Kathmandu Holdings

1H FY20 Results and Equity Raising Presentation

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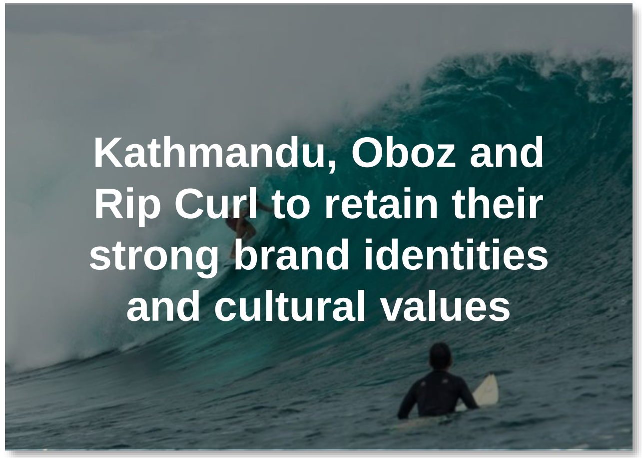
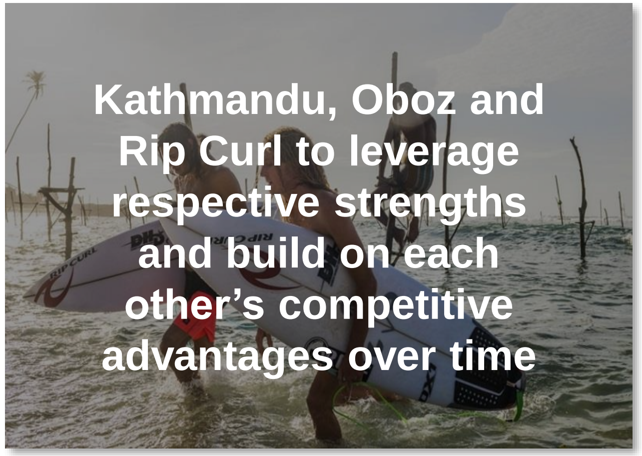
Group Vision

Maintain brand affinity and cultural alignment while leveraging capabilities and delivering synergies

Kathmandu® HOLDINGS LIMITED





1H FY20 Financial Highlights

Trading

- » Rip Curl total sales +3.7% on a comparable basis for three months of ownership: direct to consumer +4.8%, and wholesale +1.8%
- » Outdoor segment total sales +0.4% at constant exchange rates, with same store sales +1.5%

Earnings

- » Underlying EBIT up 46.5% to $29.0m, with Rip Curl contributing NZ$15.7m in the three months since acquisition
- » Operating leverage achieved through channel diversification

Online

- » Rip Curl online comparable sales +19.5%, comprising 6.5% of total direct to consumer sales
- » Kathmandu online comparable sales +33.1%, comprising 11.1% of total direct to consumer sales over the last 12 months

Rip Curl

- » Diversification strategy showing early benefits, with the Rip Curl surf focus helping to balance out the Kathmandu business

1H FY20 Operational Highlights

Rip Curl Acquisition

- Successful completion of the Rip Curl acquisition, including NZ$145m equity raising and syndication of A$375m debt facility
- The Rip Curl acquisition has created a more diversified Group, consisting of three iconic, inspirational, and authentic brands with strong financial fundamentals, highly credible and technical products, and loyal customers
- Key work streams have been identified to:
  - Realise synergies in sourcing, supply chain, and systems over the medium-term
  - Leverage respective strengths and competitive advantages

Sustainability

Certified B Corporation

- Installed solar power at our Blackburn Victoria store, demonstrating progress towards our target of net zero environmental harm from business operations by 2025
- Donated over $100,000 to the Red Cross Australian Bushfire appeal, with Kathmandu matching donations from customers
- Launched our “Best for the World” 2025 Sustainability plan to customers and staff. Customer awareness of the Kathmandu sustainability program has increased 9% year on year (Tru Rating)

COVID-19 Impact and Response

COVID-19 Impact

COVID-19 is expected to have a material adverse impact on our operations and financial performance

Performance	» COVID-19 had minimal impact on earnings in 1H FY20 » While there is uncertainty around the extent of the effects on our business and operations, there will be a material adverse impact to 2H FY20 earnings
Stores	» All New Zealand stores and distribution centres were closed with effect from 24 March for at least 4 weeks and Australian stores were closed with effect from 27 March (276 stores in aggregate) » Rip Curl has had 18 stores in Europe closed since 15 March, 28 stores in North America closed since 15 March and 3 stores in Brazil closed since 19 March » 2 stores outside of these regions are still operating, however these may close within the next 3 months » Online retail in Australia, Europe and the USA continues, however online distribution in New Zealand has been suspended
People	» In New Zealand, team members affected by the store closures are expected to have access to government wage assistance as outlined on page 9 » In Australia, retail store and head office staff with the exception of a skeleton crew were stood down, with access to government assistance and leave entitlements » In Europe, Rip Curl has stood down a majority of team members and is receiving government support as outlined on page 9 » In North America, employment is largely on an "at will" basis allowing for efficient right-sizing of the business in that region
Working capital	» Key suppliers remain operational » Rip Curl benefits from alternating seasons, with ability to reroute products » Prolonged foreign currency impact on hedge contracts currently being placed may increase the cost of products sold in FY21 » No impact on accounts receivable has been experienced and only one major customer has requested extended payment terms
Health and safety	» Ongoing monitoring of team member health with anyone showing symptoms or having been in contact with a confirmed case required to self-isolate » All major Head Offices are closed with staff working from home

Response to COVID-19

Management and the Board are taking decisive action to address the impacts of COVID-19 and maintain business continuity, while ensuring the health and safety of our team and customers remains our highest priority

Distribution	» Our channel agnostic approach and online fulfilment capabilities will help our brands maintain the high levels of customer service and the continuity of our distribution network » Importantly, we are maintaining delivery capacity wherever possible » We have put in place initiatives such as free delivery on all online orders
Supply chain	» Sufficient inventory levels are currently held for the forthcoming season for all brands, assisted by the longer lead time of technical product categories » Where possible, delaying and cancelling existing inventory orders based on reduced levels of expected demand » All brands focussed on core, non-seasonal products
Leases	» Engaging with our landlord partners to achieve a fair outcome which sees our rental costs aligned to our sales performance » In Europe, Rip Curl is expected to benefit from force majeure clauses

Other expenditure	» Cancelling or deferring all non-essential operating expense and capital projects which includes store refurbishments and planned ERP spend across the Group
	  » The Group has minimal committed capital expenditure which has largely been put on hold
	  » This is expected to result in NZ$8m of savings in FY20
	» All operating expenses have been challenged aggressively for potential savings

People	» Utilising government wage subsidies in New Zealand and Europe, significantly offsetting labour costs
	  » In New Zealand, applications are underway to access the government wage subsidy for employees
	  » In France, the base of Rip Curl's European operations, and other European countries, employers are able to temporarily release staff while government funds the majority of employee's salaries
	  » Continuing to use similar schemes in other locations as they become available
	» Ceasing the use of casual staff in retail networks and warehouses in all regions in response to reduced demand in recent weeks
	» Senior management across all brands have agreed to take a 20% salary reduction until further notice
	» Consulting with employees around options for team members to continue on a reduced hours and salary basis
	» Undertaking a significant restructuring program for head office functions which is expected to result in NZ$15m of cost-outs across the Group based on initial estimates

Group Results

Group Result: Overview

KATHMANDU GROUP NZ$m [*2]	IFRS 16 [*1] 1H FY20	Pre IFRS 16 [*1] 1H FY20	1H FY19	Var $	Var %
SALES [*3]	**363.7**	**363.7**	**229.0**	134.7	58.8%
GROSS PROFIT	**218.9**	**218.9**	**141.9**	77.0	54.3%
Gross margin	*60.2%*	*60.2%*	*62.0%*		
OPERATING EXPENSES	**(140.2)**	**(178.4)**	**(114.3)**	(64.1)	56.1%
% of Sales	*38.6%*	*49.1%*	*49.9%*		
EBITDA (UNDERLYING)	**78.7**	**40.5**	**27.6**	12.9	46.7%
EBITDA margin %	*21.6%*	*11.1%*	*12.1%*		
EBIT (UNDERLYING)	**34.1**	**29.0**	**19.8**	**9.2**	**46.5%**
EBIT margin %	*9.4%*	*8.0%*	*8.6%*		
Transaction Costs & Abnormals [*4]	**(10.3)**	**(10.3)**	**1.1**		
EBIT	**23.8**	**18.7**	**20.9**	(2.2)	(10.5%)
NPAT	**8.1**	**7.7**	**14.0**	(6.3)	(45.0%)

» Rip Curl has contributed NZ$15.7m to group underlying EBIT result in the three months since acquisition

» Operating leverage achieved through channel diversification following the Rip Curl acquisition

Note: Rounding differences may arise in totals, both $ and %

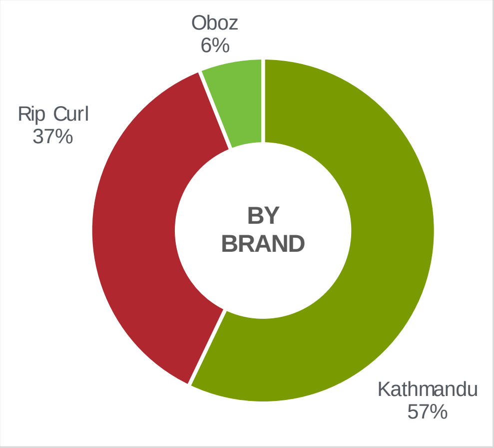
1. *1H FY20 Statutory results include the impact of IFRS 16 leases. For comparability, the impact of IFRS 16 is excluded from Underlying results. Refer to Appendix 1 for a reconciliation of Statutory to Underlying results*
2. *1H FY20 NZD/AUD conversion rate 0.955 (1H FY19: 0.938), 1H FY20 NZD/GBP conversion rate 0.508 (1H FY19: 0.525), 1H FY20 NZD/USD conversion rate 0.641 (1H FY19 0.663)*
3. *1H FY19 sales are re-stated net of Summit Club vouchers issued. Refer to Appendix 1 for a reconciliation of Statutory to Underlying results*
4. *$10.3m has been incurred during 1H FY20 in relation to the acquisition and integration of Rip Curl, including establishment of a new Group structure. Abnormal income of $1.1m in 1H FY19 was from a tax refund relating to the GST treatment of reward vouchers ($0.8m after tax). Refer to Appendix 1 for a reconciliation to Statutory financial statements*

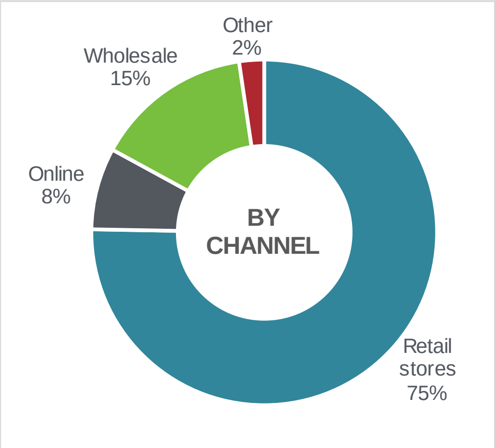
Group Result: Segment Summary

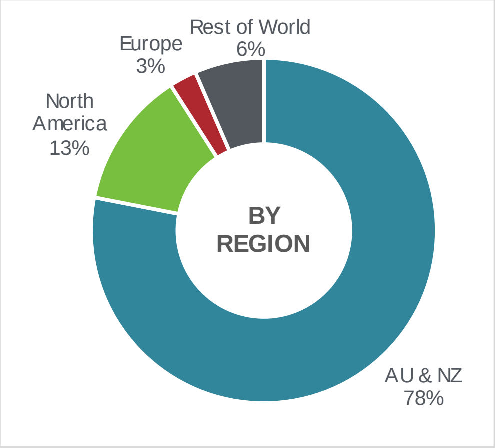
	1H FY20 NZ$m	1H FY19 NZ$m	Var $	Var %
Outdoor segment sales	228.7	229.0	*(0.2)*	(0.1%)
Surf segment sales	134.9	-		
Total Segment Sales	**363.7**	**229.0**	134.7	58.8%
Outdoor segment Underlying EBIT	15.5	21.7	*(6.2)*	(28.5%)
Surf segment Underlying EBIT	15.7	-		
Total Segment Underlying EBIT	**31.2**	**21.7**	9.5	44.0%
Corporate Costs	(2.2)	(1.9)	*(0.3)*	*17.2%*
Group Underlying EBIT	**29.0**	**19.8**	9.2	46.5%

- Outdoor segment includes both Kathmandu and Oboz brands
- Outdoor segment lower gross margin year on year has led to a decrease in EBIT
- Surf segment contains the Rip Curl brand, including the Ozmosis group of multi-brand surf stores operated by Rip Curl in Australia
- Corporate costs include director and listing costs, plus amortisation of Oboz and Rip Curl customer relationships
- Gross Profit $ mix charts below include only three months of Rip Curl contribution since acquisition

Kathmandu Holdings Group Gross Profit $ Mix 1H FY20







Note: Rounding differences may arise in totals, both $ and %

1. Refer to Appendix 2 for a reconciliation of Statutory to Underlying segment Sales and EBIT

Group Result: Balance Sheet

Balance Sheet (NZ$m) as at 31 January	1H FY20	1H FY19
Inventories	254.6	130.1
Property, plant and equipment	93.1	60.9
Right of Use Asset (IFRS 16)	309.7	-
Intangible assets	634.8	384.6
Other assets	105.7	37.7
Total assets (excl. cash)	**1,397.9**	**613.3**
Net interest bearing liabilities and cash	(273.2)	(79.2)
Lease Liability (IFRS 16)	(344.8)	-
Other non-current liabilities	(55.9)	(48.7)
Current liabilities	(144.0)	(83.8)
Total liabilities (net of cash)	**(817.9)**	**(211.7)**
Net assets	**580.0**	**401.6**

Key Ratios*1	1H FY20	1H FY19
Leverage Ratio*2	1.92x	0.85x
Net Debt to Equity*3	32.0%	16.5%
ROIC*4	13.4%	16.1%
Fixed Charge Cover*5	2.02x	2.28x
Stock Turns*6	1.77x	1.84x

Note: Rounding differences may arise in totals, both $ and %

1. *1H FY20 key ratios calculated using 12 month rolling P&L measures, including a full 12 months of Rip Curl P&L results, and excluding transaction costs. 1H FY19 key ratios as reported for Kathmandu last year*
2. *Net Debt / EBITDA*
3. *Net Debt / (Net Debt + Equity)*
4. *EBIT / (Net Debt + Equity)*
5. *(EBITDA + Rent) / (Rent + Net Finance Costs excl. FX)*
6. *COGS / Average Inventories YOY*

Group Result: Cash Flow

Cash Flow (NZ$m)	1H FY20	1H FY19
NPAT	8.1	14.0
Change in working capital	(9.9)	(39.8)
Change in non-cash items	22.6	9.6
Adjusted operating cash flow*1	**20.9**	**(16.2)**

Key Line Items:		
Net interest paid (including facility fees)*2	(2.5)	(1.4)
Income taxes paid	(15.9)	(15.3)
Capital expenditure	(10.6)	(7.0)
Dividends paid	(27.2)	(24.8)
Increase/(Decrease) in borrowings	290.8	44.6

- For consistency between periods, 1H FY20 adjusted operating cash flows are reduced by the principal element of right-of-use lease payments ($34.3m), which are classified as financing rather than operating cash flows in the IFRS 16 statutory accounts
- Increase in net interest paid and increase in borrowings dues to the Rip Curl acquisition
- Capital expenditure includes $3.4m for Rip Curl

1. *Adjusted for impacts of adopting IFRS 16*
2. *1H FY20 net interest paid excludes $4.5m notional interest on IFRS 16 lease liabilities, to improve comparability between periods*

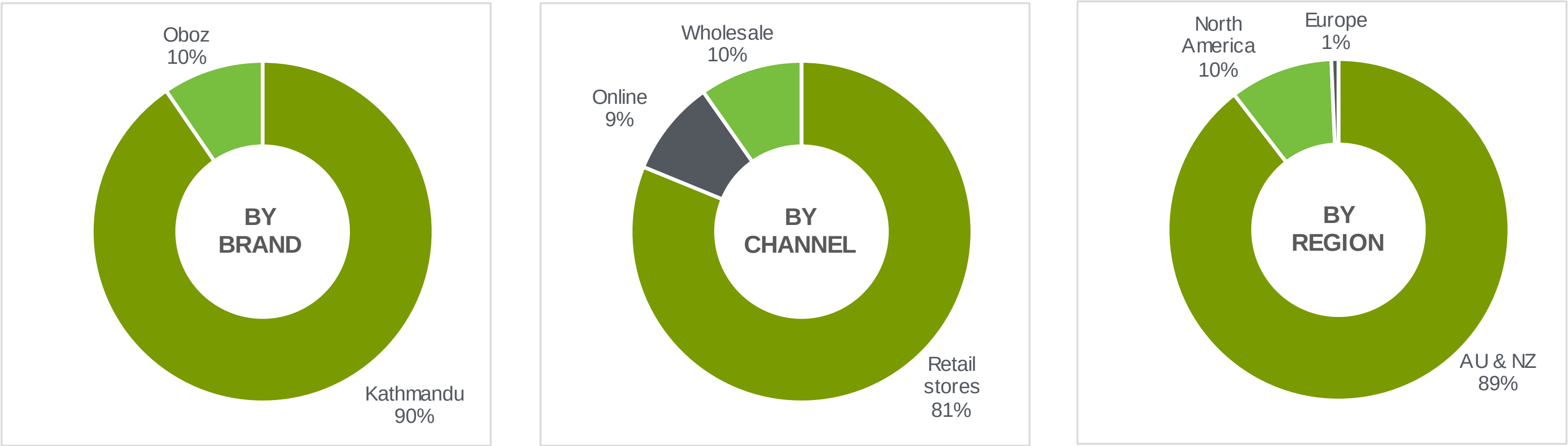
Outdoor Segment

Outdoor Segment: Kathmandu and Oboz Profit & Loss

OUTDOOR SEGMENT *NZ$m*	*Pre IFRS 16* 1H FY20	1H FY19	Var $	Var %
SALES	**228.7**	**229.0**	(0.2)	(0.1%)
GROSS PROFIT	**138.2**	**141.9**	(3.7)	(2.6%)
Gross margin	*60.4%*	*62.0%*		
OPERATING EXPENSES	**(114.8)**	**(112.8)**	(2.0)	1.8%
% of Sales	*50.2%*	*49.3%*		
EBITDA (UNDERLYING)	**23.4**	**29.0**	(5.6)	(19.4%)
EBITDA margin %	*10.2%*	*12.7%*		
EBIT (UNDERLYING)	**15.5**	**21.7**	(6.2)	(28.5%)
EBIT margin %	*6.8%*	*9.5%*		

- Sales growth +0.4% at constant exchange rates
- Gross margin impacted by higher input costs as a result of foreign currency, increased mix of clearance sales, and increased mix of North America wholesale

Outdoor Gross Profit $ Mix 1H FY20

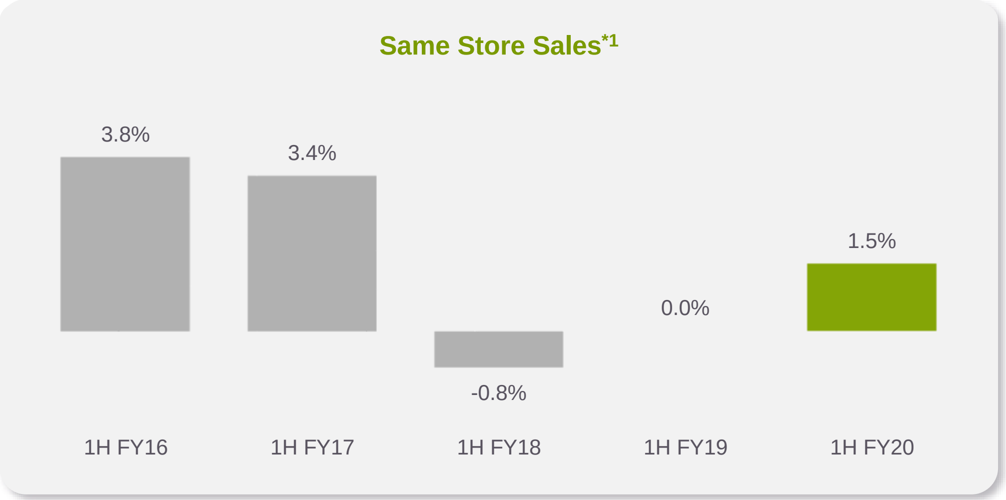


Note: Rounding differences may arise in totals, both $ and %

Outdoor Segment: Kathmandu and Oboz Sales

Same Store Sales +1.5%

- Same store sales by market (at constant exchange rates):
  - AU +2.0% with some impact from bush fires and unusually hot weather
  - NZ +0.5% following two years of negative same store sales
- Online comparable sales +33.1% (at constant exchange rates)



Total Sales +0.4% at constant rates

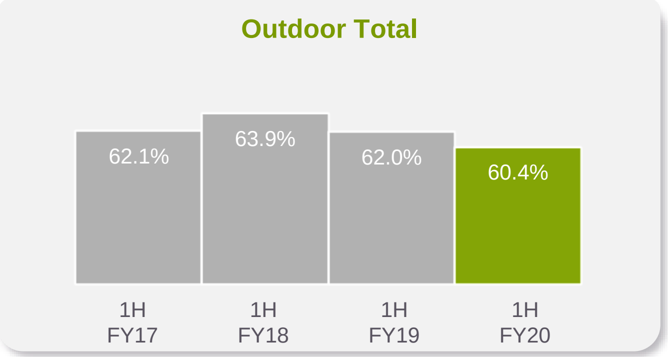
Total Sales (NZ$m)	1H FY20	1H FY19	Var %
Direct to Consumer	198.1	199.2	(0.6%)
Wholesale	31.8	29.8	7.0%
Total Sales at Constant Rates	**230.0**	**229.0**	0.4%
Exchange rate translation impact	(1.2)		
Total Outdoor Segment Sales	**228.7**	**229.0**	(0.1%)

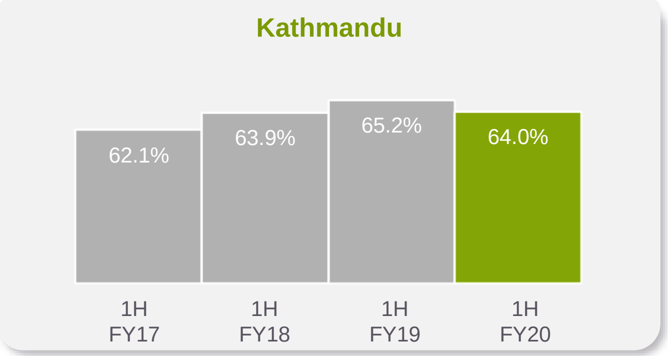
- Total sales by market (at constant exchange rates):
  - AU -0.9%: 3 stores closed since 1H FY19 as part of ongoing network optimisation
  - NZ +0.5%
  - Rest of World +6.1%: including Oboz +10.4%, and initial orders for Kathmandu North America
- Online 11.1% of direct to consumer sales over the last 12 months, up from 9.5% last year

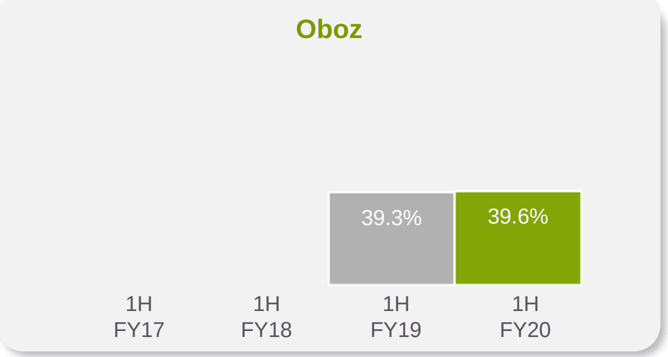
Note: Rounding differences may arise in totals, both $ and %

1. Same store sales are measured at constant exchange rates. 1H FY20 same store sales are for the 26 full weeks ended 26 January 2020

Outdoor Segment: Kathmandu and Oboz Gross Margin







- Kathmandu gross margin -120 bps (-1.2%) below last year due to:
  - Higher input costs as a result of foreign currency
  - Clearance sales mix higher than last year
- Kathmandu gross margin above the long-term target range 61% to 63%
- Higher input costs as a result of foreign currency are expected to continue through 2H FY20 and FY21
- Mitigating actions: sourcing negotiations, product newness, price action, and improved stock control

Note: Rounding differences may arise in totals, both $ and %
1H FY20 Statutory sales are presented net of Summit Club vouchers issued. To improve comparability, all prior year gross margins have been re-presented based on sales net of Summit Club vouchers issued

Oboz: Profit & Loss

OBOZ *US$m*	1H FY20	1H FY19	Var $	Var %
SALES	**21.3**	**19.3**	2.0	10.4%
GROSS PROFIT *Gross margin*	**8.5** *39.6%*	**7.6** *39.3%*	0.8	11.1%
OPERATING EXPENSES *% of Sales*	**(5.2)** *24.3%*	**(4.4)** *22.7%*	(0.8)	18.2%
EBITDA (UNDERLYING) *EBITDA margin %*	**3.3** *15.3%*	**3.2** *16.7%*	0.0	1.5%
EBIT (UNDERLYING) *EBIT margin %*	**3.2** *14.8%*	**3.1** *16.2%*	0.0	0.8%

» Total sales growth +10.4% while cycling a major product launch last year. Next major product launch shipping from June 2020

» Operating expenses increased due to new investments in:

  » A new third party distribution facility with improved capability to future-proof the Oboz and Kathmandu North America businesses

  » Brand and product to increase focus on growing brand equity and new product development

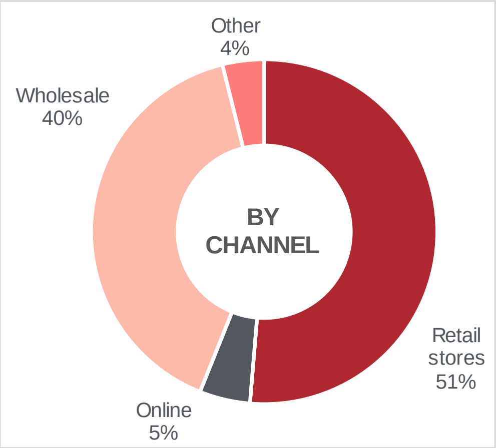
Note: Rounding differences may arise in totals, both $ and %

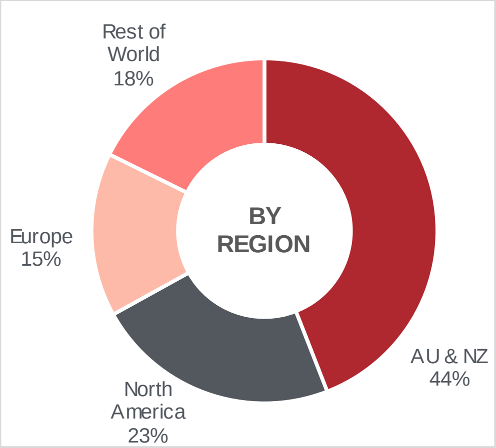
Surf Segment

Surf Segment: Rip Curl Profit & Loss

SURF SEGMENT (NZ$m) *Three months since acquisition*	*Pre IFRS 16* Nov 19 to Jan 20
SALES	134.9
GROSS PROFIT *Gross margin*	80.7 *59.8%*
OPERATING EXPENSES *% of Sales*	(62.3) *46.2%*
EBITDA (UNDERLYING) *EBITDA margin %*	18.4 *13.7%*
EBIT (UNDERLYING) *EBIT margin %*	15.7 *11.6%*

Rip Curl Gross Profit $ Mix (last 12 months)





- Rip Curl has contributed NZ$15.7m to Group Underlying EBIT result in the three months since acquisition
- Three months of ownership to date include the important Christmas trading period

Note: Rounding differences may arise in totals, both $ and %

Surf Segment: Rip Curl Sales vs comparable 3 months last year

RIP CURL

Total Sales +3.7%*1

Total Sales (A$m)	Nov 19 to Jan 20	Nov 18 to Jan 19	Var %
Direct to Consumer	86.0	82.0	4.8%
Wholesale	39.6	38.9	1.8%
Other	2.0	2.0	
Total Sales (Comparable)*1	**127.5**	**123.0**	3.7%
Statutory adjustment*2	1.3		
Total Surf Segment Sales	**128.8**	**123.0**	4.8%

- Total sales by market (at constant exchange rates):
  - AU & NZ +3.2%
  - Rest of World +4.5%: North America performed particularly strongly
- Online 6.5% of direct to consumer sales over the last 3 months, up from 6.0% last year
- Same store sales +2.7% (at constant exchange rates) for the 12 full weeks of ownership from 4 November 2019 to 26 January 2020
- Online comparable sales +19.5% (at constant exchange rates) for the same period

Note: Rounding differences may arise in totals, both $ and %

1. *Total sales per Rip Curl management accounts for the three months since acquisition: Nov 19 to Jan 20, compared to the management account results for the equivalent three months last year. Revenue from 18 Australian ex-joint venture stores reported as direct to consumer this year, and wholesale sales last year*
2. *Statutory adjustments include $1.2m revenue from the New Zealand joint venture stores, plus a presentation adjustment for service centre income this year. Statutory accounts were not prepared for the equivalent three month period last year*

Equity Raising

Strengthening Group Balance Sheet and Liquidity Position

Overview of Actions Being Taken	» A large number of initiatives have already been undertaken covering distribution, supply chain, leases, various operating and capital expenditure, and people. In addition to these changes, the Group is taking pre-emptive action to ensure it remains strongly capitalised during the current market uncertainties with sufficient liquidity to maintain its strong position across all brands: » Suspending the Group's dividend until trading conditions improve. This includes the Group's interim dividend for the half year ending 31 January 2020 » Working with existing banking group, which has provided a covenant waiver for the periods ending 31 July 2020 and 31 January 2021, and a relaxation of certain covenants for the period ending 31 July 2021, subject to successful completion of a minimum NZ$150 million equity raising » Executing a fully underwritten NZ$207 million Equity Raising
Strengthening Balance Sheet and Liquidity Position	» The Group has launched an Equity Raising comprising a fully underwritten NZ$30 million placement (**Placement**) and a fully underwritten NZ$177 million pro-rata accelerated entitlement offer (**Entitlement Offer**) » The proceeds of the Equity Raising will be used to deleverage the Group's balance sheet and provide liquidity and funding for medium-term operating requirements (including estimated redundancy costs). Refer to the following page for details on planned uses of funding and the Group's pro forma capitalisation » Post the Equity Raising, the Group: » Will have total liquidity of NZ$315 million*[1], with no debt maturities prior to November 2022 » Expects to have sufficient liquidity to cover payments and meet the capital requirements of the Group for at least the next 12 months based on conservative assumptions » Expects to be in a position to meet its amended covenant test for the period ending 31 July 2021

1. *Pro forma liquidity as at 31 January 2020, which consists of committed undrawn multi-option facility plus cash on balance sheet post settlement of the underwritten Placement and Entitlement Offer (net of fees and expenses)*

Summary of Sources & Uses and Pro Forma Capitalisation

Kathmandu RIP CURL Oboz

Sources & Uses of Funding*1

Sources	NZ$m	A$m
New equity	207	200
Total Sources	**207**	**200**

Uses	NZ$m	A$m
Paydown of existing debt	86	83
Cash to balance sheet	115	111
Transaction costs and financing fees	7	7
Total Uses	**207**	**200**

Pro Forma Capitalisation*1,3

	Current (as at 31 January 2020)			Pro forma (as at 31 January 2020)		
	Limit	Drawn		Limit	Drawn	
Pro forma capitalisation	**NZ$m**	**NZ$m**	**x LTM EBITDA*2**	**NZ$m**	**NZ$m**	**x LTM EBITDA*2**
Facility A: Term Loan Facility	228	228	1.6x	228	228	1.6x
Facility B: Revolving Multi-Option Facility	160	86	0.6x	160	–	–
Total Debt	**388**	**313**	**2.2x**	**388**	**228**	**1.6x**
Cash on balance sheet		40	0.3x		155	1.1x
Net Debt		**273**	**1.9x**		**73**	**0.5x**

The Group expects a material decline in earnings for 2H FY20 and FY20, together with an increase in pro forma Net Debt. The Group has received a covenant waiver for the periods ending 31 July 2020 and 31 January 2021, and a relaxation of certain covenants for the period ending 31 July 2021, subject to successful completion of a minimum NZ$150 million equity raising

Note: Rounding differences may arise in totals

1. *Based on a NZD/AUD conversion rate 0.966*
2. *Calculated using 12 month rolling P&L measures, including a full 12 months of Rip Curl P&L results, and excluding transaction costs*
3. *Revolving Multi-Option Facility includes $20m guarantee facility of which $16m is drawn*

Equity Raising Details

Offer size and structure	» NZ$207 million equity raising **(Equity Raising)**, comprising: » NZ$30 million underwritten placement (**Placement**); and » 1.2 for 1 pro-rata accelerated entitlement offer to raise approximately NZ$177 million (**Entitlement Offer**) » Approximately 414 million new Kathmandu ordinary shares will be issued under the Equity Raising
Offer Price for the Equity Raising	» NZ$0.50 per new share representing: » 30.2% discount to TERP*[1] of NZ$0.72 » 51.0% discount to last closing price of NZ$1.02 as at 30 March 2020 » The Australian Dollar Offer Price for eligible retail shareholders has been set at A$0.49, using prevailing AUD/NZD exchange rate on 31 March 2020
Institutional Entitlement Offer	» Eligible institutional shareholders will be invited to take up their entitlements in an accelerated Institutional Entitlement Offer » The Entitlement Offer is non-renounceable and any entitlements not taken up will lapse
Retail Entitlement Offer	» 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 » Eligible retail shareholders may also apply for additional new shares in excess of their entitlement at the Offer Price » The rights will not be listed on NZX or ASX and there will be no shortfall bookbuild for those entitlements not taken up by eligible retail shareholders or the entitlements of ineligible retail shareholders (the Offer is non-renounceable and any entitlements not taken up will lapse)
Ranking	» All new shares issued under the Equity Raising will rank equally with existing Kathmandu ordinary shares from date of issue
Underwriting	» The Equity Raising is fully underwritten by the Credit Suisse (Australia) Limited and Jarden Partners Limited (together, the “Arrangers”) and Craigs Investment Partners Limited and Forsyth Barr Group Limited on customary terms for an offer of this nature
Board Support	» The Board of the Group supports the Entitlement Offer, and the non-Executive Directors intend to take up their direct entitlements, to the extent that they are eligible to participate in the Entitlement Offer

1. *TERP is the Theoretical Ex-Rights Price at which Kathmandu ordinary shares would trade immediately after the ex-rights date for the Entitlement 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 Equity Raising. 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 Entitlement Offer will depend on many factors and may not be equal to TERP*

Equity Raising Timetable

Event	Date
Announcement of Equity Raising	Wednesday, 1 April 2020
Record date for the Entitlement Offer	Friday, 3 April 2020
Institutional Entitlement Offer and Placement	
Institutional Entitlement Offer and Placement opens	Wednesday, 1 April 2020
Institutional Entitlement Offer and Placement closes	Wednesday, 1 April 2020
Trading halt lifted and shares recommence trading on NZX and ASX on an ‘ex-entitlement’ basis	Thursday, 2 April 2020
ASX settlement	Wednesday, 8 April 2020
NZX settlement, allotment and commencement of trading of new shares	Thursday, 9 April 2020
Retail Entitlement Offer	
Retail Entitlement Offer opens	Monday, 6 April 2020
Offer Document despatched to Eligible Retail Shareholders	Monday, 6 April 2020
Retail Entitlement Offer closes	Friday, 17 April 2020
ASX settlement	Thursday, 23 April 2020
NZX settlement, allotment and commencement of trading of new shares on NZX	Friday, 24 April 2020
Commencement of trading of new shares on ASX	Monday, 27 April 2020

Key Risks Relating to the Equity Raising

- This Section sets out the key risks Kathmandu has identified relating to the Equity Raising. These risks may affect the future operating and financial performance of the Group and the value of Kathmandu shares. Please note that this Section does not (and does not purport to) set out all of the key risks related to an investment in Kathmandu shares or in relation to the Group, its business or general market or industry risks

- Investors should be aware that the spread of COVID-19, the effect on the global economy and actions taken in response by governments are likely to have a material adverse effect on the Group, its financial performance and position. It is also likely that there will be further unforeseen negative impacts as COVID-19 continues to spread. The Group will continue to respond to the challenges facing it, but there is no certainty as to the severity or likelihood of any such unforeseen impacts arising nor whether any mitigating action will be effective or can be taken

- Before deciding whether to invest in Kathmandu shares, you must make your own assessment of the risks associated with an investment in Kathmandu, including the inherent uncertainties as to the impact of COVID-19 noted above, 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

Key Risks Relating to the Equity Raising (cont.)

Risk	Details
Store and demand risks	» Some of the Group's stores and customers are located in countries which are heavily affected by the spread of COVID-19. The travel and movement restrictions now in place across many countries globally have negatively affected the Group's operations where the majority of its stores and wholesale customers are now closed (whether due to enforced or voluntary closures) » Due to the uncertainty regarding the spread of COVID-19 globally, the duration of closures and impacts on future demand, at this time the Group cannot forecast the extent to which COVID-19 will impact the business in the second half of this fiscal year. However, there is likely to be a material adverse impact to FY20 earnings » There is an additional risk that the impacts of COVID-19 could extend beyond FY20 and have a material adverse impact on FY21 earnings
Supply chain risk	» Sufficient inventory levels are in place for the forthcoming season for all brands, assisted by the longer lead time of technical product categories, and a diversified supplier base. Due to recent work from the Group's supply chain team in conjunction with key suppliers, the Group is currently not expecting material delays in product availability for following seasons » However, there remains a risk that the spread of COVID-19 has an adverse impact on the supply chain of the Group. This could occur if the ability to transport products between countries is disrupted, the Group's key suppliers are negatively affected or the Group is otherwise unable to efficiently distribute products to its stores and customers » In the event that the supply chain of the Group is disrupted, this may have a material adverse effect on the Group's operating performance and earnings
Capital sufficiency risk	» The Group has undertaken a capital sufficiency modelling exercise to assist in determining the size of the Offer. Based on this model, the Group expects to have sufficient liquidity to cover payments and meet the capital requirements of the Group for at least the next 12 months » The model is based on what the Group believes to be conservative assumptions as to the impact of COVID-19. However, there remains a risk that the impacts of COVID-19 are worse than anticipated, that cost-out assumptions cannot be achieved (for example, rent abatements remain under negotiation with landlords), or that collection of receivables is slower than assumed and bad debts are higher than assumed due to the Group's exposure to the risk of wholesale customers and others being unable to pay the Group. As a result of these factors the Group may have insufficient liquidity to cover payments or meet its capital requirements. If this occurred, the Group may need access to additional equity or debt funding, or take other measures that have a material adverse effect on the Group's operating performance and earnings

Key Risks Relating to the Equity Raising (cont.)

Risk	Details
Banking support risk	» The Group is working with its existing banking group and has received a covenant waiver for the periods ending 31 July 2020 and 31 January 2021, and a relaxation of certain covenants for the period ending 31 July 2021, subject to successful completion of a minimum NZ$150 million equity raising. There remains a risk that the underwriting agreement is terminated and the Group is unable to successfully complete a minimum NZ$150 million equity raising, as required by the covenant waiver » The Group's model, which is based on conservative assumptions, indicates that a waiver for the periods ending 31 July 2020 and 31 January 2021, and a relaxation of certain covenants for the period ending 31 July 2021 (subject to successful completion of a minimum NZ$150 million equity raising) will provide the Group with sufficient time to achieve full compliance with its existing covenants. However, there remains a risk that the impact of COVID-19 on the Group is worse than anticipated and may result in non-compliance with covenants for the period ending 31 July 2021 or otherwise trigger an event of default under the Group's facilities, and the Group is unable to obtain further support from its banking group. If this occurred, the Group may need to refinance its existing debt on less favourable terms or take other actions to achieve compliance with its covenants, which may have a material adverse effect on its operating performance and earnings
General business disruption risk	» In response to trading conditions the Group has taken and is taking further decisive actions, specifically in reducing operating expenses, deferring non-essential capital projects, optimising labour costs, managing inventory levels and implementing a travel and hiring freeze. The Group will also look to access all Government subsidies and other support that is available to it in the jurisdictions in which it operates. While the Group is carefully considering the actions it takes in response to COVID-19, these actions and the impact of COVID-19 on the way businesses operate generally may negatively affect the ability of the Group to operate effectively, which may in turn have a material adverse effect on its operating performance and earnings » In addition, the Group's trading performance once stores reopen may be worse than anticipated, whether due to demand being slower to return than anticipated, margins being reduced due to the activity of competitors or the need for greater discounting than usual to attract customers, cost reductions having a negative impact on the Group's ability to recommence operations quickly and effectively or other unforeseen factors. If these factors arise, they may have a material adverse effect on the Group's financial position and performance

Strategy

Group Strategy

Become a global outdoor and action sports company underpinned by iconic brands, technical products and a focus on sustainability

DIVERSIFY THE BUSINESS

Build a portfolio of brands that:

a) Provide diversification in geography, channel to market, product category and seasonality

b) Meet the global year round needs of outdoor and action sports enthusiasts

GROW EACH BRAND

- Maintain relentless focus on core customers by delivering solutions to their needs
- Bring to market technical, differentiated and sustainable products
- Create global brands
- Accelerate expansion of the direct to consumer business

REALISE SYNERGIES

- Deliver synergies in sourcing, supply chain and systems
- Leverage the complementary expertise and core capabilities of each brand
- Capitalise on the existing infrastructure and wholesale networks to grow Kathmandu and Oboz internationally

PROMOTE OUR VALUES

- Sustainability is ingrained in everything we do
- We embrace diversity and inclusion in the workplace
- Building up strong ties with local communities is in our ethos

Revenue Synergy Opportunities

	Kathmandu		Rip Curl
Wholesale doorways	48 doors in North America 16 doors in Europe	←	c. 1,250 doors in North America c. 2,350 doors in Europe
Geographic presence	c. 90% AU & NZ	**Leveraging Rip Curl's global wholesale network and Kathmandu's strong online capabilities to accelerate revenue growth**	Global (ANZ, North America, Europe, SE Asia, Brazil)
Online	Investments made to develop strong platform	→	Relatively new, underpenetrated online channel

- ✓ Beginning to leverage international wholesale channel at Kathmandu, notably in the US and Europe
- ✓ Ability to further improve efficiency of Rip Curl's store network

Sustainability Leadership

- INTEGRATE CIRCULAR ECONOMY PRINCIPLES WITHIN OUR BUSINESS
- Certified B Corporation — BECOME A LEADING GLOBAL B-CORP
- 100% OF PRODUCT DESIGNED, DEVELOPED & MANUFACTURED USING ELEMENTS OF CIRCULARITY PRINCIPLES
- NET ZERO ENVIRONMENTAL HARM FROM OUR BUSINESS
- EMPOWER OUR COMMUNITY TO POSITIVELY CHANGE 100,000 LIVES
- ALL KATHMANDU TEAM MEMBERS EMBODY THE COMPANY PURPOSE AND VALUES
- ALL DIRECT SUPPLIERS MEET OUR MINIMUM EXPECTATIONS ON THEIR SOCIAL AND ENVIRONMENTAL IMPACT

Outdoor Segment Strategy

Kathmandu

Transformation from a leading Australasian retailer to a brand-led global multi-channel business

GROW CORE MARKETS: AUSTRALIA AND NEW ZEALAND

- Supercharge Summit Club
- Grow Summer
- Elevate key metro markets
- Enhanced store optimisation

WIN WITH DISTINCTIVE PRODUCT

- Extend leadership in key product categories
- Accelerate growth in high potential categories
- Scale the Women’s opportunity

ENHANCE THE CUSTOMER EXPERIENCE THROUGH DIGITAL

- Make it easy for customers
- Leverage digital to enhance brand and product
- Maximise mobile

BECOME A GLOBAL BUSINESS

- Build the brand to ignite demand in North America
- Build strategic wholesale partnerships
- Accelerate the North America direct to consumer business
- Explore other international market opportunities

Inspire and Enable the Team

Surf Segment Vision, Values, Mission

OUR VISION

To be regarded as the ultimate surfing company in all that we do…

THE PRINCIPLES & VALUES

- Customers
- Creativity & Innovation
- Committed Crew
- Community & Environment
- Honesty & integrity

OUR MISSION

To continue developing a brand image that truly reflects our brand values and the attitudes and aspirations of those people on The Search…

Questions

Appendix 1: Statutory to Underlying Profit & Loss

1H FY20

KATHMANDU GROUP *NZ$m*	Statutory	IFRS 16 Leases[*1]	Transaction Costs[*2]	Other one-offs[*2]	Underlying
Sales	**363.7**				**363.7**
Gross profit	**218.9**				**218.9**
Gross margin	*60.2%*				*60.2%*
Operating expenses	**(150.6)**	(38.1)	10.1	0.3	**(178.4)**
% of sales	*-41.4%*				*-49.0%*
EBITDA	**68.3**	(38.1)	10.1	0.3	**40.5**
EBITDA margin %	*18.8%*				*11.1%*
EBIT	**23.8**	(5.1)	10.1	0.3	**29.0**
EBIT margin %	*6.5%*				*8.0%*
NPAT	**8.1**	(0.4)	10.1	0.2	**18.0**

1H FY19

KATHMANDU GROUP *NZ$m*	Statutory	IFRS 16 Leases	Transaction Costs	Presentation Adjustment[*3]	Other one-offs[*4]	Underlying
Sales	**232.0**			(3.0)		**229.0**
Gross profit	**141.9**					**141.9**
Gross margin	*61.2%*					*62.0%*
Operating expenses	**(113.2)**				(1.1)	**(114.3)**
% of sales	*-48.8%*					*-49.9%*
EBITDA	**28.7**				(1.1)	**27.6**
EBITDA margin %	*12.4%*					*12.1%*
EBIT	**20.9**				(1.1)	**19.8**
EBIT margin %	*9.0%*					*8.6%*
NPAT	**14.0**				(0.8)	**13.2**

Note: Rounding differences may arise in totals, both $ and %

1. *1H FY20 Statutory results include the impact of IFRS 16 leases. For comparability, the impact of IFRS 16 is excluded from Underlying results*
2. *1H FY20 includes $10.3m expenses incurred in relation to the acquisition and integration of Rip Curl, including establishment of a new Group structure*
3. *1H FY20 Statutory sales are presented net of Summit Club vouchers issued. To improve comparability, 1H FY19 Underlying sales are also presented net of Summit Club vouchers issued*
4. *1H FY19 includes abnormal income of $1.1m from a tax refund relating to the GST treatment of reward vouchers ($0.8m after tax)*

Appendix 2: Segment note

SALES				
1H FY20 (NZ$'000)	**Outdoor**	**Surf**	**Corporate**	**Total**
SALES per segment note	228,747	134,907	-	363,654
		-	-	-
SALES (comparable)	228,747	134,907	-	363,654

EBIT				
1H FY20 (NZ$'000)	**Outdoor**	**Surf**	**Corporate**	**Total**
EBIT per segment note	19,221	16,781	(12,242)	23,760
IFRS 16 Leases Adjustment	(4,006)	(1,073)	-	(5,079)
Transaction Costs & Abnormals	262	-	10,073	10,335
EBIT (underlying)	15,477	15,708	(2,169)	29,016

1H FY19 (NZ$'000)	Outdoor	Surf	Corporate	Total
SALES per segment note	232,024	-	-	232,024
Presentation adjustment*1	(3,027)	-	-	(3,027)
SALES (comparable)	228,997	-	-	228,997

1H FY19 (NZ$'000)	Outdoor	Surf	Corporate	Total
EBIT per segment note	22,775	-	(1,851)	20,924
IFRS 16 Leases Adjustment	-	-	-	-
Transaction Costs & Abnormals	(1,115)	-	-	(1,115)
EBIT (underlying)	21,660	-	(1,851)	19,809

1. *1H FY19 sales are re-stated net of Summit Club vouchers issued per Appendix 1*

Appendix 3: 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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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).

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Appendix 3: Foreign Selling Restrictions (cont.)

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 securities will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This 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
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