

Update on the Scheme Implementation Agreement

On 2 October 2025, Bremworth Limited ("Bremworth") (NZX Code: BRW) announced it had entered into a scheme implementation agreement ("SIA") with Floorscape Limited ("Floorscape"), and Mohawk, Inc. (as guarantor), under which Floorscape agreed to acquire all of Bremworth's shares through a Scheme of Arrangement ("Scheme").

The SIA remains conditional upon the satisfaction of certain conditions, including shareholder approval, High Court approval, NZ Commerce Commission ("NZCC") clearance and an IRD ruling on the tax implications of the capital return.

The NZCC published a Statement of Issues on 23 December 2025 which outlines relevant issues the NZCC requires additional time to consider. The publication by the NZCC of a Statement of Issues is a regular part of the merger clearance process – it is not a final decision and does not mean that the NZCC intends to clear or decline a merger. Bremworth is in the process of responding to the Statement of Issues.

The current decision date indicated by the NZCC is 13 March. However, in accordance with its usual process, this date may be extended if the NZCC advises that it needs to continue assessing the competitive effects of the proposed Scheme. If extended, Bremworth expects the NZCC to issue a final decision in mid to late May.

At the time of signing of the SIA, Bremworth indicated that the likely range of the capital return to shareholders as part of the scheme was in the range of \$0.30 to \$0.40 per share. The capital return is in addition to the \$0.75 per share consideration payable by Floorscape under the scheme.

Since that time, the trading conditions that Bremworth has faced have been more difficult than anticipated. This has impacted Bremworth's earnings, and resulted in a deterioration of Bremworth's cash position.

As a result, Bremworth now expects to distribute between \$14 million and \$21 million via the capital return. This would represent a payment to shareholders of between \$0.20 and \$0.30 per share (in addition to the \$0.75 cents per share payable by Floorscape). Accordingly, the estimated total consideration for the Scheme has been reduced to a range of \$0.95 to \$1.05 per share. Bremworth emphasises that this estimate is based on assumptions of market conditions, business performance and the timing of implementation. It therefore remains subject to change.

Bremworth will provide further insight into its operating and financial performance when it releases results for the six months ending 31 December 2025 by end February 2026.

Bremworth's Board remains fully supportive of the Scheme and continues to be of the view that this is the best option for shareholders to realise value for their investment in Bremworth. As outlined to shareholders at Bremworth's annual general meeting, if the Scheme does not proceed it is likely that the deterioration in Bremworth's cash position would continue.

Bremworth shareholders do not need to take any action at this stage.

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