



Bremworth Enters Agreement to be Acquired by Mohawk Industries

Leading flooring company Mohawk set to acquire Bremworth, securing shareholder value and boosting New Zealand's wool industry.

Premium wool carpet and rug manufacturer Bremworth Limited (NZX: BRW) today announced that it has entered into a Scheme Implementation Agreement with Floorscape Limited. Floorscape Limited is a wholly owned subsidiary of Mohawk Industries Inc., which operates the Floorscape premium hard flooring business and owns carpet manufacturer Godfrey Hirst NZ Limited.

Highlights of the proposed Scheme

Under the agreement, Floorscape Limited has agreed to acquire 100% of the shares in Bremworth, conditional on the approvals described below.

The Scheme is expected to deliver shareholders an estimated total consideration in the range of \$1.05 to \$1.15 per share, subject to market conditions and business performance. This represents an attractive premium of up to:

- 135% to Bremworth's share price prior to commencement of the Strategic Review announced in February 2025; and
- 85% to its most recent closing price prior to the announcement of the Scheme.

The total consideration comprises two components:

- Scheme Consideration from Floorscape Limited: Cash payment of \$0.75 per share; and
- Capital Distribution of Excess Cash: In the form of a share buyback and fully imputed dividend, estimated in the range of \$0.30 to \$0.40 per share.

The proposed Scheme is conditional on several matters, including shareholder approval, High Court approval, New Zealand Commerce Commission clearance, Australian Competition and Consumer Commission approval, and the Independent Advisor concluding that the Scheme price is within or above its valuation range.

Bremworth's Board unanimously recommends shareholders vote in favour of the Scheme, subject to the Independent Adviser concluding that the Scheme price is within or above its valuation range and in the absence of a Superior Proposal.

Shareholder Benefits

Rob Hewett, Chair of Bremworth, says the agreement delivers a favourable outcome for shareholders while also creating long-term strategic benefits for New Zealand manufacturing, wool growers and regional communities.

“As Chair, I am pleased to present this agreement on behalf of the Board following a comprehensive strategic review and extensive engagement with potential buyers. Our focus throughout has been on securing the best possible outcome for shareholders.

“This agreement reflects the strength of Bremworth’s brand and its future potential. It is a positive outcome for shareholders who have stood by the company through some very challenging years. The offer provides certainty of value at a meaningful premium.

“Looking beyond shareholder returns, the acquisition by Mohawk, a business with significant revenues, strong balance sheet and operations in more than 170 countries, represents a significant vote of confidence in New Zealand manufacturing. Importantly, this transaction also offers strategic benefits for New Zealand.

“Bremworth’s wool and premium carpet products will be positioned within Mohawk’s global distribution networks, providing greater export reach and showcasing New Zealand’s natural fibre story on the world stage. With access to Mohawk’s capital and scale, Bremworth will be better able to compete in New Zealand and Australia with competitively priced imported carpets, and provide opportunities for growth in global markets (North America and Europe) that have been challenging to compete in as a smaller competitor.

“In this way, a sale to Mohawk should strengthen demand for New Zealand strong wool, supporting farmgate returns and regional economies. With Bremworth on a more sure financial footing, this should also accelerate our innovation pipeline in both wool-based and synthetic flooring solutions.”

Craig Woolford, Chief Executive Officer of Bremworth, says the transaction will provide the operational backing needed to build capability and deliver more for customers and retail partners.

“With Mohawk’s resources behind us, we can sharpen our focus on customer service, expand our retail footprint in Australasia and give New Zealand-made carpets a stronger presence in the global marketplace. This is about creating certainty and new opportunities for everyone connected with Bremworth.”

Capital distribution

Under the agreement, Bremworth has the ability to distribute any excess cash above an agreed minimum level to shareholders immediately prior to the Scheme becoming effective.

Based on Bremworth's estimated cash flows between the date of this announcement and expected implementation of the Scheme in H1 2026 Bremworth expects to distribute between \$21 million and \$28 million via the capital distribution. This would represent a payment to shareholders between \$0.30 and \$0.40 per share.

Bremworth emphasises that this estimate is based on assumptions of market conditions, business performance and the timing of implementation. It is therefore subject to change.

Bremworth will provide updated estimates to shareholders, based on its trading performance prior to the special shareholders meeting on whether to approve the Scheme.

Transaction Process

The agreement remains subject to a number of customary conditions including shareholder approval, High Court approval, NZ Commerce Commission clearance, ACCC approval and an IRD ruling on the tax implications of the capital return.

Bremworth and Floorscape are targeting completion of the Scheme in H1 2026. A shareholder meeting will be convened once the regulatory and IRD ruling conditions are satisfied.

Bremworth shareholders do not need to take any action at this stage. Further information will be provided in the Scheme Booklet, which will include the Independent Adviser's Report.

In connection with the signing of the agreement, Bremworth will repurchase and cancel certain shares held by the trustee of its LTI scheme. A buyback disclosure document is attached to this announcement.

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