Bremworth

**MARKET RELEASE**
31 August 2026

**BREMWORTH UNAUDITED FY26 RESULTS**

**Good progress on operational reset as focus turns to profitability and cash generation**

- Revenue of $106.6m, with the 21% YoY increase primarily driven by Elco Direct
- Gross margin 13.7%, up 0.7 percentage point YoY
- Net loss after tax of $(11.4)m, including one-off items of negative $(1.9)m
- Normalised loss before interest and tax (Normalised EBIT)[1] improved from $(15.9)m to $(9.4)m YoY
- Available cash at year-end of $22.0m[2], with nil borrowings

Premium carpet manufacturer and wool sourcing business Bremworth Limited (NZX Code: BRW) has today announced its preliminary unaudited financial results for the year ended 30 June 2026, with meaningful progress made to strengthen the business while continuing to operate in difficult market conditions.

Bremworth Chair, Rob Hewett, said: "FY26 has been an important year of change for Bremworth. While the financial result remains below where the Board expects the business to perform over time, we have made progress in addressing a number of the operational and commercial issues that have constrained performance. Our focus is now firmly on converting those improvements into better margins, stronger cash generation and a return to sustainable profitability."

**Commercial progress**

Over the past year, Bremworth has implemented a number of initiatives aimed at fundamentally improving performance, with priorities being cost reset, revenue recovery and capital discipline.

Key initiatives include:

- Napier yarn plant now fully operational, with both spinning plants driving meaningful reduction in product and supply chain costs and a material uplift in product quality.
- Significant cost out programme with savings reinvested into initiatives to drive revenue, lift productivity and improve inventory composition and quality.
- Re-established Bremworth's premium synthetic carpet offering through the launch of a range of high-quality solution dyed nylon (SDN) carpets with growing sales expected from FY27.
- Expanded sales teams in Australia and New Zealand to strengthen relationships with flooring retailers, increase market coverage, and position the business to capture growth opportunities as demand recovers.
- Renewed focus on North America and China with early wins on the table as Bremworth looks internationally for further revenue growth.

[1] Normalised EBIT is a non-GAAP measure and excludes negative $(1.9)m of one-off items relating to insurance claims, restructuring costs and an onerous contract provision (FY25 positive $35.1m)
[2] Excludes $4.9m in restricted cash and cash equivalents deposited with BNZ as security against bank guarantees and other commitments

CEO Craig Woolford commented: “With the Napier yarn plant now back up and running, this year has been about getting the fundamentals of our business right with an increased focus on our customers, inventory, and operational and commercial excellence. The results of our efforts can be seen in increased customer uptake, a lower cost base, a significantly improved inventory profile and reduced complexity within the business.

“We believe the foundations of the company are now considerably stronger than they have been for some time. An improvement in market conditions will allow us to unlock the full value of the work that has been undertaken and return the business to sustainable growth and profitability.”

**FY26 snapshot**

Overall flooring demand remained subdued during the year, reflecting continued weakness in residential construction and renovation activity and pressure on discretionary consumer spending. In addition, some customers paused buying while the proposed scheme of arrangement with Floorscape Limited (“Scheme”) was underway. With more certainty going forward, increased customer support is expected in FY27.

Revenue was $106.6m for FY26 with the 21% year on year (YoY) improvement mainly driven by Elco Direct, Bremworth’s wool sourcing business. Elco Direct had a strong year with a seismic shift in demand for wool in 2H26 (particularly from exporters) driving up volume and wool price. Wool carpet continued to dominate flooring sales (95% of carpet sales volumes) with growing contributions from SDN carpets expected in FY27.

Inventory quality has been a major focus, with sub-standard yarn and carpet successfully sold down, resulting in a healthier inventory profile that better supports customer requirements. The supply chain has been shortened and slower-moving lines rationalised, with a greater focus on the availability of key SKUs and samples, ensuring customers can access the products they want, when they need them. Year-end inventory was $29.1m compared to $28.0m in the prior year.

Management is maintaining tight control over operating costs, inventory, working capital and capital expenditure.

A comprehensive cost review was undertaken, with focus on creating a cost base appropriate for current market conditions while retaining the capabilities required to support future growth. This resulted in a clear and simplified path forward for both the business and the way it operates. These initiatives are expected to deliver benefit in FY27 onwards.

Normalised loss before interest and tax (EBIT) improved from $(15.9)m to $(9.4)m . After taking into account one-off items including insurance claims, restructuring and Scheme costs, and a final adjustment to provision for an onerous contract, Bremworth recorded a net loss after tax of $(11.4)m.

Cash and liquidity remain a key focus, with available cash at year-end of $22.0m. Operating cash outflow (excluding insurance-related cash items) was $(9.3)m, a $14.5m improvement on the equivalent of $(23.8)m in the prior year.

Chair Rob Hewett said: "The Board is acutely aware of the importance of preserving Bremworth's financial position while market demand and earnings recover. Investment decisions are being assessed against clear return criteria, and improving cash generation is a central measure of management performance."

**Outlook**

Craig Woolford said: “Our focus has now shifted from rebuilding to growth. While current market conditions are challenging, we believe Bremworth is strategically and operationally aligned to capitalise on an eventual recovery in residential construction and renovation activity. We have a strong brand, a differentiated product offering and a loyal customer base. The foundations have been laid, and we are well positioned to convert the significant work undertaken into improved earnings as market demand recovers. In addition to growth in Australia and New Zealand, market opportunities in North America and China are poised to deliver meaningful benefit to the company in the medium-term."

While the timing and pace of a broader market recovery remain uncertain, the Board expects Bremworth's financial performance to improve in FY27 as the benefits from revenue initiatives, cost reductions and manufacturing improvements progressively flow through.

The immediate objective remains to return Bremworth to profitability and positive operating cash flow, whilst maintaining disciplined management of the company's cash resources.

**Mangawhai Collective partial offer**

On 14 August 2026, Bremworth received notice from Mangawhai Collective Limited (“MCL”) of the intention to make a partial takeover offer for 44% of the ordinary shares in Bremworth that it does not already own at an offer price of 90c per share. To date, the Board has not received a formal offer from MCL. The Board notes that, given the offer is only for 44% of the shares in Bremworth not already owned, there is no guarantee that shareholders selling into the offer will be able to realise the offer price for all of their shares as excess acceptances would be scaled back.

The Board has appointed an independent adviser to prepare the Independent Adviser’s Report. Shareholders are advised to take no action in relation to the proposed offer until they receive further guidance from the company.

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