BREMWORTH 2026 ASM SPEECHES

CHAIR

1.	**Chair's Presentation** Today's meeting comes at an important point in our company's history. We have a new majority shareholder, a substantially refreshed Board, and a business that has made considerable progress in addressing the operational challenges of recent years. There is still much to do. While we have made some progress, our financial performance remains well below where we want it to be, and we recognise that shareholders expect better returns from their investment. But we also have a business with significant strengths, a highly regarded brand, established manufacturing capabilities, strong relationships across the wool and carpet industries, and opportunities to grow in both existing and new markets. Our focus is on bringing these strengths together to build a more profitable and sustainable business.
2.	**FY26 Overview** Turning briefly to our financial performance in the 2026 financial year. The past five years have been an extraordinary period of disruption and change for Bremworth. FY26 was an important year of progress, addressing a number of the issues that have constrained the business in recent times. This resulted in an improving financial performance, however, we are very aware that this is not yet where we or our shareholders expect it to be. Revenue of $106.8 million increased 21 percent, largely driven by Elco Direct. Our normalised EBIT loss improved from $(15.9) million to $(9.4) million, while gross margin improved modestly to 13.6 percent. We finished the year with $22 million in available cash and no borrowings. These results demonstrate progress, but they are not satisfactory. The business remains loss-making, and we continue to use available cash to fund operations. The Board is very conscious that this cannot continue indefinitely. We need to generate stronger carpet sales, improve manufacturing efficiency and margins, and return the business to positive operating cash flow. Importantly, we need to deliver these outcomes through the performance of the underlying business, rather than continuing to rely on existing cash resources to fund the business. Craig will talk in more detail about the initiatives underway to improve performance.

3.	**Year of significant corporate activity** FY26 was also a year of considerable corporate activity for Bremworth. Throughout this, your board has consistently sought to maximise value and preserve choice for shareholders. The proposed Floorscape scheme of arrangement involved an extensive process of due diligence, regulatory approvals, shareholder engagement and ongoing negotiations. This required a significant commitment of time and resources from the Board, management and our advisers, alongside the ongoing demands of running the business. While the scheme ultimately did not proceed, the process was a significant part of the company's recent history. Amidst the proposed scheme of arrangement was the partial takeover offer for shares in Bremworth by Mangawhai Collective Following year-end, Mangawhai Collective completed its partial takeover and became Bremworth's majority shareholder, with a 55 percent holding. We welcome Mangawhai Collective's long-term commitment to Bremworth and the confidence that this investment demonstrates in the company's future. Bremworth remains an NZX-listed company, and your Board remains committed to strong governance, appropriate independent oversight, and creating value for all shareholders.
4.	**A new chapter for Bremworth** We are now entering a new chapter for Bremworth. The last couple of years have been defined by recovery. Recovery from Cyclone Gabrielle, recovery from the consequent operational disruption, and recovery from a period of significant ownership and strategic uncertainty. That work is not finished. However, Bremworth today is a lot stronger business than it was two years ago. We have restored critical manufacturing capability, conducted a full review of the way we do business, strengthened our operational foundations and aligned our Board representation with a refreshing of strategy. New sales opportunities offshore are nascent, but very promising The challenge ahead is no longer simply recovery. The challenge now is growth.

5.	**Pathway to improved performance** Looking ahead, the Board and management are aligned on the priorities for the business. First and foremost, we must return Bremworth to sustainable profitability and positive operating cash flow. This is fundamental and we have a clear plan in place. We are focused on the factors within our control, including growing sales, improving margins, managing costs, reducing complexity and maintaining discipline over working capital and capital expenditure. The foundations for improvement are now in place. We have restored our manufacturing capabilities, strengthened our supply chain, reduced costs and broadened our product offering. Beyond our existing business, we see opportunities to build on Bremworth's established brand, manufacturing capabilities and expertise to create greater value from New Zealand wool through product innovation, processing, integrity of the supply chain from farm to end-customer and premium export markets. Today, we're excited to announce that Bremworth is launching a new product category, one that will enable us to leverage existing manufacturing capacity and utilise our established expertise and close relationships with wool growers, buyers and scourers. I don't want to steal Craig's thunder, and will leave him to talk about this in more detail – but let me say, this is an exciting opportunity for our company and we are moving at pace to execute on it.
6.	**A pathway to improved performance** The Board recognises that delivering improved performance will require disciplined execution, particularly in growing sales, improving margins and managing cash flow. Achieving our earnings target will depend primarily on an improvement in market conditions, alongside the actions we have and are taking to grow sales, expand our product range, improve margins and manage costs. Trading conditions remain very challenging in both New Zealand and Australia, and the anticipated recovery in demand included in previous management forecasts has yet to materialise. We expect any recovery to be gradual.

7.	**Drivers of Success** While market conditions remain very challenging, we believe the improvements made to our operating platform, together with the initiatives now underway, provide a sound basis for the next phase of growth. Our overriding priority remains the same: delivering sustainable earnings, positive operating cash flow and, ultimately, improved returns for shareholders. We recognise that shareholders have experienced a difficult period and that confidence needs to be earned through performance. We have a plan, we have capable people, and we have valuable assets and opportunities. What matters now is execution.
8.	**Acknowledgements and introduction to CEO** Before handing over to Craig, I want to thank our team across New Zealand and Australia. The past few years have involved considerable change and uncertainty, and I acknowledge the commitment and resilience they have shown throughout. I also thank our retail partners, suppliers and the end consumers for their continued support. And to our shareholders, thank you for your ongoing investment in Bremworth. I will now hand over to Craig, who will take you through the progress made in the business and, importantly, the opportunities and priorities ahead. Thank you.

CEO

9.	**CEO's Speech** Thanks, Rob, and good afternoon everyone. Today, I'd like to talk about what's changed in the business, why we believe the foundations are now stronger, where we're seeing opportunities, and how we intend to translate that progress into sustainable profitability and growth. Bremworth has been through a period of considerable change. We've had a lot going on at a corporate level, but behind the scenes, our team has been getting on with the job of improving the business. From an operational perspective, FY26 has been about strengthening the fundamentals of the business and addressing the issues that have constrained our performance. And we've made good progress. We've got key parts of our Napier manufacturing operations back up and running, we've made changes to how we operate, reduced costs and broadened our product range. Our focus is now firmly on translating the improvements we have made into higher sales, stronger margins and positive operating cash flow.
10.	**A stronger operating platform** One of the biggest achievements over the past year has been getting key parts of our Napier yarn manufacturing facility fully operational again. As shareholders will know, the flooding caused by Cyclone Gabrielle in 2023 was a major setback for Bremworth. We lost a critical part of our manufacturing operation overnight and had to find alternative ways to keep supplying our customers. That meant relying on a number of external suppliers, both here in New Zealand and offshore. Those arrangements kept us going, but they came at a huge cost to the business. They also made things more complicated, particularly when it came to managing quality, production schedules and delivery times. They also meant significantly heightened holdings of inventory and risk of obsolescence. Having Napier back up and running is making a real difference. We're now making all of our own yarn again, which gives us much better control over costs, quality and supply. We've also taken the opportunity to look at how we operate across the wider business. We've simplified our supply arrangements, reduced the number of slower-selling products and made changes to how we manage inventory. The aim is pretty straightforward. We want to make the products our customers want, have them available when they're needed and produce them as efficiently as possible. There's still work to do, but we've made good headway.

11.	**Improving our cost base and margins** We've also spent a lot of time looking at our costs and where we can operate more efficiently. We've made changes across the business, including how we manufacture, source materials and manage our overheads. Some of these savings are already coming through, while others will take a little longer to show up in our results. One of the challenges we face is that our manufacturing operations are set up to produce considerably more than we're currently selling. That means we're carrying fixed costs across relatively low production volumes. As sales grow, we can make better use of that capacity and spread those costs across more products. This is an important part of improving our margins and overall profitability. We're also looking closely at our product mix, pricing, purchasing and reducing waste. None of these changes on their own will transform the business. But together, they can make a meaningful difference to our profitability.

12.	**Growing sales in New Zealand and Australia** Turning to our markets. It's been a tough few years for the carpet industry on both sides of the Tasman. Construction and renovation activity has been subdued, and households are watching their spending. COVID also brought forward a lot of home renovations, and we're now seeing the other side of that. Carpet is often one of the first purchases people put off when money is tight, and one of the last things installed when they do renovate. So even as the market recovers, it will take time for that to flow through to carpet sales. We also had retailers holding off on orders while they waited for the outcome of the proposed scheme of arrangement with Floorscape. Encouragingly, those orders are now starting to eventuate. We recognise that some past decisions created uncertainty and frustration. Rebuilding confidence with Australian retailers remains one of our most important priorities and over the past year we have spent significant time rebuilding relationships and demonstrating that Bremworth intends to be a reliable, consistent and long-term partner. We're not just waiting for the market to improve. We've strengthened our sales teams in New Zealand and Australia and are focused on making Bremworth easier to do business with. That means better retailer support, getting samples into stores and having the right products available when customers need them. We've got a trusted brand and a strong reputation for quality. That's a real advantage, particularly at the premium end of the market, where customers are prepared to pay more for a product they know and trust. Our job now is to build on that, strengthen retailer relationships and give more customers a reason to choose Bremworth.

13.	**Broadening our product range** One of the significant changes we've made in the past year is to broaden our carpet offering. Wool remains at the heart of Bremworth. It's what we're known for, and we believe strongly in its quality and benefits. But customers have different needs and budgets, which is why we've reintroduced a selected range of premium solution dyed nylon carpets. This gives retailers more choice, allows us to participate in parts of the market we've been absent from, and makes better use of our manufacturing capabilities and capacity. We've been focused on getting these products into stores and building retailer support, and expect solution dyed nylon to make a growing contribution to sales during FY27 – albeit from a very low base. Importantly, we're not moving away from wool. What we are doing is building a broader and more resilient premium flooring business that gives retailers and consumers more choice, with wool continuing to set Bremworth apart. We're also exploring other products, drawing on our expertise in yarn and carpet manufacturing. We have experienced people, established facilities, strong industry relationships and spare capacity. So it makes sense to look at other products we could be making, particularly where we can use much of what we already have.

14.	**New product category and revenue opportunity** Today I'm excited to announce the launch of Bremworth Yarn - a premium carpet yarn, made from New Zealand wool, with a digital passport for provenance and traceability. Over the past few months, we've done a lot of research, and we believe there is a big opportunity out there for us. We're targeting customers at the higher end of the market, with our biggest opportunities in Europe and Asia, and our team has a lot of positive feedback to date. We already have the capacity and equipment to produce Bremworth Yarn. There will be some costs this year as we further revamp yarn-making capacity and refurbish flood damaged equipment, but we expect to bring on around 480 tonnes of capacity by end of February 2027, with the ability to progressively ramp this up to 3,000 tonnes by the end of FY28. We believe Bremworth Yarn represents more than a new product category. It provides us with an opportunity to participate more broadly in premium wool value chains, helping us utilise existing manufacturing capability, build international customer relationships and create additional revenue streams beyond traditional carpet manufacturing and sales. We see this as an important strategic step for Bremworth. As with all new initiatives, we will take a disciplined approach to investment and ensure that resources are allocated where we see the strongest potential for commercial returns.
15.	**International Opportunities** We're also looking further afield for growth, particularly in North America and China, where we see opportunities for premium New Zealand wool carpets. We've been reconnecting with pre-existing contacts and talking with potential customers, with encouraging early interest. However, securing international customers takes time, particularly in the US, where product development, sampling, testing and approvals – which are all part of the process - can be lengthy. We're not expecting significant revenue overnight. Our focus right now is on building relationships, proving our products and establishing reliable, commercially viable supply arrangements. It is about getting the basics right and building the platform for sustainable growth. We'll continue pursuing opportunities where Bremworth has something distinctive to offer and the potential to build sustainable business over time.

16.	**Elco Direct** Elco Direct had a strong year, benefiting from increased demand for New Zealand wool and higher wool prices. It's an important part of our business and gives us a direct connection to wool growers, wool exporters and export markets. We see value in those relationships and in the knowledge Elco brings to the wider Bremworth business. At the same time, wool markets can move around quite a bit. So our focus is on maintaining good customer relationships, managing inventory carefully and making sure we're achieving appropriate margins. As New Zealand's sheep flock shrinks, strong relationships with growers, wool exporters and export markets become more valuable. Through Elco and Bremworth as a significant user of New Zealand wool, we have those connections, first hand market intelligence, and access to new opportunities. That’s why we see value of our wool procurement business extending beyond its direct financial contribution. It is an increasingly important strategic asset within the wider Bremworth business.
17.	**Cashflow and investment** Improving cash flow remains a key priority. We've made progress in reducing our cash outflow, but we're not yet where we need to be. We can't continue funding operating losses indefinitely. We're keeping a close eye on costs, inventory and working capital, and being disciplined about new investment. Having invested significantly in our manufacturing operations and supply chain, our focus now is on getting more from those assets by increasing production, improving efficiency and reducing money tied up in slow-moving stock. Ultimately, we need a business that generates cash from its day-to-day operations and can fund its own growth.

18.	**Current trading and outlook** We're now five months into the financial year, and trading conditions remain tough in both New Zealand and Australia. While we had initially expected FY27 revenue to be ahead of last year, we haven't yet seen the pick-up in demand we'd anticipated and may now not see any uplift until towards the end of FY27 or early FY28. While market conditions remain challenging, our focus is firmly on the areas we can control. We have strengthened our sales teams, expanded our product offering, improved our manufacturing platform and are pursuing new growth opportunities in New Zealand, Australia and offshore markets. As market conditions improve, we believe Bremworth is materially better positioned to benefit than it has been for some time. Australia remains our biggest growth opportunity and winning back market share is an imperative. Our aim is to rebuild Australian sales to around 60% of our total Australasian revenue and we've put the people and resources in place to take advantage of improving demand when it comes. Our sales teams in both countries are working hard to win business and grow market share, but it's a very competitive environment. The fact that we're yet to see a meaningful uplift in sales reflects just how challenging market conditions remain.
19.	**Priorities for FY27** So, where does that leave us for the current FY27 and beyond? We've got a clear plan, a lot of the groundwork has already been done and many of the most difficult operational tasks are now behind us. Our manufacturing operations are in better shape, our supply chain is more efficient and we've taken costs out of the business. We've broadened our product range, strengthened our sales teams and we're exploring new products and markets. The focus for FY27 and beyond is execution, rebuilding market share and converting operational improvements into stronger financial performance. We need to grow carpet sales, lift production volumes, improve our margins and continue managing costs and cash carefully. There are things outside our control, particularly the timing of a recovery in housing turnover and in the renovation markets. But there are plenty of things we can control, and that's where our attention is focused. Ultimately, it all comes back to improving profitability and returning Bremworth to positive operating cash flow.

20.	**Closing** To finish, Bremworth has some real strengths: a trusted brand, a reputation for quality, experienced people and manufacturing capabilities that are difficult to replicate. The past few years have been about rebuilding the foundations of the business. We believe those foundations are now largely in place. The next phase is about growth, commercial execution and creating value from the capabilities we have rebuilt. We won't be judged by plans or presentations. We will be judged by performance. That's exactly how it should be. We look forward to demonstrating that progress over the months and years ahead. I want to thank our people for the effort they've put in over the past year. There's been a lot of change, and they've worked hard to keep the business moving forward. I'd also like to thank the end consumer, our carpet retailers and our suppliers for their continued support. And to our shareholders, thank you for your patience. We know you want to see better performance and returns, and that's what we're focused on delivering. Thank you. I'll hand back to Rob.