

### **Slide 5 - Board**

Joining me today are your Directors. I'll ask them each to raise their hand when I introduce them.

Firstly, Dianne Williams ... then John Rae ... Paul Izzard ... and Katherine Turner. And there is, of course, also Grant Biel, co-founder of the Bremworth carpet business and Director Emeritus.

Your Directors bring a diversity of skills, experience and thinking to the table, and ensure core competencies are met across critical areas for our company. Also joining us today are our CEO, Greg Smith, new CFO Mandy Tomkins-Dancey and the other members of Greg's executive leadership team. A number of our advisers including our auditors are also present. I'd like to thank all the professional firms who have provided valuable advice to Bremworth over the last year.

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### **Slide 6 - Chair's Presentation**

I'd now like to move on to my presentation for today.

As you know, FY24 was a very challenging year for Bremworth. The team worked tirelessly to rebuild our supply chain and ensure the future viability of our business post Cyclone Gabrielle. Despite that, we acknowledge, at least from the outside, it was a standstill year for shareholders. Your patience and continued support are deeply appreciated by management and the board.

We did make substantial progress last year, establishing a strong foundation for future growth. Our focus has been on several key priorities:

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### **Slide 7 - Settling our insurance claim**

21 months on, it is obvious, this is a complex and resource intensive process. The claim has two parts. Material damage which covers plant, buildings and stock; and Business interruption, which takes into account costs and lost margins due to Cyclone Gabrielle's impact on trading. These are both large claims. It makes sense that management is thorough in the work required to ensure Bremworth is left in the best possible position at the completion of the claim. This means we receive a settlement that fairly reflects the full value of the reinstatement of the Napier plant. It also means recognition of the large impact on the Bremworth business as a result of the extraordinary costs that have been incurred to ensure business continuity and fair reimbursement for lost margin.

## **Slide 8 - Napier**

The inability to access Napier's yarn capacity since the floods has severely impacted our ability to meet demand and supply the market, let alone grow. Management and the board look forward to the settlement of the insurance claim in the coming months giving Bremworth control over the reinstatement of the Napier plant and to allow it to re-build the business to pre-cyclone capability. In the meantime, we have taken a staged approach to the reinstatement of our Napier plant. To date, this has been focused on the key stages of dyeing, spinning and finishing of yarns that are specific to Bremworth's exacting quality standards, and this will continue throughout 2025.

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## **Slide 9 - Expanding our hybrid supply chain capability**

I will recap some of the key messages in the annual report, with a focus on our existing and new capacity. The new supply chain is crucial to building resilience should another similar catastrophic weather event arise again, while also delivering scale to the business and ultimately creating opportunities to grow Bremworth far beyond the size of the business today.

Sourcing yarns that meet our quality expectations has been difficult. I'm happy to say we now have five external yarn supply partners, one in New Zealand, the rest overseas, that meet our requirements. However, our Napier and Whanganui plants will together continue to form the cornerstone of our new supply chain - supported by our external yarn supply partners - to give us the ability to grow capacity. Whanganui will continue to spin our very popular felted yarns which are unique to Bremworth combining beautiful textures and colour with superior performance.

With consistent yarn supply now available, the Papatoetoe tufting operation is improving performance and still has capacity to support growth. This improved supply chain is already benefiting our customers, who are now receiving products we were previously unable to deliver.

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## **Slide 10 – Positioned for FY25 growth**

I'd now like to take you through the work we have been doing to position the company for growth.

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## **Slide 11 - Positioning the company and the team for growth**

Management has worked to reduce costs, improve margins and enhance systems for efficiency. This work essentially re-aligns our cost structure with the size of the business while also positioning us for growth. Management will continue to look for further gains in margins as the business begins to scale up this year. This will include the size of the range, yarn efficiency, supply chain optimisation and designing margin into products at the development stage. We expect a material margin improvement over the next 3 years that will drive increased cash flow and profit.

We have invested in our people and our systems over the last 12 months to ensure that we are ready to capitalise on the growth opportunities ahead. This includes a new capability that recognises the skill and focus required of the brand to be sustainably profitable.

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## **Slide 12 - Our markets**

The New Zealand business was able to maintain some momentum during the supply disruptions of last year however, Australia was hit hardest. Greg will share with you management's plan to recover our position and grow. Suffice to say growth in Australia is a key focus for the team. The board expects double-digit growth vs last year in New Zealand and Australia in FY25. The board is also excited by early progress being made in other geographies, with the United States being of particular interest due to the sheer size of the market and the interest we have received from distributors and retailers in our premium products.

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## **Slide 13 - Enhancing Bremworth's reputation**

We are committed to building a company that is important to our customers, desired by end consumers and admired by the market, that delivers shareholder returns consistently.

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## **Slide 14 - Conclusion**

Whilst we've made good progress year to date, I want to acknowledge that management's admirable aspirations for growth have been put under pressure by the current economic climate and the loss of confidence our customers expressed in our ability to supply post Cyclone Gabrielle. As you will no doubt have heard from across a wide range of companies during reporting season, the market for consumer durables is particularly depressed and while we are seeing a recovery in volumes, the uplift is slower than anticipated. Greg will provide more detail in his presentation.

In summary, we have laid the groundwork for a successful future. We are well-positioned for growth in FY25 and beyond and anticipate a return to dividends from operations by FY26.

Thank you for your ongoing support. We are excited about Bremworth's future and look forward to delivering value for our shareholders, staff, channel partners and consumers.

I will now handover to Greg.

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### **Slide 15 – CEO's presentations**

Good afternoon, everyone, and thank you for joining us for Bremworth's Annual Shareholders Meeting. I'm Greg Smith, and over the next 10 minutes I will share our FY24 results, the strategic direction for the current FY25 fiscal year and some insights into our YTD performance.

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### **Slide 16 - FY24 Results**

Results In FY24 were impacted by supply constraints following Cyclone Gabrielle that forced our Napier Plant offline.

As a result, our operating revenue fell 10% or \$9.4m to \$80.3m, and gross margins dropped 3.3 percentage points.

Net profit after tax was \$4.6m. This was boosted by Cyclone Gabrielle related insurance income that totalled \$26.5m. This takes the total insurance proceeds since Cyclone Gabrielle to \$62m.

Carpet and rugs revenue dropped by 20% to \$57.1 million.

Elco Direct, our wool buying business grew by 28% or \$5 million in revenue. This was due to growing share and increased demand while keeping costs low. The Elco Direct business offers 10-year contracts to growers who supply wool to our exacting standards. These contracts support growers and have attracted new farms. We are proud of the farmers who work so hard to provide the best strong wool in the world and I would like to congratulate the entire Elco team for a great year.

While we've been up against some head winds, as George mentioned, in FY24 we have laid solid foundational blocks for sustainable profitability for our carpet business.

We have started on the staged reinstatement of our Napier plant to deliver on the quality and product differentiation that we are known for. We have embedded our new hybrid supply chain to enable growth and reset our baseline cost structure. Importantly we strategically invested in our brand, customer experience, R and D, technology and our inventory which is well positioned to provide for growth opportunities over the balance of FY25. We have also implemented new product distribution tactics, and realigned and restructured our people lineup (including my senior leadership team) to ensure that we have the right capacity, expertise and agility in place to optimise the opportunities before us.

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### **Slide 17 - FY25: A Year of Growth**

With the foundational blocks now embedded, FY25 has one central theme.

*To accelerate growth.*

Our new hybrid supply chain anchored by our Napier and Whanganui plants and supported by our external yarn supply partners can reliably deliver quality products to our customers fast, which in turn bolsters confidence in Bremworth with our channel partners and their sales teams.

There is still work to be done to fine tune our supply chain and optimise our inventory position to strike the balance between stock on hand vs sales demand, while improving margins through scale and strong relationships with suppliers.

We are focused on growing market share across New Zealand and Australia.

As George mentioned, NZ has been stronger despite the last 12 months of disruption reflecting the brand's strength in our home market. I would like to thank our retailers who have supported us through that period.

The Australian market was hit the hardest by stock shortages. As a market, we are acutely aware it should be much bigger and represent a far greater share of our total volumes and revenue. Now that our supply chain is back up and running to enable growth, we are excited about the potential of the Australian business.

This financial year, we have expanded the number of stores in Australia offering our entry level products, by 225. This makes our products more accessible to a wider audience and we are confident this will help us grow share.

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### **Slide 18 – FY25 Focus areas**

#### Our brand

Bremworth is New Zealand's most trusted carpet brand. We will continue to raise awareness of the performance benefits of wool to consumers. This includes elevating Bremworth wool flooring as a genuine architectural surface that enhances the indoor environment with natural benefits that synthetic cannot match. This in turn increases Bremworth's value perception with consumers.

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### **Slide 19 - Supply chain**

Over the last 12 months, we have spoken a lot about our supply chain focus, the staged reinstatement of our Napier plant and restoring the business to pre-cyclone capability. It can't be overstated how important this is and how much value it will add to Bremworth over the long term. The diversification we now have is a strength. This year the benefit will be tangibly realised through building confidence in new and existing channel partners, delivering high quality beautiful products that perform, reliably, every time. Shareholders should expect supply chain efficiencies along with a number of other initiatives to improve margins over the next 3 years.

## **Slide 20 - New products**

Due to Cyclone Gabrielle, we were forced to delete many of our products, leaving key gaps in our consumer offering. This year we have launched 4 new, innovative ranges in the first quarter. This grows our range by 20%. They have been well received by retailers, designers and consumers. These ranges demonstrate our focus and commitment to innovation, using unique yarns, to make soft flooring more exciting and attracting more people to the brand.

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## **Slide 21 - Distribution**

We are expanding our presence through wider distribution with key retailers in both markets. This means we are getting our products in front of more consumers which will drive growth in both countries.

Lastly, now that capacity constraints are overcome on most ranges, we are currently re-entering the commercial channel and are building new product offerings to support that. This channel has previously driven large volumes at lower margins. Our new hybrid supply chain gives us the opportunity to win these projects with improved margins as we scale our own and our yarn partners capacity and efficiency.

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## **Slide 22 - Other Focus Areas for FY25**

Beyond what I have already mentioned we also remain committed to:

- **Direct-to-Consumer (D2C) Rugs:** Our rug business has capitalised on the growing trend of wooden flooring, catering to consumers seeking to blend hard and soft textures in their homes. This segment experienced good growth last year and we continue to experience a strong increase in orders year-to-date. This rug business has a wide potential audience, due to emerging trends in flooring, pricing, consumption and home ownership. It also makes for a more frequent purchase. We remain confident the rug business will become a more meaningful contributor in the coming years.
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## Slide 23

- **Experience Stores:** Our flagship brand experience store here in Parnell, Auckland has provided invaluable insights into consumer preferences for soft flooring. This store effectively positions Bremworth wool carpet as a premium flooring option, elevating its design credentials and appeal in the market. In addition to showcasing rugs, the store generates valuable leads for our channel partners and serves as a platform for architects and designers to showcase wool flooring to their clients.

It's also worthwhile acknowledging the store was awarded Gold for retail design at the New Zealand Retail Interiors Association RED Awards last month and a Gold Pin at the Design Institute of New Zealand (DINZ) Best Design Awards.

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## Slide 24

- **Technology** - We recently announced that Caio Diehl is joining us in early December. This newly-created Chief of Technology role demonstrates that we are committed to investing in tools to support efficiency and insights in all parts of Bremworth. Technology will be utilised to support cost reduction, reduce complexity, improve productivity and ultimately identify opportunities quicker.

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## Slide 25

- **Elco Direct**

Our Elco business remains a key strategic pillar. It provides another revenue stream to our carpet and rug business while giving Bremworth supply security and continuity, margin stability and quality assurance. Land use is changing, and some growers are getting out of sheep breeds that require shearing due to economic factors. Elco's low cost, direct to farm business model enables us to offer superior returns to growers which helps give them confidence to stay in the game. We expect market share to continue to grow in the year ahead.



## **Slide 26 - FY25 trading update**

After 4 months we can report in the carpet business an unaudited 2% improvement in revenue vs FY24. This improvement is important, as it demonstrates that with supply aligned to demand we can grow. With monetary policy easing in New Zealand, we anticipate more demand and growth to continue in the second half of the financial year.

As anticipated, we have delivered double digit growth in sales volumes in Australia.

Margins across newly created ranges are also pleasing. Margin is a key design input as we launch new products.

We will provide a further, detailed trading update at the half year.

The balance of FY25 is an exciting time for Bremworth. Our focus on key markets, innovative product development, customer centricity and fine tuning our supply chain will drive our success. In addition to this, we are also in the process of securing our entry into a new geography which we're approaching with cautious optimism.

Management is confident in the future revenue and profitable growth of Bremworth and in our ability to deliver value to our shareholders.

Thank you.