

Capital Change Notice

Notice of issue of Performance Rights under Kathmandu Holdings Limited's Long-Term Incentive Plan

This notice is given under the NZX Listing Rule 3.13.1 and relates to the issue of Performance Rights which are convertible into fully paid ordinary shares in Kathmandu Holdings Limited should certain vesting criteria be met under the Kathmandu Holdings Limited Long Term Incentive Plan.

Section 1: Issuer information	
Name of issuer	Kathmandu Holdings Limited
NZX ticker code	KMD
Class of financial product	Unquoted Performance Rights convertible into fully paid ordinary shares in Kathmandu Holdings Limited
ISIN (If unknown, check on NZX website)	NZKMDE0001S3
Currency	NZD
Section 2: Capital change details	
Number issued/acquired/redeemed	1,351,890 Performance Rights
Nominal value (if any)	N/A
Issue price per security	Nil
Nature of the payment (for example, cash or other consideration)	No amount is payable for the grant of Performance Rights under the Kathmandu Holdings Limited Long-Term Incentive Plan
Amount paid up (if not in full)	N/A
Percentage of total class of Financial Products issued/acquired/redeemed/ (calculated on the number of Financial Products of the Class, excluding any Treasury Stock, in existence)	The Performance Rights comprise 100% of the financial products of that class.
For an issue of Convertible Financial Products or Options, the principal terms of Conversion (for example the Conversion price and Conversion date and the ranking of the Financial Product in relation to other Classes of Financial Product) or the Option (for example, the exercise price and exercise date)	<ul style="list-style-type: none"> Each Performance Right granted under the Plan entitles the holder to acquire one fully paid ordinary share in Kathmandu Holdings Limited. 50% of vesting is subject to an Earnings Per Share growth hurdle and vesting is on a sliding scale proportionate to the total Earnings Per Share growth. 50% of vesting is subject to the Company achieving Total Shareholder Return performance relative to a defined comparable group of companies and vesting is determined on a sliding scale proportionate to the Total Shareholder Return performance. Performance Rights will lapse where the performance conditions are not met. Performance Rights will lapse where the holder ceases to be employed by the Kathmandu Group before the end of a performance period. There is no amount payable by holders either on grant or exercise of the Performance Rights.
Reason for issue/acquisition/redemption and specific	Issue of Performance Rights to selected Senior

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authority for issue/acquisition/redemption/ (the reason for change must be identified here)	Management employees to be converted into Ordinary Shares in the Company upon the satisfaction of certain conditions in accordance with the Kathmandu Holdings Limited Long-Term Incentive Plan. Authorised by resolutions of the Board.
Total number of Financial Products of the Class after the issue/acquisition/redemption/Conversion (excluding Treasury Stock) and the total number of Financial Products of the Class held as Treasury Stock after the issue/acquisition/redemption.	1,351,890 Performance Rights
In the case of an acquisition of shares, whether those shares are to be held as treasury stock	Not applicable
Specific authority for the issue, acquisition, or redemption, including a reference to the rule pursuant to which the issue, acquisition, or redemption is made	Board resolution dated 15 th December 2020 pursuant to NZX Listing Rule 4.6.1
Terms or details of the issue, acquisition, or redemption (for example: restrictions, escrow arrangements)	<p>The holder of the Performance Rights has the right to be issued Ordinary Shares vesting on 1 December 2023 provided the employee remains in employment with the company to that date.</p> <ul style="list-style-type: none"> 50% of the number of performance rights that vest will depend on Kathmandu Holdings Limited's Earnings Per Share growth over the three-year Performance Period between 1 August 2020 and 31 July 2023. The Board will establish annual EPS targets at the commencement of each relevant Financial Year. At the conclusion of the Performance Period, the EPS performance in each Financial Year will be pooled so that Earnings Per Share growth is measured from the start to the end of the Performance Period. 50% of the number of performance rights that vest will depend on Kathmandu Holdings Limited's Total Shareholder Return performance relative to a defined comparable group of companies over the 36 months ending 1 December 2023. Performance Rights will lapse where the performance conditions are not met.
Date of issue	22 December 2020
Section 3: Authority for this announcement and contact person	
Name of person authorised to make this announcement	Frances Blundell
Contact person for this announcement	Frances Blundell
Contact phone number	03 421 3957
Contact email address	Frances.blundell@kathmandu.co.nz
Date of release through MAP	23 December 2020