



***Bremworth Reports \$4.6m Profit After Tax in Full Year Result***

Wool carpet and rug manufacturer Bremworth (NZX: BRW) has reported a \$4.6 million profit after tax as it improves organisational efficiency and launches new carpet ranges.

The company has also signalled a return to dividends by 2026, marking the completion of a transition away from synthetics to the production of wool carpets and rugs.

Bremworth's net profit after tax (NPAT) fell from \$10.7m to \$4.6m in the year ending 30 June 2024 (FY24). Cyclone Gabrielle related insurance income in FY24 totalled \$26.5m (FY23 \$35.5m), taking insurance proceeds received to date to \$62.0m.

Annual revenue also declined \$9.4 million to \$80.3 million. This reflects the inability to meet all consumer demand with the severely depleted inventory levels that resulted from the cyclone's flooding of the Napier yarn plant at the start of the period. Challenges faced in accessing yarn at the right quantity also impacted revenue until recently.

While constraints on stock availability saw annual revenue fall, sales from its wool-buying division, Elco Direct, increased as it increased its share of the wool clip at the farm gate to drive its volumes up, despite wool volume reducing nationally.

The company is unencumbered by debt and its end-of-year cash balance was \$31.6 million, down \$7.7 million from the previous year end, as it invested heavily to lift inventory levels \$8.2 million to \$29.3 million - in a move designed to rebuild trade confidence and ensure continuity of supply.

Greg Smith, Bremworth CEO, says the company is emerging from a period of significant transformation.

# Brenworth

“This financial year saw our sales severely constrained as we brought our new supply chain online - providing the ability to scale our operations significantly.

“As well as increasing stock levels overall, we invested in rebuilding inventory of our top-selling lines to meet the demand from our trans-Tasman customers and revised our inventory strategy to increase yarn stock.

“This has enhanced our ability to rapidly adapt to consumer demand, reducing customer wait times from months to days.

“With the inroads we have made with the hybrid supply chain and the steps underway to restore our unique yarn-making capability at Napier, we have the opportunity to realise the demand that was previously unmet and expand our reach into export markets such as the high-volume, multi-level residential apartments.

“There are dozens of these projects in every city of Australia right now and we have launched a full-time commercial team in that market dedicated to growing this side of our business.

“Once the hybrid supply model reaches its full potential we will have the capacity to double production of carpet to grow additional sales with existing and new channel partners in key markets.

“Over the past year we have substantially removed yarn-making capacity constraints that had created a bottleneck in our production and we have commercialised four new ranges to launch in FY25.

“We are looking forward to a new phase of sustained growth,” he says.

Smith says the company is continuing to focus on rebuilding the carpet business to pre-cyclone capability, with work including ongoing enhancements to the hybrid supply chain and accelerating the staged reinstatement of yarn-making equipment at Napier.

# Bremworth

“The Napier plant made unique yarns that are hard to recreate anywhere in the world, and the staged reinstatement of machinery will enable Bremworth to scale production of these distinctive ranges, consistently producing high quality and unique yarns,” he says.

Smith says he expects dividend payments to resume by 2026, or possibly sooner, due to improved operating performance and structural changes made in FY24.

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