROWTH

» A number of opportunities have been identified to drive the Combined Group's growth and create value for shareholders



Leverage combined expertise to enhance and expand our high quality product ranges



Continue to invest in our iconic brands, particularly through social and digital channels



Leverage Kathmandu online expertise and platform investments to accelerate online growth

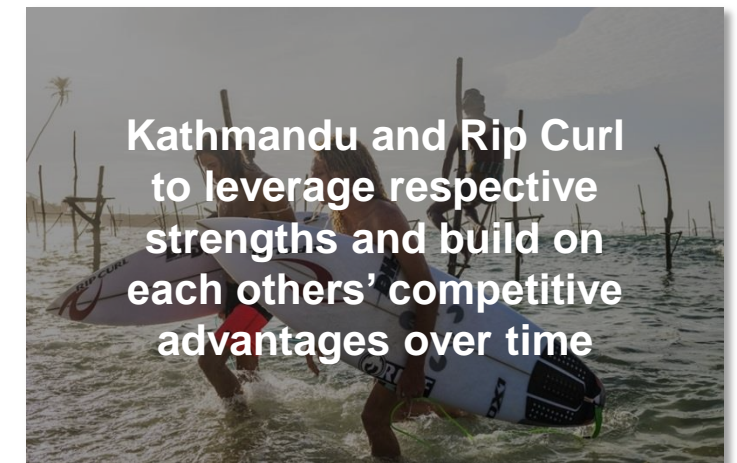


Leverage partnerships with key wholesale customers worldwide



Continue to develop global retail network through licensed store partners and selected flagship store locations

3. VISION FOR THE COMBINED GROUP



(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.

4. TRANSACTION FUNDING



4. SUMMARY OF ACQUISITION FUNDING AND SOURCES & USES

Summary

Purchase price	» Total cash consideration of A\$350 million ⁽¹⁾
Funding	<ul style="list-style-type: none"> » The acquisition, and associated transaction costs, will be fully funded through a combination of equity and debt issuance comprising: <ul style="list-style-type: none"> » 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	Uses	NZ\$m	A\$m
New debt	231	220	Purchase consideration ⁽¹⁾	368	350
Equity	145	138	Refinancing of existing Kathmandu net debt	19	18
Vendor scrip	32	31	Transaction costs and financing fees ⁽³⁾	19	18
			Cash to balance sheet	2	2
Total Sources	408	388	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.

4. SOURCES OF FUNDING

<p>Entitlement Offer</p>	<ul style="list-style-type: none"> » 1 for 4 underwritten pro-rata accelerated entitlement offer to raise gross proceeds of NZ\$145 million (A\$138 million⁽¹⁾) » Issue price of NZ\$2.55 per share, representing a 13.6% discount to the theoretical ex-rights price (“TERP”) of NZ\$2.95 on 30 September 2019 » Approximately 56.7 million new shares to be issued
<p>Vendor Placement</p>	<ul style="list-style-type: none"> » The founders and CEO of Rip Curl have elected to receive some of the consideration for the acquisition in Kathmandu shares » Approximately 10.9 million new shares will be issued to the founders and CEO of Rip Curl <ul style="list-style-type: none"> » Shares will be issued at the lower of TERP, or the closing price of Kathmandu shares on the business day prior to the date of issue, and subject to escrow for 12 months from the date of issue
<p>Debt</p>	<ul style="list-style-type: none"> » Kathmandu has put in place new senior secured debt facilities to fund the acquisition and replace existing facilities <ul style="list-style-type: none"> » Total facility size of A\$375 million (NZ\$394 million⁽¹⁾) split between: A\$220 million (NZ\$231 million⁽¹⁾) Facility A (Term Loan Facility) and A\$155 million (NZ\$163 million⁽¹⁾) Facility B (Multi-Option Facility)⁽²⁾ » The facilities will collectively be used to facilitate the acquisition, replace existing debt facilities and for general corporate purposes, and will have a maturity date of October 2022 » The financial maintenance covenants will be in-line with existing facilities and no material changes to key terms are expected » Kathmandu intends to maintain a conservative capital structure, with pro forma net debt / FY19 EBITDA as at 31 July 2019 of approximately 1.5x as outlined on page 45. Kathmandu expects to subsequently delever to a target leverage range of 0.9 – 1.1x by the end of FY21 » Underwritten by Credit Suisse AG, Sydney Branch

(1) Based on a AUD/NZD exchange rate of 1.05.

(2) The incremental interest expense is included in the pro forma financial information presented on page 43.

4. ENTITLEMENT OFFER DETAILS

Offer size and structure	<ul style="list-style-type: none"> » 1 for 4 underwritten pro-rata accelerated entitlement offer to raise approximately NZ\$145 million (A\$138 million⁽¹⁾) » Approximately 56.7 million new shares to be issued
Offer Price	<ul style="list-style-type: none"> » NZ\$2.55 per new share representing a 13.6% discount to TERP of NZ\$2.95 as at 30 September 2019 » Australian Dollar Offer Price for eligible retail shareholders determined as A\$2.37, using prevailing AUD/NZD exchange rate on 30 September 2019
Institutional shareholders	<ul style="list-style-type: none"> » Eligible institutional shareholders will be invited to take up their entitlements in an accelerated Institutional Entitlement Offer » Entitlements not taken up and entitlements of ineligible institutional shareholders will be sold in the institutional shortfall bookbuild <ul style="list-style-type: none"> » Any premium achieved in respect of the sale of the entitlements will be remitted to non-participating and ineligible institutional shareholders, net of any applicable withholding tax
Retail shareholders	<ul style="list-style-type: none"> » Eligible retail shareholders in Australia and New Zealand will be sent offer materials and invited to take up their entitlements in a Retail Entitlement Offer » Entitlements not taken up and entitlements of ineligible retail shareholders will be sold in the retail shortfall bookbuild <ul style="list-style-type: none"> » Any premium achieved in respect of the sale of the entitlements will be remitted to non-participating and ineligible institutional shareholders, net of any applicable withholding tax
Ranking	<ul style="list-style-type: none"> » All new shares issued under the Entitlement Offer will rank equally with existing Kathmandu ordinary shares from date of issue » New shares issued under the Entitlement Offer will not be entitled to receive the dividend declared in respect of FY19
Managers and Underwriters	<ul style="list-style-type: none"> » Credit Suisse (Australia) Limited and Jarden Securities Limited are Lead Managers in respect of the Entitlement Offer and the Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited, Jarden Partners Limited and Deutsche Craigs Limited⁽²⁾ on normal commercial terms for an offer of this nature

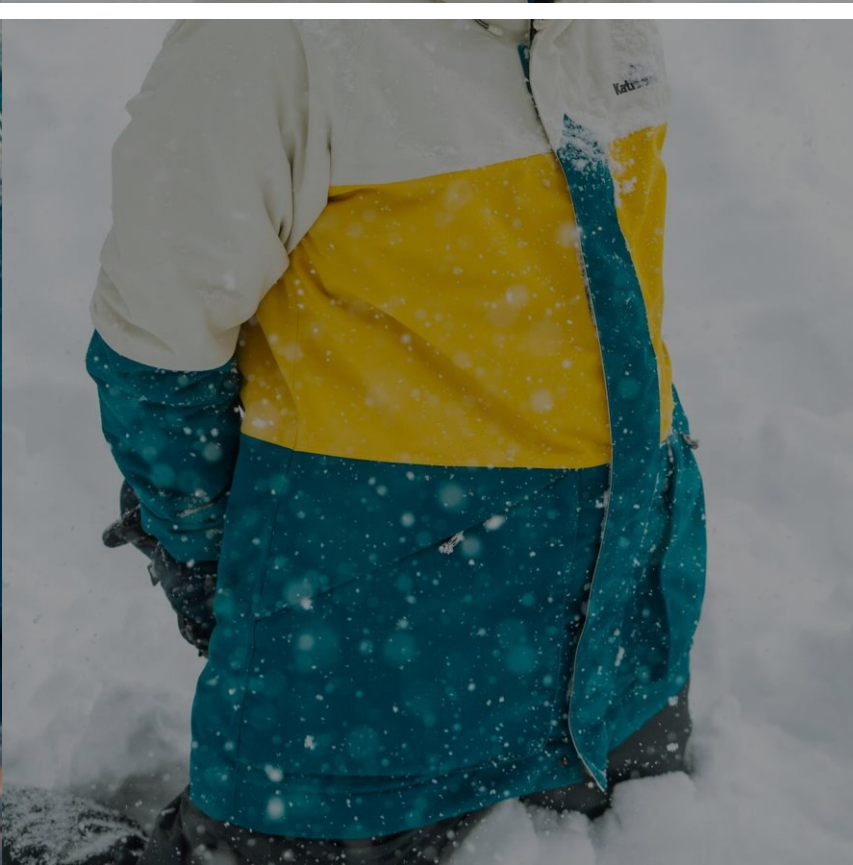
(1) Based on a AUD/NZD exchange rate of 1.05.

(2) Deutsche Craigs Limited is a wholly owned subsidiary of Craigs Investment Partners Limited (CIP). The role of the Underwriter may be performed by Deutsche Craigs Limited or CIP (as the NZX Participant firm) or any of their successors and assigns, as appropriate, and those entities shall have the rights and benefits of the Underwriters.

4. TRANSACTION TIMETABLE

Event	Date
Trading halt and announcement	Tuesday, 1 October 2019
Record date for the Entitlement Offer (8:00pm NZDT)	Thursday, 3 October 2019
Dividend record date	Monday, 30 September 2019
Dividend payment date	Friday, 11 October 2019
Institutional Entitlement Offer	
Institutional Entitlement Offer opens	Tuesday, 1 October 2019
Institutional Entitlement Offer closes (4:00pm NZDT)	Wednesday, 2 October 2019
Institutional shortfall bookbuild closes	Thursday, 3 October 2019
Trading halt lifted on NZX and ASX	Friday, 4 October 2019
ASX settlement	Thursday, 10 October 2019
NZX settlement and commencement of trading of new shares issued under the Institutional Entitlement Offer on NZX and ASX	Friday, 11 October 2019
Retail Entitlement Offer	
Retail Entitlement Offer opens	Friday, 4 October 2019
Offer Document despatched to Eligible Retail Shareholders	Friday, 4 October 2019
Retail Entitlement Offer closes (5:00pm NZDT)	Monday, 21 October 2019
Retail shortfall bookbuild (trading halt expected to be in place)	Wednesday, 23 October 2019
Trading halt expected to be lifted on NZX and ASX	Thursday, 24 October 2019
ASX settlement	Friday, 25 October 2019
NZX settlement and commencement of trading of new shares issued under the Retail Entitlement Offer on NZX and ASX	Tuesday, 29 October 2019
Special Meeting	
Notice of SM despatched to shareholders	Thursday, 3 October 2019
Record date for the SM	Wednesday, 16 October 2019
SM Australia (and online) (10:00am AEDT)	Friday, 18 October 2019

5. KEY RISKS



5. KEY RISKS RELATING TO THE ACQUISITION

- » This Section sets out the key risks Kathmandu has identified relating to the acquisition of the shares in Rip Curl. These risks may affect the future operating and financial performance of Kathmandu and the value of Kathmandu shares.
- » Please note that this Section does not (and does not purport to) set out the key risks related to an investment in shares in Kathmandu or in relation to Kathmandu, its business or general market or industry risks.
- » Before deciding whether to invest in Kathmandu shares, you should make your own assessment of the risks associated with an investment in Kathmandu and consider whether such an investment is suitable for you having regard to publicly available information (including this Presentation), your personal circumstances and following consultation with a financial or other professional adviser.

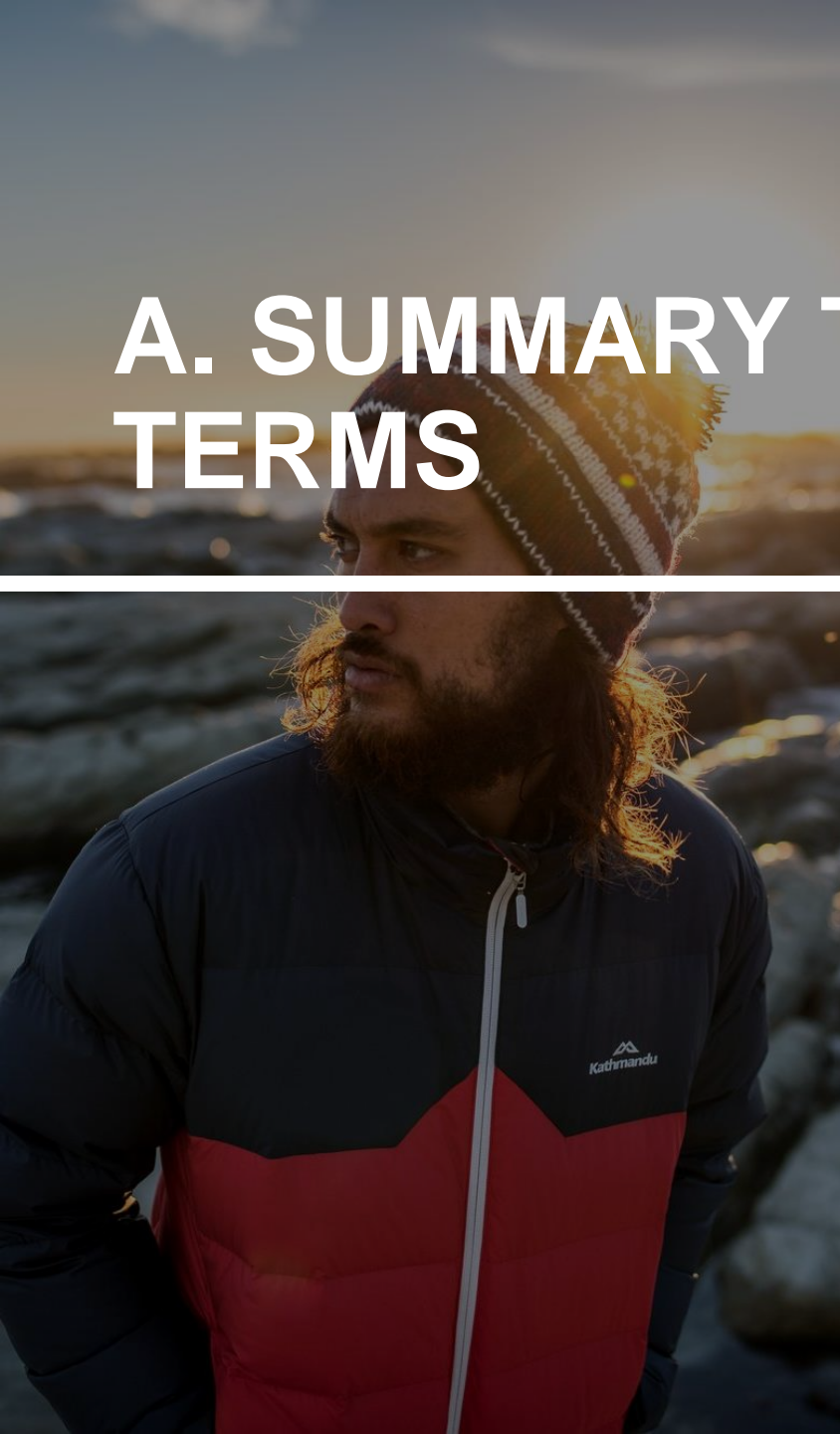
5. KEY RISKS RELATING TO THE ACQUISITION (CONT.)

Risk	Details
Reliance on information provided	<ul style="list-style-type: none"> » While Kathmandu and its advisors have undertaken a due diligence review in respect of the acquisition, which encompassed operational, financial, accounting, tax and legal matters relating to Rip Curl, the information on which such review was based was substantially provided by or on behalf of Rip Curl. » If any such information provided by or on behalf of Rip Curl proves to be incorrect, incomplete or misleading, or if the due diligence undertaken by Kathmandu and its advisers has not identified all material risks in respect of the acquisition or if the risks that have been identified have not been adequately mitigated under the acquisition agreement or otherwise, there is a risk that the actual financial position and performance of Rip Curl and the Group may be materially different to the expectations reflected in this Presentation. » However, Kathmandu has no reason to believe Rip Curl has not acted in good faith and therefore believes the likelihood of this risk materialising to be low. Kathmandu also considers that the acquisition agreement provides appropriate remedies, customary for a transaction of this nature, so as to mitigate the effects of such non-disclosure or misleading conduct.
Key personnel risk	<ul style="list-style-type: none"> » Due to the size of the Rip Curl business, Kathmandu considers a small number of Rip Curl employees are crucial for the ongoing success of the Rip Curl business due to their knowledge and understanding of the Rip Curl business and their deep relationships with customers and suppliers. Kathmandu considers the ability of these employees to continue to support Rip Curl to be a critical component for Rip Curl's continued growth. » If those employees were to leave Rip Curl's employment, replacing them could involve significant time and cost but may also inhibit Rip Curl from achieving its business objectives. » Kathmandu management has been communicating with key personnel and evaluated this risk. Kathmandu has concluded that key personnel have strong loyalty to the Rip Curl brand and will value the opportunity for the growth of Rip Curl provided there is good cultural integration into the Kathmandu group. » Kathmandu therefore considers the risk of key personnel leaving following the acquisition to be low and will seek to carefully manage the integration of Rip Curl into the wider Kathmandu group.
Business integration failure	<ul style="list-style-type: none"> » There may be challenges in the cultural integration of Rip Curl, considering its strong brand identity and that it has been owned by the founders since it was established approximately 50 years ago. » As Rip Curl is not listed on any stock exchange, there may be challenges faced in bringing Rip Curl up to the same regulatory and disclosure standards as Kathmandu is subject to. » It is intended that post acquisition, Rip Curl will retain its own strong brand identities, cultural values and retain operational ownership (see page 27). Further, both Kathmandu and Rip Curl will retain focus on completing required processes to keep the business moving forward during integration, particularly around product development. This means that the likelihood of a failure to integrate the businesses should be low.
Information systems upgrades	<ul style="list-style-type: none"> » The following key risks have been identified in relation to Rip Curl's information systems: <ul style="list-style-type: none"> » information security, PCI compliance and data privacy controls need to be strengthened; and » Rip Curl's IT systems in regional locations are planned to be upgraded. » There is a risk that following further investigation, current maintenance and upgrading of core systems is more complex than anticipated. » Kathmandu and its advisors have completed an assessment of the costs of developing and upgrading the information systems. Nevertheless, there remains a risk that the cost required to complete this programme of work is more than allowed for in the course of normal expenditure.
Decline in brand loyalty	<ul style="list-style-type: none"> » Kathmandu and Rip Curl are both strong brands with a high degree of reliance on brand loyalty. If there is brand damage from an unexpected event (e.g. product failure or other reputational damage) then brand loyalty could decline. Kathmandu considers that it is well placed to manage this risk through the significant marketing and retail experience within Kathmandu and Rip Curl, but if such an unexpected event were to arise, it could result in a material impact on profits.

5. KEY RISKS RELATING TO THE ACQUISITION (CONT.)

Risk	Details
Downturn in product sales	<ul style="list-style-type: none"> » Rip Curl faces similar operational risks to Kathmandu – the retail environment is challenging and a highly competitive environment. There is a risk that Rip Curl’s forecast retail sales growth does not eventuate or that consumer spending via wholesale accounts declines, reducing value accretion to shareholders. » Kathmandu and Rip Curl will leverage respective strengths and build on each other’s competitive advantages, strengthening the two brands and enabling them to better withstand a retail downturn. » Rip Curl’s wholesale accounts typically do not have long term guaranteed contracts in place, giving rise to a risk that external retailers reduce the value of Rip Curl product sold by them (whether as a result of a change in customer spending generally or other factors specific to that external retailer). As with product sales generally, this risk will be managed by endeavouring to keep product offerings relevant to both wholesale account holders and end consumers. In addition, Kathmandu will focus on closely monitoring distribution partner performance and pursuing opportunities for new wholesale sales relationships and opportunities. » If there is a significant downturn in consumer sentiment in either the outdoor or surf categories there is a risk of a material impact on profits. However, Kathmandu considers that the diversification in categories across the enlarged group will provide a natural hedge against this risk.
Change to operations of Ozmosis	<ul style="list-style-type: none"> » Rip Curl’s Ozmosis business operates stores which offer multi-brand products and are primarily located in shopping centres. Ozmosis operates independently to Rip Curl. » A number of loss-making Ozmosis stores have been closed over recent years and further closures of remaining loss-making stores will be considered by Kathmandu. In addition, Kathmandu will take steps to optimise the operations of Ozmosis. » There is a risk that changes to operations of remaining Ozmosis stores may adversely affect the performance of Rip Curl. Kathmandu and its advisors have undertaken an assessment of the Ozmosis performance improvement plan and both management of Rip Curl and Kathmandu will retain focus on optimising performance of remaining stores. Further, Kathmandu considers the diversification in commercial channels will limit the overall impact on the Combined Group.
Loss of lease of key premises	<ul style="list-style-type: none"> » Change of control provisions have been identified in a number of key premises leases which would be triggered on acquisition of Rip Curl by Kathmandu. There is a risk that the landlord terminates the lease on acquisition, resulting in a loss of revenue from the retail premises. » Kathmandu considers it is unlikely that a landlord would seek to terminate the lease with a reliable tenant given the current commercial lease environment. The likelihood of this risk eventuating is therefore considered to be low.
Financing risk	<ul style="list-style-type: none"> » The acquisition is being partly funded by an increase to Kathmandu’s total existing debt facilities of approximately NZ\$240m. These facilities will need to be refinanced at various maturity dates. The inability to refinance these facilities or to secure new financing on satisfactory terms could adversely affect Kathmandu’s financial performance and prospects. To the extent that additional equity or debt funding is not available from time to time on acceptable terms, or at all, Kathmandu may not be able to take advantage of acquisition and other growth opportunities, develop new ideas or respond to competitive pressures. » If at any time Kathmandu requires an extension to a facility but is unable to obtain it and is unable to repay the relevant facility, this will constitute a default under the other existing facilities and enable the financiers to demand immediate repayment and cancel the facilities. Cancellation of the debt financing arrangements would have an adverse impact on Kathmandu’s financial position and performance.
Completion risk	<ul style="list-style-type: none"> » The acquisition of Rip Curl is conditional on approval by Kathmandu’s shareholders. The Special Meeting to approve the acquisition is to be held on 18 October, which is after shares are issued under the Institutional Entitlement Offer and institutional bookbuild. In addition, while shares will be issued under the Retail Entitlement Offer and retail bookbuild after the Special Meeting, such shares will be issued prior to completion of the acquisition. » Accordingly, there is a risk that shareholder approval is not obtained, or the acquisition otherwise will not proceed, in which case Kathmandu will need to consider alternative uses for, or ways to return to shareholders, any excess capital it holds following the issue of shares under the accelerated entitlement offer.

A. SUMMARY TRANSACTION TERMS



A. SUMMARY TRANSACTION TERMS

- » The acquisition of the Rip Curl Group is effected by way of a purchase of all of the shares in the parent company of that group, Rip Curl Group Pty Ltd, from its 22 shareholders, 3 of whom are associated with the founders and own approximately 85% of its issued shares between them.
- » The transaction is predicated on an enterprise value (debt-free / cash-free) of Rip Curl of A\$350 million⁽¹⁾. After deduction for estimated net debt at completion, a completion payment of A\$307 million (assuming a normalised level of working capital in the business) is anticipated. Of this consideration, approximately A\$31 million is satisfied by Kathmandu in the form of ordinary shares being issued to the founders and CEO of Rip Curl via the Vendor Placement.
- » The final purchase price is then adjusted post completion to reflect actual levels of completion net working capital and net debt, against the estimated position.
- » The transaction is solely conditional on the ordinary resolution approval of the transaction by Kathmandu shareholders. A Special Meeting is to be held for this purpose in Sydney on 18 October. In addition, Kathmandu has the right to terminate the transaction if the lenders or underwriters involved in the equity and debt raisings to finance the transaction terminate their funding commitments.
- » A break fee of A\$2 million is payable by Kathmandu to Rip Curl if any of Kathmandu's directors fail to recommend the transaction or change their recommendation (other than because Kathmandu's underwriters or lenders have terminated their funding commitments) or if Kathmandu's Underwriters or lenders terminate their funding commitments (other than pursuant to certain material adverse change or other "market out" provisions in funding documentation), and as a consequence of either event the transaction does not proceed.
- » Customary warranties and indemnities (the latter, including as to pre completion tax liabilities) are provided, primarily by the 3 founder shareholders. These are subject to a range of limitations, qualifications, deductibles and caps. Kathmandu considers the warranty and indemnity position achieved to be market typical for transactions of this nature in Australasia.
- » Kathmandu has obtained warranty and indemnity insurance in respect of any claims under the general warranties and tax indemnity, from Liberty Australia, on behalf of a Lloyd's syndicate. As a consequence, Kathmandu's recourse for warranty and/or indemnity breach will be to the insurer rather than the Rip Curl sellers (subject to customary insurance exceptions and save in respect of several specific indemnities, which are not insured).
- » The Rip Curl founders have provided personal non-compete and other undertakings in favour of Kathmandu, of a 5 year duration.

(1) Excludes the value of minority interests owned by Rip Curl that are not being acquired.

B. FOREIGN SELLING RESTRICTIONS



B. FOREIGN SELLING RESTRICTIONS

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside New Zealand and Australia except to the extent permitted below.

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WARNING: This 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 Entitlements and 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 Entitlements and 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 Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. 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 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 contents of this document, you should obtain independent professional advice.

Norway

This 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 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 Entitlements and 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 document and any other materials relating to the Entitlements and 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 document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and 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) 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 document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or 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 Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

B. FOREIGN SELLING RESTRICTIONS (CONT.)

Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the New Shares (i) constitutes a prospectus or a similar notice as such terms are understood under art. 652a, art. 752 or art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules or (ii) has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the Entitlements and the New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Entitlements and the New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

United Kingdom

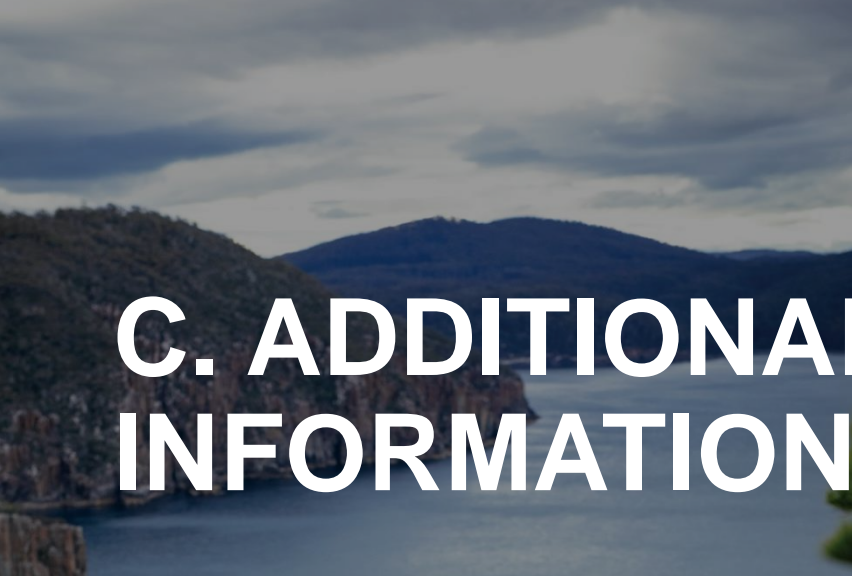
Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is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

This 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 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 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.

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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 Promotions) Order 2005 ("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 document relates are available only to, and any 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 document or any of its contents.

C. ADDITIONAL FINANCIAL INFORMATION



C. PRO FORMA INCOME STATEMENT

NZ\$m	FY19 Kathmandu ⁽¹⁾	FY19 Rip Curl ⁽²⁾	Adjustments for acquisition ⁽³⁾	FY19 pro forma normalised Combined Group
Revenue	545.6	477.4	–	1,023.0
EBITDA	99.6	51.6	–	151.1
<i>EBITDA margin</i>	18.2%	10.8%		14.8%
Depreciation and amortisation	(15.3)	(12.7) ⁽⁴⁾	–	(27.9) ⁽⁵⁾
EBIT	84.3	38.9	–	123.2
<i>EBIT margin</i>	15.4%	8.1%		12.0%
NPAT	57.6	27.2 ⁽⁶⁾	(3.8) ⁽⁷⁾	81.1

(1) Represents statutory financials of Kathmandu for the financial year ending 31 July 2019.

(2) 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. Rip Curl financials converted to NZD based on AUD/NZD exchange rate of 1.05. Refer to page 19 for further details.

(3) No adjustment has been made for transaction costs (including equity and debt underwriting fees).

(4) Represents pro forma normalised depreciation and amortisation.

(5) On completion a formal purchase price allocation exercise will be completed, which may give rise to a change in depreciation and amortisation costs.

(6) Assumes no interest and 30% tax rate for Rip Curl.

(7) Net interest expense (post-tax) on c.NZ\$205m incremental debt drawn to fund the acquisition.

C. PRO FORMA BALANCE SHEET

NZ\$m	FY19 Kathmandu	FY19 Rip Curl	Adjustments for acquisition ⁽¹⁾	FY19 pro forma Combined Group
Cash	6.2	26.1	(30.1)	2.2
Receivables	9.8	81.5	-	91.4
Inventory	122.8	120.3	-	243.0
Fixed assets	60.3	35.6	-	95.9
Intangibles and goodwill	386.1	24.3	185.4	595.7
Other	9.2	26.6	-	35.8
Total assets	594.4	314.3	155.3	1,064.1
Payables	25.9	73.5	-	99.4
Borrowings	25.5	98.5	107.0	231.0
Other	101.0	27.8	-	128.7
Total liabilities	152.4	199.8	107.0	459.1
Net assets	442.1	114.6	48.3	604.9
Net debt / (net cash)	19.3	72.4	137.1	228.8

Note: Balance sheet data sourced from statutory accounts as at 31 July 2019 for Kathmandu and statutory accounts as at 30 June 2019 for Rip Curl. Rip Curl financials converted to NZD based on AUD/NZD exchange rate of 1.05.

(1) Adjustments reflect the acquisition of 100% of Rip Curl on a cash-free, debt-free basis for the purchase consideration of A\$350m, and assuming the funding structure as set out on page 29. Note, the full amount of transaction costs have been treated as expensed through retained earnings, however upon completion, it is likely that a portion of these will be capitalised. On completion, a formal purchase price allocation exercise will be completed, which may give rise to a change in certain balance sheet line items.

C. PRO FORMA LEVERAGE AND RATIOS

Metric	FY19 pro forma Combined Group
Net debt (NZ\$m)	228.8
Net debt / EBITDA (x)	1.51x
Gearing ⁽¹⁾	27.4%
Fixed charge cover ratio ⁽²⁾	2.09x
Interest cover ratio ⁽³⁾	14.85x

Note: Balance sheet data sourced from statutory accounts as at 31 July 2019 for Kathmandu and statutory accounts as at 30 June 2019 for Rip Curl. Leverage and ratios are calculated using pro forma normalised combined financials. Kathmandu financials represents statutory financials for the financial year ending 31 July 2019. Rip Curl financials represent pro forma normalised financials for the financial year ending 30 June 2019. Refer to page 19 for further details. Rip Curl financials converted to NZD based on AUD/NZD exchange rate of 1.05.

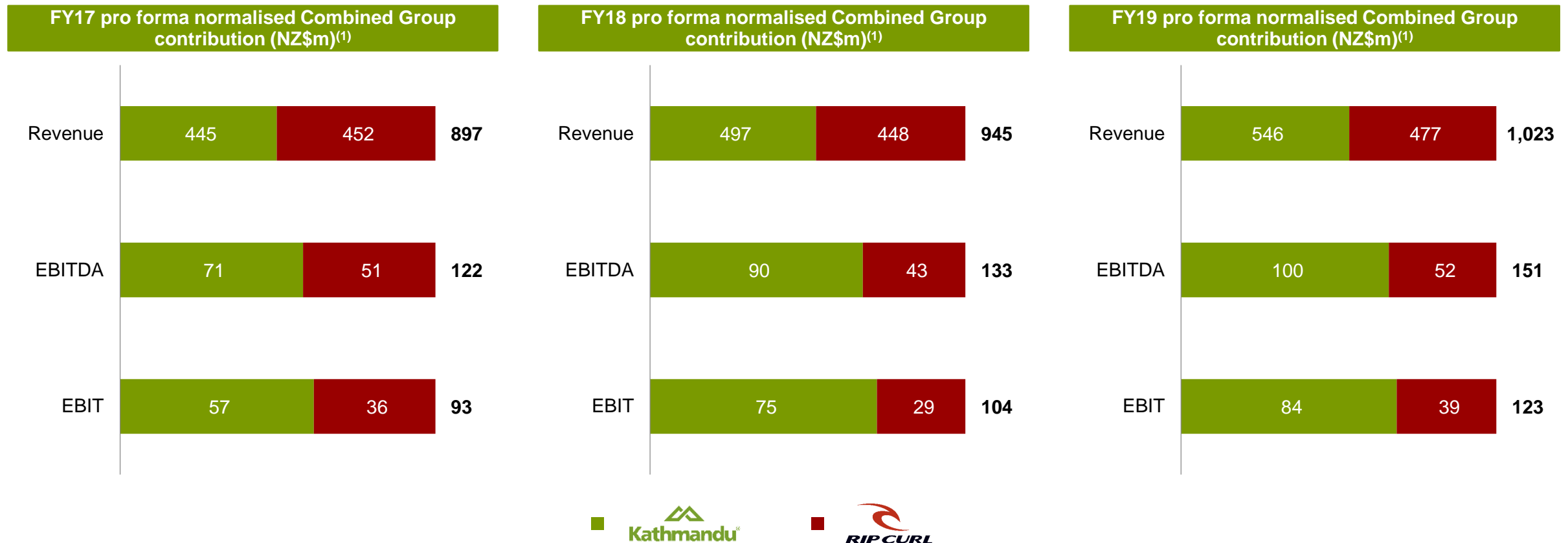
(1) Gearing defined as net debt / (net debt + equity).

(2) Fixed charge cover ratio defined as (EBITDA + rent) / (net interest + rent).

(3) Interest cover ratio defined as EBIT / net interest.

C. COMBINED FINANCIAL PROFILE

→ » The Combined Group generates FY19 pro forma normalised revenue of NZ\$1.0bn and FY19 pro forma normalised EBITDA of NZ\$151m



Note: Kathmandu financials represents statutory financials for the financial year ending 31 July 2019. Rip Curl financials represent pro forma normalised financials for the financial year ending 30 June 2019. Refer to page 19 for further details. Rip Curl financials converted to NZD based on AUD/NZD exchange rate of 1.05.