

Bremworth Limited 12 November 2025 Annual Meeting Speeches – Chair and CEO

Board

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

First, Julie Bohnenn ... then Trevor Burt ... and Murray Dyer. And there is, of course, also Grant Biel, co-founder of the Bremworth carpet business and Director Emeritus.

Your Board brings wide experience across agribusiness, manufacturing, retail and corporate governance.

Your Board has a refreshed mix of skills, combining continuity of manufacturing and design knowledge with new perspectives in governance, capital markets and strategy. Our approach is hands-on. Directors are spending significant time in the plants and with customers to ensure we fully understand the challenges and opportunities ahead.

CEO and executive leadership team

Also joining us are CEO, Craig Woolford, and other members of Craig's executive leadership team along with several of our advisers and auditors. I take this opportunity to welcome Toby Groser and his team from Montarne who have been advising the Directors on the proposed Scheme of Arrangement, Ian Beaumont and his team from Russell McVeagh our lawyers and Pip Cameron and her team from PwC, our auditors. On behalf of the Board, I thank all who have provided professional guidance to Bremworth throughout the year.

Chair's Presentation

When this Board took office in March, shareholders asked us to act decisively to stabilise the business and protect value. We have done exactly that.

We reinstated wool yarn production at Napier. We reintroduced SDN carpet to ensure a relevant product portfolio and that Bremworth remains relevant to the largest segment of the market. We continue to right-size the cost base and focus resources where they will deliver the greatest return. We also continued with the strategic review to assess the best way to create long-term value for shareholders. It's been a pretty busy 8 months!

The outcome of that review is the proposed Scheme of Arrangement with Floorscape Limited, a wholly owned subsidiary of Mohawk Industries. This transaction is the result of a structured

process involving multiple parties and represents of all the options available - including continuing as a going concern - what your Board believes to be the best outcome for shareholders.

Under the Scheme, shareholders are expected to receive total consideration of between \$1.05 and \$1.15 per share. This includes \$0.75 per share from Floorscape and an additional \$0.30 to \$0.40 per share from excess cash to be returned to shareholders.

Regulatory approvals are progressing well. The Australian Competition and Consumer Commission has already approved the transaction. Applications are with the New Zealand Commerce Commission and Inland Revenue. Subject to these and shareholder approval, the transaction is expected to be implemented in the second half of FY26.

This proposal provides certainty of value while preserving the Bremworth brand and workforce. It aligns us with a global parent that brings scale, investment capability and access to new markets.

Whether the Scheme proceeds or not, our strategy remains focused on building a stronger, more balanced business. We will continue to concentrate on the things that matter most: disciplined manufacturing, profitable product mix, a high-performing sales culture and capital efficiency. These are the fundamentals that will sustain value creation for shareholders in any ownership structure.

As I mentioned earlier, shareholders will have the opportunity to meet with the Directors in private after the conclusion of the Annual Meeting to further discuss the proposed Scheme.

Market Context

It is important to recognise the environment in which this turnaround has taken place. Consumer confidence and housing activity have remained subdued, yet we have managed to lift volumes, rebuild service reliability and begin the process of regaining trust with key retail partners. That speaks to the strength of our brand and the determination of our people.

Operational Progress

The reinstatement of the Napier yarn plant is well advanced, with production quality now meeting our standards and supporting improved SKU delivery. This reinstatement is the foundation to unlock the shortening of the supply chain, reduction of inventory hold, yarn quality and consistency improvement, improved cost efficiency and ultimately sales growth. This has already seen the employment of in excess of 20 staff in Napier as we rebuild the

blending operation and the carding lines that were damaged in Cyclone Gabrielle, reinstate the two for one twister and operationalise the confin line to produce high quality, consistent yarn in New Zealand. This has also had the benefit of bringing virtually all yarn production back in house, with commensurate savings on inventory holding and a significant reduction in supply chain length and time to service, with the added significant benefit of a remarkable quality improvement in the yarn produced. Quality has returned to historical levels, with downgrade rates now below long-term averages. This is a major improvement compared with the 12 percent level seen earlier in the year.

Re-entry into SDN carpet is virtually complete. We now have stock on hand and expect to see sales begin this month. The demand pipeline is well supported by ongoing yarn supply from our partners. The addition of SDN to Bremworth's product portfolio provides us with greater relevance to our retail partners, and ultimately our consumers as we have a wider range of consumer-relevant products to offer in our range.

Alignment of the cost base is also nearly complete. We are seeing efficiencies in distribution and administration and are beginning to benefit from lower overheads across the business.

Sales capability has been rebuilt. Almost all frontline positions are filled, and we are seeing encouraging momentum particularly in New Zealand.

Looking Ahead

As volumes increase, we are shifting focus from recovery to efficiency.

Manufacturing performance is improving as we concentrate on throughput and process optimisation. Napier continues to increase its output and support the Whanganui plant, reducing lead times and improving quality.

We are lifting volumes from the yarn plants and managing inventory to focus on faster-moving SKUs while phasing out slower ones to maintain an optimal balance.

Our cash position remains strong, with cash as at the end of June of \$42.2 million that we reported to shareholders in the annual report..

Our sustainability principles remain unchanged. Bremworth continues to champion the environmental and health benefits of natural fibres, and we will maintain that leadership position whatever the outcome of the Scheme. We are comfortable as a Board that SDN and wool can co-exist under the Bremworth brand. Our customers are asking for this.

All of this progress means we have built a platform capable of sustained performance and ultimately sustained profitability, whether the Scheme proceeds or not.

Employee Recognition

I also want to recognise the contribution of our employees throughout New Zealand and Australia and across both the carpet and wool division. They have shown professionalism through significant change, and their commitment to quality and safety underpins everything we are achieving. On behalf of the Board, thank you.

Closing Remarks

We have rebuilt focus, capability and financial discipline. The last few months have proven that Bremworth can adapt, compete and win. The foundations are set, there is a long way to go, and we are ready for the next phase of growth and value creation for shareholders.

Thank you for your continued trust in Bremworth.

I will now invite Craig Woolford to provide further detail on the company's operations and the outlook for FY26 and FY27.

CEO's Address – Craig Woolford

Thank you, Rob, and good afternoon, everyone.

It is a privilege to stand here today and to once again be part of Bremworth's journey. This company has played a major role in my professional life, and it is one I care deeply about. I have seen firsthand what Bremworth can achieve when its people are focused, its manufacturing runs well, and its customers believe in the brand.

This is not my first experience with Bremworth. I started here in 1997 as Administration Manager and worked through several leadership roles, including Production Manager, Plant Manager and General Manager of Manufacturing. After a period leading operations for Godfrey Hirst North America, I returned earlier this year at the Board's request to help get the company back on track.

When I came back, it was clear the business had strong fundamentals but needed sharper focus. The past six months have been about restoring discipline, resizing the business, improving quality and embedding a performance culture that drives profitability and growth.

Changing the Culture

A major focus this year has been resetting how people see Bremworth.

For too long, the business saw itself as just a sales company. That mindset needed to change. We are a sales organisation that happens to make carpet, not the other way around. Everything we do is to support sales. The team has embraced this shift and the results are showing.

We have launched new synthetic ranges alongside our wool offer, giving us fuller product mix that retailers want. This has changed the conversation with customers and re-established our relevance in the market.

FY25 Results Summary

Before turning to operations, I want to briefly recap our FY25 results.

The past year was the most challenging in Bremworth's modern history. Consumer confidence remained weak across New Zealand and Australia, and competition in the flooring market intensified. These factors weighed heavily on both volumes and margins, particularly through the first half of the year.

Despite these challenges, revenue increased to \$88.4 million, up from \$80.3 million in FY24, reflecting the reinstatement of production capacity and the gradual rebuilding of customer relationships as well as a solid performance by our wool procurement division, Elco Direct. However, margins were compressed as higher input costs and subdued demand reduced overall profitability.

Our normalised EBITDA loss came in at \$13.5 million, compared with a \$4.7 million loss the previous year. Despite this, the company recorded a net profit after tax of \$19.1 million, compared with \$4.6 million in FY24 after adjusting for insurance proceeds, restructuring costs and provision for onerous contract.

Most of the operating loss occurred in the first half, when we were carrying excess inventory, facing higher yarn costs, and managing the disruption of reinstating Napier. The second half showed a clear improvement as cost control measures took hold, manufacturing began to stabilise, and working capital was brought back under tight management.

While the full-year result does not yet reflect the company's potential, the trajectory is positive. We exited FY25 with a leaner cost base, better quality metrics, and improved cash generation.

The reset has created a stronger platform for the recovery we expect to see through FY26 and beyond.

Operational Execution

Our manufacturing network is performing more efficiently than at any point in recent years. Productivity gains are coming through as volumes lift, with Napier and Whanganui now operating in close coordination. The two sites are now sharing load more effectively, reducing lead times and improving quality consistency across the range.

We have rebalanced the production mix to focus on high-margin SKUs and tightened control over energy and waste. Continuous improvement initiatives are underway across both yarn and tufting operations with clear accountability for output, cost and quality.

The progress has been tangible. When I returned, the cost of quality was unsustainable, with downgrades running at 12 percent of production. Today, those downgrades are under two percent, and in October sat at 1.6 percent. That improvement has had a direct and significant financial impact.

We have also cleared legacy inventory that was dragging on cash and profitability. When I arrived, there were more than 27,000 lineal metres of seconds and obsolete carpet stock sitting in storage. Virtually all of that is now gone, freeing up space and reducing waste.

Leadership and People

None of this would have been possible without the right people.

We have rebuilt a capable and experienced leadership team.

- Victor Tan has been reinstated as Chief Financial Officer and Company Secretary, strengthening our financial discipline and governance, and fully utilising Victor's 40+ years with the business. Victor knows all parts of the business intimately and is a great sounding board for any new initiatives. He always put shareholders first.
- Warren Drinkwater, our General Manager of Sales for New Zealand, brings more than 20 years of industry experience and has been instrumental in rebuilding retailer confidence.

- Michael Ingham, General Manager of Sales Australia, has been with Bremworth for 14 years and is instrumental in re-establishing our relationships with the key Australian buying groups.
- Chris Nabney, Head of Yarn Operations, has been key in driving the turnaround in quality and plant performance.
- Dave McLeod, who supported the people restructure, has been central to rebuilding staffing levels at both spinning plants and managing change with professionalism and care.
- Caio Diehl, Chief Information Officer who has been instrumental in upgrading and streamlining our systems to match market requirements and manufacturing objectives.

Our workforce understands the link between quality, efficiency and customer satisfaction. There is a renewed sense of pride in delivery and accountability for results.

Sales and Market Engagement

Our focus is now firmly on our customers.

Bremworth has a proud heritage in wool carpet, and that remains central to our brand. But to succeed, we must be cognisant of where the market is. Synthetic carpets account for more than 85 percent of soft floor coverings sold in Australasia. By reinstating solution-dyed nylon alongside wool, we are giving retailers the full range they need and putting ourselves back in the conversation.

The re-entry into synthetics has been well received. It allows us to participate in more tenders and dealer promotional activities while also positioning our wool carpets as the premium alternative within a comprehensive range.

In Australia, our relationships with the major buying groups are strengthening. We are getting back through the door and rebuilding trust, which is critical for long-term volume. Domestically, we are winning back floor space in key independent stores through improved service, reliable delivery and clearer brand communication.

Financial and Performance Outlook

Looking ahead to the rest of FY26 and into FY27, I expect to see the full benefits of this reset reflected in our results.

Some initiatives have taken longer than expected. Synthetic carpet production started two months later than planned, and Napier's second card is coming online later than we originally scheduled. But those are short-term issues. By the second half of FY26, all our major changes will be in place, our cost structure will be right-sized, and we expect to be back in profitability.

Inventory is now balanced between fast and slow-moving products, and our cash generation is improving. Working capital control has tightened, and manufacturing recovery is trending upwards. This gives us flexibility to respond quickly to demand and to reinvest in the areas that will drive growth.

Product and Innovation

We are continuing to invest in product innovation that supports our long-term competitiveness.

Our product strategy now balances New Zealand's natural wool advantage with selected synthetic offerings. Work is underway on new sustainable blends that enhance durability while maintaining the aesthetic and environmental values our brand is known for.

Our design and technical teams are working more closely with customers to ensure our new products align with the market. The time from concept to launch is shortening, allowing us to refresh our ranges more frequently and remain competitive.

Closing Remarks

In short, we have moved from recovery to rebuild.

Bremworth today is more efficient, more focused and better aligned with the market. We have the right leadership, the right culture, and the right strategy to deliver sustainable profitability.

Whether under our current structure or as part of the proposed Scheme, the direction is clear. We are building a business that can compete, grow and create value for shareholders over the long term.

Thank you for your continued support and confidence in Bremworth.
