
Company: Kathmandu Holdings Limited
Conference Title: Annual Shareholders Meeting 2021
Date: Tuesday 23 November
Conference Time: 1:00pm NZDT
Webcast: The webcast for the 2021 Annual Meeting can be viewed at
<https://vimeo.com/648880991/ca15b532e4>

1. WELCOME:

Chairman: Good morning everyone. My name is David Kirk and I am pleased to welcome you as Chairman of Kathmandu Holdings Limited to our 2021 Annual Shareholders Meeting.

The Board decided to convene this year's Annual Meeting as a virtual-only meeting given the ongoing uncertainties caused by COVID-19 and the restrictions on travel and gatherings that we have all experienced during 2021.

I extend a warm welcome to all shareholders joining us online today through our virtual meeting platform provided by our share registrar, Link Market Services.

I declare that a quorum of shareholders is present and the meeting has been duly convened. I am also pleased to officially open online voting.

2. INTRODUCTION:

Chairman: Before we start the formal business, I would like to introduce my fellow Directors to you.

- Philip Bowman;
- John Harvey;
- Abby Foote;
- Brent Scrimshaw;
- Andrea Martens;
- and Michael Daly, our Group CEO and Managing Director

I also welcome Leo Foliaki and Inky Lee from PricewaterhouseCoopers, Chris Kinraid, our Group Chief Financial Officer, and Frances Blundell, Company Secretary.

3. MEETING PROCEDURES:

Chairman: In terms of the format of today's meeting, I will start by making some brief comments about the 2021 financial year for Kathmandu Holdings.

I will then hand over to Michael, who will provide more details on the achievements and challenges we have experienced during the past year, including a summary of the Group's financial performance and future strategy.

We will then move to the formal business of the meeting. There are four resolutions to be considered by shareholders today and these are set out in the Notice of Meeting. An opportunity will be given to shareholders to ask questions about, or make comments on, the items of business on the agenda for today's meeting.

All voting on the resolutions to be put to today's Meeting will be conducted by way of a poll.

To vote, you will need to click "Get Voting Card" within the online meeting platform. You will be asked to validate your registration by entering your Shareholder or Proxy Number, which can be found on your proxy form. Once your registration is validated, you will receive an electronic voting card which will enable you to cast your votes on each of the resolutions that we will consider today. You can cast your votes on the resolutions at any time during the meeting today.

Please mark your voting card in the way you wish to vote by clicking "FOR", "AGAINST" or "ABSTAIN" on the voting card. Once you have made your selection please click "Submit Vote" on the bottom of the card to lodge your vote.

If you have any issues with registration or voting, please refer to the Link Market Services virtual meeting online portal guide that can be accessed through the virtual meeting weblink or call the helpline on 0800 200 220.

There will also be an opportunity, after the resolutions set out in the Notice of Meeting have been considered, for shareholders to ask any questions of a more general nature.

To ask a question online, you will need to validate your registration. Please use the question function, and your question will be conveyed to the meeting. If you need further information about how to ask a question, please refer to the virtual meeting online portal guide or call

the help line on 0800 200 220. I would encourage you to send through your questions as soon as you can. Questions may be moderated or combined with other questions where they relate to the same topic.

4. PROXIES:

Chairman: Valid proxies have been received from 311 of shareholders holding approximately 58% of issued shares. More than 95% of the proxies directed are in favour of all resolutions.

5. MINUTES

Chairman: The minutes of the 2020 Annual Meeting held last year have been reviewed and approved by the Board and signed by me as a true and correct record of the meeting.

6. ANNUAL REPORT

Chairman: I also note that the Company's Annual Report is available to all shareholders through the Company's investor website. Any shareholder who has not received a copy of the Annual Report in the post, but would like to request a physical copy, can do so by contacting the Company Secretary or our share registrar, Link Market Services. We will address any questions from shareholders on the Annual Report or Financial Statements under General Business later in the meeting.

7. CHAIRMAN'S ADDRESS

Chairman: The first item on today's agenda is for me, as Chairman, to make some comments on the 2021 financial year. The Group ended the 2021 financial year in a strong financial position, while continuing to navigate the impacts of the COVID pandemic.

Following the acquisition of Rip Curl in 2019, the Group has three iconic brands, and our results for the 2021 financial year show the benefit of the Group's diversified channels to market, geographies, and product categories.

We are excited by the growth prospects of all our brands, and are investing in digital infrastructure, our store network, and continued brand development to maximise opportunities as we look to a post-COVID world.

The Group moved quickly at the onset of the COVID pandemic to raise capital to strengthen the balance sheet, reduce costs and adjust operating structures, all of which has left us well-positioned for the recovery in travel and the opening of economies that is happening now.

The Group ended the 2021 financial year with a net cash position of \$37.0 million, providing significant funding headroom with a total bank facility of approximately \$300 million.

Following the suspension of dividends last year, the directors declared a final dividend of 3 NZ cents per share. With the 2 cents per share interim dividend, this will make a total pay out for the 2021 financial year of 5 NZ cents per share.

Moving on to people, the Board appointed a new Group Chief Executive Officer during the year.

Former Group CEO Xavier Simonet resigned after five and a half years with the company. Xavier led the Group through an important period of growth and diversification, including the acquisitions of the Oboz and Rip Curl brands.

After an extensive international search, the Board appointed Michael Daly as the new Group CEO. Michael has led Rip Curl for eight years with a relentless focus on brand, product, people and the bottom line. We are confident he will bring the same focus and energy to the wider Group.

Under the leadership of Michael, our refreshed Group strategy ensures we are focused on the things that matter most as we move forward:

- building global brands focused on active outdoor activities,
- investing in digital platforms to provide consumers with a truly world class unified commerce experience,
- leveraging the operational excellence of our brands, and
- leadership in ESG.

Michael will talk more about these strategic imperatives in his address.

The Board would like to thank Michael and his teams for their outstanding resilience and flexibility navigating the ongoing impacts of COVID.

I would also like to thank my Board colleagues for their continuing commitment to making Kathmandu Holdings successful. It has been a very busy year and I thank you all for your support in navigating our way through it.

Finally, thank you shareholders for your continued investment in Kathmandu Holdings Limited.

I will now ask our Group CEO, Michael Daly, to address you.

8. GROUP CEO ADDRESS

Group CEO:

Thank you, David. Good Morning everyone, and thank you for joining us at today's Annual Meeting.

Beginning on slide five, we aspire to be a leading owner of global brands, appealing to an active, outdoor consumer. This slide outlines the strengths and collective competitive advantages of our three brands.

Rip Curl is among the top three global surf brands, Kathmandu is the leading outdoor brand in Australasia, and Oboz is a fast-growing North American hike footwear brand.

We are highly engaged with our loyal and active consumer base, achieving a net promoter score that exceeds 70. We have 2.1 million active Summit Club members and 44,000 Rip Curl Search GPS watch users.

One of our key strengths is the development of purpose-built technical products. Research and development drives our innovation, and we are focused on using sustainable materials.

A leader in sustainability and ESG. Kathmandu was an early B-Corp adopter, and we are working towards extending B-Corp accreditation across all of our brands. This year, we also committed to the largest syndicated sustainability linked loan in New Zealand.

Most importantly, we have built a diversified business with global reach. We are employing a multi-channel approach to appeal to a wide range of customer buying preferences and having both a winter and summer focus. We now appeal to customers across seasons and across the globe.

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Turning to slide six, I would like to discuss in more detail the Group's 2021 financial year highlights. The Group benefited from a full 12 months of Rip Curl ownership in the 2021 financial year, compared to nine months of ownership last year.

Total Group sales were \$922.8 million, up 15.1% on the prior year. Pleasingly our underlying EBITDA was up 35.9% to \$113.3 million, underpinned by a gross margin improvement of 40 basis points.

Underlying net profit after tax for the financial year was \$66.3 million and we delivered strong underlying operating cash flow of \$93.3 million.

As David mentioned, we ended the period with a strong net cash balance of \$37 million.

Moving to slide seven, I want to touch on some of the key operational highlights during the year.

Rip Curl delivered strong direct to consumer sales, with same store sales growth of 19.2% including online sales growth of 31.3%. Online growth was underpinned by changing consumer preferences brought about by the COVID lockdown periods.

We successfully relaunched Kathmandu's new brand platform in May, reminding people that being outside changes us and that as human beings, we are hardwired to be outside. The relaunch was very well received and pleasingly Kathmandu achieved an exceptionally high net promoter score of 76.

Oboz successfully launched their online store in April, and the wholesale business is well positioned with double-digit growth in forward orders.

Looking at slide eight, sustainability is at the core of each of our brands, and I would like to highlight some notable achievements.

In conjunction with our key stakeholders, we completed a Group ESG materiality assessment which has helped us identify the key areas of focus for development of our ESG strategy. This year, we also committed to the largest sustainability linked loan in New Zealand at the time of its signing.

During 2021, Rip Curl launched a wetsuit take-back program with TerraCycle. The business also sources its sustainable cotton in line with the Better Cotton Initiative. These are important sustainability initiatives for the Rip Curl brand.

The Kathmandu brand meets the highest standards of environmental and social performance as certified by its B-Corp status. The Kathmandu brand has offset its operational carbon footprint to obtain certified carbon neutrality.

For Oboz, over 4 million trees have been planted since the company's inception, with the company planting a tree for every pair of footwear sold. Oboz has 95% environmentally preferred leather materials in its product range.

Moving to our Group strategy on slide nine, you can see a summary of the four key components we are focussing on as a group.

We have been building a portfolio of global brands and aim to further expand our global footprint as we invest in world class brands and customer experiences.

We will elevate our digital capabilities by investing in Group digital platforms to deliver a world class unified commerce experience.

We will also leverage and deliver operational excellence to all of our brands across shared Group support functions.

Finally, we will continue to demonstrate leadership across environmental, social and governance to drive long-term value for our shareholders.

Given the uncertainties associated with COVID, it is important for us to maintain balance sheet flexibility, allowing for capital return options and the capacity for future M&A.

I will now go into each of these strategic components in a little more detail.

Onto slide ten, a key part of our strategy focuses on building global brands. Our goal is for Rip Curl to be the number one surf brand in Australasia and a top three brand in North America and Europe. We will be building Rip Curl's North American presence and see the potential to double the North American business across our own stores, online and wholesale channels.

Kathmandu is the leading outdoor brand in Australasia, with 2.1 million loyal and engaged Summit Club members, which we aim to further leverage. There is significant market opportunity to expand into Europe and North America, and we aim to launch in both Canada and Europe during FY22. We have an attractive new product pipeline, which includes an enhanced summer product offering.

Oboz is undergoing the expansion of its product range into adjacent footwear categories, and we aim to grow Oboz into a US\$100 million business in the medium-term with growth opportunities in the recently launched online store and further expansion of the business in Canada and also Europe, in time.

Moving to slide 11, with the current COVID situation accelerating a move to online sales, significant investments have been made to elevate our digital capabilities.

Our goal is to increase Group online sales to 25% of direct-to-consumer sales in the medium-term by enhancing our digital capability.

With this goal in mind, a new Group online platform is being rolled out across our brands. We also are making further enhancements to our omnichannel foundations, including making point of sale upgrades to support unified commerce and click and collect functions for contactless purchases. In time, we aim to exceed our consumers' minimum expectations in these areas.

We see loyalty as an important growth driver for our brands. We are investing in our loyalty programs, including the launch of Rip Curl's first loyalty programme, and the relaunch of Kathmandu's more advanced loyalty programme in the coming year.

Finally, a key area of focus for us is to make sure we understand our consumers better, through data insights and analysis. Pricing and promotions are being enhanced based on data algorithms, and we have developed personalised consumer contact to encourage digital purchases, and really leverage the relationships with our consumers.

Moving on to slide 12. Whilst a lot of work has been done to bring our three brands together, in reality there is still a lot of work to be done to leverage the operational excellence of all of our brands.

We plan to accelerate cross-brand revenue growth opportunities where appropriate, and aggressively pursue ongoing realisation of margin and cost saving opportunities over time.

Investments will be made to optimise our supply chain, efficiently manage our fixed cost base, collaborate on product innovation between brands and to enhance core systems to unlock growth potential across loyalty programs and online.

Overall, we have set a target to improve our underlying EBITDA margin to 15% of sales in the medium-term.

Moving to slide 13, being a leader in ESG will drive long-term value for shareholders.

Kathmandu has been an early mover in this space, and we are now working to extend Kathmandu's B-Corp accreditation across all of our brands.

However, we want to go further than B-Corp accreditation. We have completed a ESG materiality assessment in recent months across the Group, talking to all our stakeholders about where we can do better, and where our areas of focus should be. The three focus areas resulting from that assessment are shown on the slide.

We are highly engaged with our people and our communities, and our ESG strategy starts with the wellbeing of our staff, the workers in our supply chain, and the communities that we operate in.

In 2022, we will be setting Science Based Targets that align with the Paris Climate Agreement, and holding ourselves accountable to those targets. Finally, we are embracing the principles of circularity in everything we do, from the design, development, and sourcing of our products, through to the delivery of those products to our consumers, ultimately targeting a zero-waste supply chain.

Principles of transparency and responsibility will continue to underpin everything that we do as we manage our environmental and social impact responsibly and ethically.

Moving to slide 14, here is the trading update that we released as part of our Investor Day two weeks ago.

The first quarter was heavily impacted by COVID closures, which were longer and deeper than the same period last year.

Same store sales for Rip Curl were -9.4% compared to last year overall (including online), and for Kathmandu -17.6% below last year. However, when we exclude stores forced to close because of COVID lockdowns, we have seen positive growth. For Kathmandu +16.3% and for Rip Curl +1.6%, which has consolidated +27% COVID-adjusted same store growth from the first quarter last year for the Rip Curl Brand.

Pleasingly our online channels have been strong, up +33.8% overall, with Rip Curl up 11.2%, and Kathmandu up +58.4%.

As previously signalled, COVID has had a significant impact in the first quarter, particularly in our New Zealand, New South Wales and Victorian markets.

Without any direct government subsidies being recognised in the first quarter this year, operating profit is approximately \$35 million lower than the first quarter of last year.

However, we are now seeing positive momentum in the short period since reopening in our key New South Wales, Victoria and Auckland market in New Zealand.

In terms of outlook, Rip Curl and Kathmandu are well prepared for the key Black Friday and Christmas trading periods. Inventory remains sufficient to meet expected demand overall.

Due to the uncertain COVID trading environment, we will not provide any forward guidance, however, as mentioned previously, as markets reopen, trading is expected to improve. There is growth opportunity, particularly in the second half, as we hope to trade the full period compared to lockdowns in June and July of last year.

A key priority is for our brands to increase investment in marketing, sustainability, and loyalty to support our “Build Global Brands” strategy. Whilst Rip Curl and Oboz wholesale orders remain significantly above pre-COVID levels, supply chain continues to be a challenge globally, particularly impacting the flow of products into our North American markets.

Oboz product deliveries will be impacted in the second quarter, as Vietnam footwear factories slowly ramp up production following closures due to COVID. Demand for Rip Curl wetsuits continues to exceed available supply.

Finally, freight, logistics, and raw material costs remain elevated as the outlook for supply chain remains challenging. This will be managed where possible through pricing and raw material substitution.

That is now the end of my presentation. Thank you for your attention. I will hand back to David to run through the formal part of the meeting.

Chairman:

Thank you Michael.

I would again like to express my thanks and those of my fellow Directors to you and your team for the dedication and strength that you have all demonstrated through the challenges of 2021.

9. ELECTION OF DIRECTORS

Chairman: Turning now to the third item on today's agenda; the election of Directors.

The NZX Listing Rules require that:

- a director must not hold office (without re-election) past the third annual meeting following the director's appointment, or 3 years, whichever is longer; and
- a director appointed by the board must not hold office (without re-election) past the next annual meeting following the director's appointment.

So, pursuant to the NZX Listing Rules, myself, Michael Daly and Abby Foote each retire at today's meeting and offer ourselves for election by shareholders.

I will now ask John Harvey to Chair the meeting for the purposes of proposing the first resolution.

Acting Chairman: Thank you David and good afternoon everyone.

The Board unanimously supports the re-election of David and the election of Michael and Abby.

Information about each of David, Michael and Abby is contained in the explanatory notes to the notice of today's meeting.

Each of David, Michael and Abby will be asked to briefly address you as we move through the resolutions.

To comply with the Listing Rules, it is necessary for each Director to be appointed by separate resolution.

RESOLUTION 1

Acting Chairman: I now move the following as an ordinary resolution:

That David Kirk, who retires at the Annual Meeting and is eligible for re-election, be re-elected as a Director of the Company.

I now invite David to address the meeting.

Chairman: Thank you John, I will be brief. I would just like to say to Shareholders I am honoured and delighted to be the Chairman of the Board. I believe I

have the strong support of my fellow board members and I that we have a very well balanced and capable board team to take the business forward.

I remain very enthusiastic about Kathmandu and I feel we made a strong transition from Xavier to Michael and we have reinforced and bedded in a new strategy that is entirely appropriate for the expanded Group and the full board is excited to support Michael and his teams in implementing that. So, thank you for considering me for re-election.

Acting Chairman: Thanks David.
Have we received any questions for discussion on the motion?

Company Secretary: Yes, we have received some questions. The first question I will answer also. The first question received from Stephen Mayne:

Did any of the main proxy advisers - ACSI, Ownership Matters, Glass Lewis and ISS - recommend a vote against any of today's resolutions? Which of the proxy advisers are covering us and has there been a material proxy protest vote against any of today's resolutions? Will you disclose the proxy votes before the debate on today's resolutions so shareholders can ask questions if there have been any protest votes?

In response to that question the only proxy adviser that engaged with us was the New Zealand Shareholders Association. We are not aware of any material proxy protest votes against any of today's resolutions and the proxy votes received in relation to each resolution are included on the slide deck for Shareholders to see as we move through each of the resolutions today.

Acting Chairman: Thank you Frances, are there any further questions?

Company Secretary: There are a couple more. So, the next question is a question directed by Stephen Mayne to David:

ASX listed companies are required by law to have a non-binding vote on the remuneration report each. Given that a large proportion of our register is owned by Australian-based investors, can chair David Kirk please comment on why we don't voluntarily embrace an annual vote on our remuneration policies?

Chairman: Thanks Frances, just to provide a little bit of background, our primary listing is in the New Zealand – for Shareholders we are primarily listed on the New Zealand Stock Exchange and the New Zealand Stock Exchange

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doesn't require a remuneration report the same way that the Australian Stock Exchange does. We report absolutely according to the requirements of the New Zealand Stock Exchange and that is not quite as comprehensive when it comes to remuneration reporting as the ASX requirements but we still think very open and clear. The Board has determined that it will continue to discuss the difference – the differences between the two approaches to remuneration reporting and will consider whether it makes sense to voluntarily move somewhat closer to the Australian requirement.

Thank you David. Are there any more questions?

Acting Chairman: Yes, one further question also asked by Stephen Mayne:

Company Secretary: *Congratulations to David Kirk on just having his biggest ever pay day through Bailador's exit from the Siteminder business which recently floated and is today valued at \$A1.8 billion. Could he comment on how focused and motivated he remains as the non-executive chair of Kathmandu, when he has far more skin in the game and exciting deals to pursue in his private equity style Bailador business. Is he committed to serving a full 3 year term as chair?*

Chairman: Yes, I can say Stephen if I am speaking directly to you as we would in an Annual General Meeting where you would be there in person, I remain absolutely committed to Kathmandu and will allocate plenty of my time to doing everything I can to support the business and helping it succeed. I think its an exciting time for the business and I am very focused on helping it succeed.

Thank you David, Frances I think you said this was the last question?

Acting Chairman: Yes, no more questions on this resolution.

Company Secretary: There being no further discussion, I will now put the motion.

Acting Chairman: Please cast your votes now for Resolution 1 if you have not already done so. Please now select either "For", "Against" or "Abstain" for Resolution 1 on the voting card.

Thank you.

I will now hand back to David to continue chairing the meeting.

RESOLUTION 2

Chairman: Thanks very much John.

We now move to Resolution 2. I move the following as an ordinary resolution:

That Michael Daly, who retires at the Annual Meeting and is eligible for election, be elected as a Director of the Company.

I now invite Michael to address the meeting.

Group CEO: Thanks David, look I'm very humbled to take on the role of the Group CEO and Managing Director to lead these three iconic brands, extremely excited by the opportunities that exist for each of the brands and looking forward to playing my role in providing the leadership to steer the company through what should be a very exciting period of growth. Certainly, very dedicated and committed to my role and believe I have the strong support of the Board and looking forward to working with them over the next three, five and beyond years.

Thank you for the support and appreciate the commitment.

Chairman: Thanks Michael. Have we received any questions for discussion on the motion?

Company Secretary: Yes we have. First question is asked by Stephen Mayne:

Australian law gives an exemption to CEOs from the director election process. Given that New Zealand law doesn't provide such an exemption to the CEO, we are voting on Michael Daly's election today. Could Michael and the chair both comment on whether Kathmandu will follow the lead of ASX listed Treasury Wine Estates and voluntarily embrace annual elections of directors as is required in the US and UK, in order to provide greater board accountability to shareholders.

Chairman: I'll answer the question. No, we have no intention of moving to annual elections of directors and we don't think it makes any material difference to the accountability and the focus of directors.

Company Secretary: We have one further question, also asked by Stephen Mayne:

It is unusual for a company to take over another business and then promote the CEO of the target company to later become CEO of the whole empire. Could Michael Daly comment on whether this arrangement was contemplated when the Rip Curl acquisition was done in 2019 and could he clarify how many Kathmandu shares he received as part of the sale and whether he retained all of those shares? Also, what is the current status of

Michael's relationship with Rip Curl founders Brian Singer and Doug Warbrick?

Group CEO:

Thanks for the question, a few components to that. When myself and Xavier were originally working to bringing Rip Curl and Kathmandu together, no, it was never contemplated to be honest that I would move into the Group CEO role, it was never discussed. That said I am very ambitious and certainly from my point of view a natural progression for my role knowing that I have been the CEO at Rip Curl for over eight years and certainly looking for continued professional progression myself and so moving from the CEO of Rip Curl to be the Group CEO was a logical next step and when that opportunity arose with Xavier's decision to resign and take another role it created that opportunity. I am fortunate for that because it gave me the potential to continue to work with the Rip Curl brand but also, I guess, extend my experience across the Kathmandu and the Oboz brand.

With respect to any equity I received on the sale of Rip Curl, yes I have maintained all of my equity and indeed have purchased additional shares on top of the equity I received as part of the sale of Rip Curl and certainly am a long term holder of the shares in Kathmandu and a long term believer.

With respect to my relationship with the founders of Rip Curl, it was very much a professional relationship while I worked at Rip Curl for a long period of time and I was respected by them, it was always a professional relationship and to that extent for the last two years I haven't had much contact with them other than when I have bumped into them around the place, so just a professional relationship.

Are there any further questions?

Chairman:

No further questions.

Company Secretary:

There being no further questions, I will now put the motion.

Chairman:

Please cast your votes now for Resolution 2 if you have not already done so.

Thank you.

RESOLUTION 3

Chairman:

I now move the following as an ordinary resolution:

That Abby Foote, who retires at the Annual Meeting and is eligible for election, be elected as a Director of the Company.

I now invite Abby to address the meeting.

Abby Foote:

Thanks very much David, and tēnā koutou welcome everyone and thanks very much for joining us here today. As David said my name is Abby Foote and I am delighted to be here today at my first meeting of Kathmandu Holdings to seek your support to my appointment to the Board.

As you will note from my bio, I am also a director of Sandford, Z Energy and Freightways. I have been a full-time professional director for over 10 years, so although I have a background in law and finance with experience in large projects, M&A, and treasury amongst other things, primarily I bring to this role deep and extensive governance experience. I have served on a mixture of listed and crown owned entities and I am an experienced board and committee chair.

That experience enables me to bring a strong contribution against many areas. I have particular expertise in the areas of strategy, risk, Health and Safety, and ESG and I am conscious of the need for Boards and companies to stay abreast of the increasing expectations of a wider range of stakeholders.

Kathmandu's long-standing commitment to sustainability in the interests of stakeholders is part of what has attracted me to the company. Kathmandu Holdings has a stable of iconic brands. Like many New Zealanders, the Kathmandu Brand is well represented in my wardrobe and my garage.

One of the many changes we have seen as a result of the COVID experience for the last two years is the value of our lifestyle choices, and in particular the value we place on the access to the outdoors.

The Kathmandu Holdings brands have been impacted by store lockdowns around the world, but they are well positioned to support consumers around the world as they emerge from lockdown restrictions and look to get outside and enjoy the outdoors.

I'm really excited to be joining the organisation at this time and I look forward to creating more value for you, our shareholders. I would be very grateful for your support for my election to the Board today. I am happy to answer any questions.

Thank you.

Chairman:

Thanks Abby.

Have we received any questions for discussion on the motion?

Company Secretary:

We have received one question. This is from Stephen Mayne:

COVID and border closures has made it very difficult for geographically diverse boards to meet in person. Could Abby comment on how challenging this has been for her as a non-executive director and could the chair outline where all our directors and key executives are based and how the challenges of border closures and COVID has been managed.

Abby Foote:

Thanks Stephen for your question. Look, like many people around the world, not just directors, we've all had to adapt to being able to conduct business online. One of the advantages that I have had is that as Christchurch has been relatively less locked down than other parts of New Zealand, I've actually had access to the Christchurch office of Kathmandu and that's enabled me to meet a number of the executive team and Kathmandu team on the ground and also tour some of the Distribution Centre. So, I feel that that has given me a really good insight into the Kathmandu operations and that I've been able to get to know my fellow directors sufficiently at this point in time from my online engagements with them.

Chairman:

Thanks Abby and I'll pick up the second part of the question.

The geographic spread of directors: there are two in Auckland, one in Christchurch, two in Sydney, one in Melbourne and one on the South Coast, down close to Torquay. We have managed the dispersion and the inability to get together as well as we could, the majority of the time through video conferencing. From time to time it has been possible to get subsets of the board together in some parts of the country. For instance there were three or four directors who were able to get together in Christchurch last year while others were spread out and we've actually found video conferencing has worked well for us, it is important to be very well prepared for the meetings and have good papers and for all of us to understand that we have to manage it a slightly different way in terms of our interaction, giving a bit more space and time for people to start and finish what they have to say. But I have to say I think the board has continued to operate very effectively notwithstanding having been unable to get together.

Are there any other questions Frances?

Company Secretary:

No further questions on this resolution.

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Chairman: Thank you, please cast your votes now for Resolution 3 if you have not already done so.

Thank you.

**10. AUDITORS
REMUNERATION**

RESOLUTION 4

Chairman: The final resolution on the agenda today relates to fixing the remuneration of the Company's auditor for the 2022 Financial Year.

I therefore move:

That the Directors be authorised to fix the remuneration of the Company's auditor for the ensuing year.

Have we received any questions for discussion on the motion?

Company Secretary: Yes we have. The first question from Stephen Mayne:

The Australian Financial Review reported this month that Australia's biggest auditor PwC has used dozens of unqualified workers, on lower salaries and with less training and resources than their main office counterpart, to complete audit work for large listed clients from an unbranded office in Western Sydney's Parramatta. Could our PwC auditor comment on whether this is true & whether any Kathmandu auditing was done from this unbranded Parramatta office. Could ex PwC partner John Harvey also comment on this situation?

Chairman: Leo, would you like to pick that one up?

Leo Foliaki: Sure David, thank you for the question. Obviously, the straightforward answer is that predominantly most of the work for the Kathmandu Group is done by the New Zealand office and we did not use any resources out of the Parramatta office that was referred to. It is obviously a matter that PwC Australian firm is looking into seriously and considering their appropriateness of how that is handled going forward but for Kathmandu those resources were not used as part of the Kathmandu Audit.

Chairman: John, would you like to pick up the second part?

Chairman:

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John Harvey: Yes, I'm happy to comment. I have been retired from PWC for over 12 years now. I have no ongoing involvement with the firm other than just sort of through professional involvements such as a this one and therefore I know no more about the allegations that have been made other than what I have read in the Australian Financial Review. Thank you.

Thank you, are there any other questions.

Chairman: Yes, one further question from Stephen Mayne:

Company Secretary: *Given the interesting discussions across a range of topics today, including the auditor pay issue, could the chair undertake to make an archived copy of the webcast plus a full transcript available on the company's website. Will the excellent past policy of lodging a full AGM transcript on the ASX and NZX be continued this year. This doesn't happen in Australia and is commendable transparency so well done for that.*

Chairman: Thank you Stephen, yes we are happy to continue to do what we have traditionally done, including lodging the transcript. I'm not sure whether the video will end up on the website, its just there is a lot going on on the website but will certainly look into that, and we certainly have no objection to doing it, we just want to make sure it's the right thing for our website.

Great no further questions on this resolution.

Company Secretary: Please cast your votes now for Resolution 4 if you have not already done so.

Chairman: Thank you. Shareholders should ensure they have now submitted their votes for all four of the resolutions set out in the Notice of today's Meeting. Voting will remain open until the conclusion of the meeting.

Once voting has closed, Link Market Services will tally the votes. The results will be announced to NZX and ASX once counting has been completed.

Thank you.

10. GENERAL BUSINESS

Chairman:

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I would now like to give shareholders an opportunity to ask questions concerning any matters addressed at this meeting or of a more general nature concerning the Company.

Company Secretary: Anybody who now wishes to ask any further questions, please ask your questions using the “Ask a Question” button.

If we run short of time and are unable to answer your question online today, we will endeavour to respond to you after the meeting.

Chairman: Our first question comes from Bruce Parkes:
Can you identify how much of your online growth is from new customers rather than regular Summit Club members changing their shopping channel?

Group CEO: Good question, a tough one to answer, but I will pass it to Michael to see if he can give some indication.

Chairman: Thanks David, look, I don’t have the exact numbers off the top of my head for the last year, but certainly we have seen a good balance of both returning shoppers and new shoppers quite frankly for all of our brands, remembering that Oboz brand has only just launched its online presence in the last couple of months so obviously all of its shoppers are new. Rip Curl doesn’t have a loyalty program at the moment but we are rolling out one in 2022 and that will give us greater ability to track whether consumers are returning consumers or new consumers. We’ll take the question offline and see what we can do to answer it by other means.

Company Secretary:

Are there any more questions?

Next question from Stephen Mayne:

Chairman: *Since we paid \$A350 million for Rip Curl in late 2019, have the founders Brian Singer and Doug Warbrick remained involved with the business through a consultancy or any other formal or informal arrangement. Along with the Rip Curl CEO, they were issued \$32m worth of stock as part of the transaction. Have they retained these shares or subsequently sold out?*

I can answer Stephen, that there has been no formal or even informal involvement with the founders, Brian Singer and Doug Warbrick. They have been casual supporters and enthusiasts of what is happening with the company but beyond that no other engagement. Michael confirmed that he has retained all of his shareholding here in Rip Curl which transferred to a shareholding in Kathmandu and I don’t have the answer

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Company Secretary: as to whether Brian Singer and Doug Warbrick have retained their shares or not, its not something I'm familiar with.

Our next question is from Stephen Mayne:

Chairman: *We claimed \$41.13 million in the Australian government's JobKeeper scheme over the past two financial years, putting us in the top 15 for ASX listed companies in terms of JobKeeper claims. Many other ASX listed retailers such as Premier Investments, Super Retail Group and Harvey Norman repaid some or all of their JobKeeper claims. Why didn't we that?*

Whether it made sense or not to repay JobKeeper claims needs to be considered in a broad context. We've always felt like the pandemic has caused a great deal of pain to companies and the various stakeholders in companies. Shareholders for instance suffered quite significantly in Kathmandu because we had to take a large capital raising at a significant discount. We also did not pay any dividends for a period, so shareholders missed out on those dividends so that's quite a significant pain that shareholders have worn. And then moving to staff, staff received no bonuses in the 2020 year and many staff received reductions in pay as well during that period, so staff wore a fair share of pain as well. The government JobKeeper in both countries was specifically targeted to keep employees in employment. When all of our shops were closed, we had no income coming in and had no ability to pay those people except by drawing down on retained earnings which were shareholder's funds, much of which had been immediately raised.

Company Secretary: We thought it was and still believe that it was a very good public policy for a government to target keeping people in jobs for the time when stores could be reopened and that's exactly what we did with the money. Not a dollar of that money went anywhere, but where it was expected to go in maintaining people's employment. We think that the economy has benefited and Kathmandu has benefited from that public policy and we think the overall pain of the pandemic has been fairly allocated between shareholders, staff and taxpayers.

The next question from Sivaswamy Mohanakrishnan:

Chairman: *Does the Company have a 3 or 5 years target/plan to reach in respect of sales, profit, share price, dividend etc? Can any numbers be given to shareholders on this? How is this being implemented and tracked?*

Group CEO: I'll just comment, we won't be giving long term forecasts but I'll just ask Michael to talk about longer term planning and how the company thinks about longer term performance.

Thanks David, look certainly we had an investor day a couple of weeks ago and the detailed presentation is available on our website so I certainly encourage you to review that in more detail if you haven't had the chance to.

Within that document we do a few callouts of where we think there is potential growth opportunities for each of our brands and we specifically talk about the international expansion opportunity for Kathmandu and mention the \$100 million sales target in the next five years. Likewise, we talk about the potential for Kathmandu to grow by recovering sales that we've lost through the pandemic and through closed borders, we also give some guidelines as far as Oboz immediate target to US\$100 million sales.

We also have spoken today and previously in other meetings about a minimum of EBIDTA target of 15% as a group. So really that is the extent of which were comfortable in giving out some forward longer-term guidance as far as where we're headed and certainly encourage you look through the details of that investor day presentation if you haven't already.

Company Secretary:

The next question from Stephen Mayne:

Kathmandu has more than 12,000 shareholders. What is going on with no one in New Zealand bothering to register online and ask questions at the AGM of this iconic company? Doesn't the New Zealand Shareholders Association normally come along and ask questions at the AGMs of prominent Kiwi public companies, so that they don't descend into a non-event with no questions. Can the board at least line up some staff to ask a few informed questions at next year's AGM.

Chairman:

Thank you Stephen and I obviously can't speak for the New Zealand Shareholders Association but we are delighted that you at least have filled the gap to a pretty large extent and we do agree that this is a great opportunity for shareholders to have the opportunity to ask questions and to learn more about the company. So, we very much encourage them to do that.

Company Secretary:

Question from Fiona Preston:

Gender and racial diversity are lacking on the Board and Leadership team. Why has there been so little progress in this area to date and when can we look forward to seeing meaningful change?

Chairman:

Group CEO:

Fiona I am not sure that is true, I think we have a non-executive director split on the board, now that Abby's appointment has been re-elected today of 40% female 60% male so that is adequate for most of the bodies that are keeping a close eye on gender diversity on boards. Of our three brands, Rip Curl, Kathmandu and Oboz, two of them are headed up by women and generally speaking we have strong representation in all of the Brands at the next level, I can't say off the top of my head, Michael might be able to say a bit more on just what the gender balance is at the next level in the three brands, but Kathmandu generally speaking has had a strong reputation for gender balance and diversity generally across the company. Michael did you want to pick up on that at all?

Company Secretary:

Yes, thanks David, look definitely, its something that we as a company always want to be better at, something that as David mentioned that two of the three brands being headed up by females. We are proud of our achievements in this space of course we can continue to be better and that's certainly in what we intend to do. As David mentioned as you go down through the ranks of managers through all of our brands it's a key area of focus for us to ensure that we have the diversity across not only gender but ethnicity as much as we can. So certainly it's a key focus for me as the CEO and a key focus for all of our leaders across the business.

No further questions have been received.

11. CONCLUSION

Chairman:

Thank you very much. Ladies and Gentlemen, that concludes today's meeting. I thank you for your continued support and attendance today and I now declare the meeting closed.