Bremworth

POSITIONED FOR GROWTH

ANNUAL REPORT 2024

Partner *with* nature

COMPANY PROFILE

Bremworth, a broadloom carpet and rug manufacturing business, has been synonymous with quality for over 60 years. The company has developed a unique ability to innovate with natural materials and aims to make homes more desirable, healthier and sustainable. With a dedicated team of 255, Bremworth is focussed on the key markets of New Zealand and Australia. To support its production in Whanganui, Napier and Auckland, the company has developed a new external supply chain, designed to insulate the business against future shocks and enable it to scale quickly.

Bremworth's wool-buying division Elco Direct, with its own dedicated team of 30, is one of the country's largest buyers of the natural fibre, purchasing thousands of tonnes at the farm gate each year. Established more than 50 years ago, the company has wool stores based in Cambridge, Taumarunui, Raetihi and Whanganui. With a philosophy based on providing a competitive price and unequalled service to farmers, Elco Direct has an established, extensive, and growing customer base throughout the North Island.

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On behalf of the Board and management of Bremworth Ltd, we are pleased to present the Annual Report for the year ended 30 June 2024.

George Adams
Chair

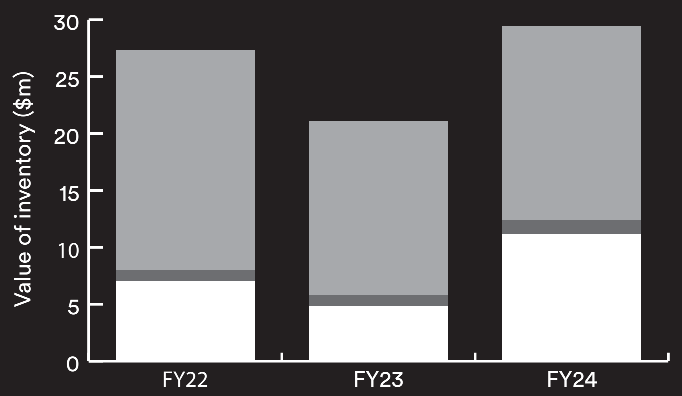
Greg Smith
Chief Executive Officer

27 September 2024

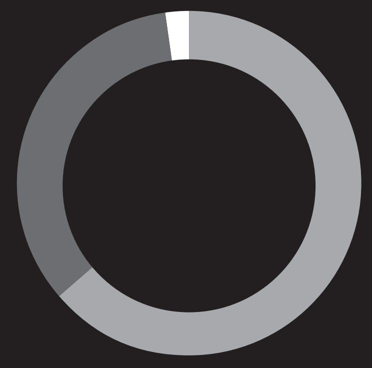
FY24 RESULTS

Bremworth reported a profit of $4.6 million after tax for the year ended June 30, 2024, down from $10.7 million the previous year. The decline was largely due to Cyclone Gabrielle's impact, including flooding at the Napier yarn plant, which led to reduced inventory levels and a $9.4 million drop in revenue. Despite these challenges, Bremworth's wool-buying division saw growth. The company has rebuilt its inventory and aims to expand into export markets, with plans to resume dividend payments by 2026.

Inventory profile



Revenue by region



Established **NEW HYBRID SUPPLY CHAIN,** taking our key product availability from a low of 30% in Q3 FY24 to over 90% in Q1 FY25.

Assessed and re-aligned our cost structure to meet our new business model; consolidating our warehouse facilities and injecting global manufacturing expertise.

Continued investment in R&D resulted in strong product pipeline with commercialisation of **4 NEW PRODUCTS Q1 FY25**

GREW ELCO DIRECT VOLUME 28% as we took greater share of wool clip.

Bremworth

$80.3m
OPERATING REVENUE
▼ -10% | FY23 $89.7m

$57.1m
CARPET & RUGS REVENUE
▼ -20% | FY23 $71.5m

NET PROFIT AFTER TAX
$4.6m
▼ -57% | FY23 $10.7m

GROSS MARGIN
24.3%
▼ FY23 27.6%

NUMBER OF YARN SUPPLY SITES
7
FY23: 3

ELCO DIRECT REVENUE
$23.2m
▲ +28% | FY23 $18.2m

INVESTMENT IN R&D[1]
$2.9m
▲ +28% | FY23 $2.3m

[1] Gross of Government grants $0.5m (FY23 $0.4m)

INSURANCE PROCEEDS
$26.5m
FY23 $35.5M

FY24 REVIEW

Supply chain transformation

FY24 was a year of transition and evolution for Bremworth. The ongoing impact of Cyclone Gabrielle cast a long shadow over the performance of our carpet business throughout the 2024 financial year.

With our Napier facility still largely offline following the impact of Cyclone Gabrielle, we have built a new hybrid supply chain, a critical step towards reducing our business interruption while laying down a solid foundation for adaptability, future risk mitigation and growth.

The establishment of external supply lines using four new partners to complement our existing operations has been a significant undertaking. With this process largely completed and our new capability online towards the end of the period, we are launching four new ranges, expanding in existing markets and exploring new geographies as interest in woollen flooring grows.

To complement this new hybrid supply chain, we have steps underway to restore our unique yarn-making capability at Napier. This plant made, and will ultimately continue to make, innovative yarns that are hard to recreate anywhere else in the world, so a staged reinstatement of machinery will enable us to innovate and scale distinctive ranges, which are critical to our brand and profitability.

In the meantime, we have reinstated our dye house in Napier to improve quality control, to make the supply of 100% dyed New Zealand wool for our Whanganui spinning plant more efficient, and to provide the critical resource needed to better enable our research and development programme. In addition, we have also reinstated a yarn twisting machine, and reinstatement work on one of our continuous yarn finishing lines is about to commence. We have also invested in capacity and utilisation improvements in Whanganui to increase local production and speed to market.

Bremworth

Strategic review outcome

We are pleased to update shareholders on the outcome of the strategic review which was conducted earlier this year by external advisors in collaboration with management. The review identified key areas to drive a sustainable, profitable, and growing business.

- **Maximise the value of Bremworth's vertically integrated hybrid supply chain** - We have partnered with new offshore suppliers to boost our capabilities and stabilise the production of high-quality woollen products at scale. We have also reintroduced essential in-house equipment in phases to our Napier facility and will continue to do so.
- **Increase scale in key geographies** - Australia remains a core market with significant growth potential. Although supply chain disruptions following Cyclone Gabrielle impacted production, our broadened supply chain now allows us to meet demand in this market. We will continue to expand in Australia and explore early-stage opportunities in the United States, with updates to follow.
- **Expand product offerings** - The strategic review endorsed our focus on expanding Bremworth's range of premium products to reach new customer segments. The Board is pleased with the latest range, which has received overwhelmingly positive feedback across all markets.
- **Enhance the consumer experience** - While retail partnerships remain our core market route, the launch of Bremworth's experience store in Auckland has increased direct customer engagement. The strategic review also identified growth potential in our direct-to-consumer rugs business, which we will continue to invest in.

Insurance

Cyclone Gabrielle-related insurance income in FY24 totalled $26.5 million (FY23 $35.5 million), taking insurance proceeds received to date to $62.0 million. A key focus for management has been the complex insurance settlement for material damage to our Napier plant. Pleasingly, Bremworth has met all its obligations regarding assessments, reporting and analysis. We look forward to reaching an agreement with insurers on the value required to re-instate our Napier plant and we expect to update shareholders in Q2 of FY25.

Deep appreciation for our team

We would like to extend our heartfelt thanks to our exceptional teams who have demonstrated capability, resilience and determination as we worked to recover from the impact of Cyclone Gabrielle. It is only through their efforts that we have been able to manage customer expectations, establish a new hybrid supply chain to reduce business interruption, while also working through complex insurance claims for the Napier site.

FY24 result

Bremworth's net profit after tax fell from $10.7 million to $4.6 million in the year ended 30 June 2024 (FY24). Annual revenue also declined $9.4 million to $80.3 million - impacted heavily by cyclone-depleted inventory levels and the challenges faced in accessing suitable yarn supply at the start of the period.

The company is unencumbered by debt, and its end-of-year cash balance of $31.6 million is $7.7 million down from the previous year, as we invested to lift inventory by $8.2 million to $29.3 million to better meet customer expectations.

Elco Direct

Our wool-buying business grew market share in FY24, improving volumes, revenue, and profitability. This was underpinned by a new 10-year contract being offered to farmers to better support them and the industry. These contracts aim to provide price stability and sustainable returns for growers, and secure quality, volume, and margin for Bremworth.

Positive outlook

In FY24 we have laid solid foundational blocks for sustainable profitability. We have developed our new hybrid supply chain, reset our baseline cost structure, strategically invested in our brand, customer experience, R&D and technology. We have realigned and restructured our people lineup to ensure that we have the right capacity, expertise and agility in place to optimise the opportunities before us.

A return to dividend payments is expected by 2026, or possibly sooner, due to improved operating performance and structural changes made in FY24.

We are also immensely grateful for the support of our investors, customers and suppliers who have stood beside us as we navigated a challenging post-cyclone rebuilding of our business.

George Adams, Chair

Greg Smith, Chief Executive Officer

GREG SMITH - CEO

Bremworth

OUR PEOPLE

Our culture helped us navigate the ongoing disruption of Cyclone Gabrielle. When this weather event hit we had the knowledge, leadership skills, grit and determination required to manage the impact on our business. As we look beyond the challenges presented by the cyclone we have realigned our teams to meet the needs of the new business model with growth in mind. Below are our key areas of focus:

Culture

Continue to enhance our culture by seeking and acting on our people's feedback, to help them perform at their best and stay connected to each other and our purpose and values.

Safety and wellbeing

Continue to help our people strengthen their safety and wellbeing mindset to promote a culture of care where everyone thrives.

People practices

Continue to review and optimise our core people processes to attract, retain and develop talent, foster a positive work environment, and align team goals with our organisational objectives.

Capability and development

Continue to invest in and grow our people to build a strong pipeline of talent to ensure we have the leadership and operational capabilities needed to grow the business and deliver optimal customer outcomes.

"The fabric of our success is woven from hard work and commitment, and I am so happy to be a part of the Bremworth team."

ADRIAN SUNDMAN – CARDING LEADING HAND

PROTECTING OUR PEOPLE

To keep safety and wellbeing top of mind we continued to build capability, particularly within our leadership teams, factory staff and Elco Direct employees, who are exposed to risk due to the nature of their roles. To further enhance safety, we rolled out machine guarding at our Auckland and Whanganui plants, and improved our safety barriers and walkways in Auckland. We track lead indicators, and to gain insights on our behaviours and safety mindset we are also updating our safety reporting software to maximise the capabilities this tool provides.

“I love working at Bremworth. The management look after us, they make sure we’re working in a good environment.”

MINA BELL - TUNER AND MACHINE MECHANIC

Bremworth’s system to reduce harm includes:

Policies

Our policies aim to reduce harm through the implementation of guidelines specifically designed to proactively remove/minimise risks, while also fostering a culture of safety, wellness and accountability.

Procedures

We have established clear, actionable steps that promote the safety and wellbeing of our people. These include consistent protocols such as incident reporting and emergency response procedures.

Risk assessment

We have identified our key risks and have implemented controls to reduce those risks.

Training and education

We provide comprehensive training and education that equips our employees with the knowledge and skills to uphold safety standards, respond effectively to emergencies, and foster a culture of continuous improvement and wellbeing.

Emergency preparedness

We have implemented thorough plans to ensure we have a swift, coordinated response to emergencies to minimise harm and safeguard staff onsite.

Reporting and investigation

We have reporting and investigation processes that encourage transparency, timely incident reporting and thorough investigation so the business can learn and prevent reoccurrences in the future.

Bremworth

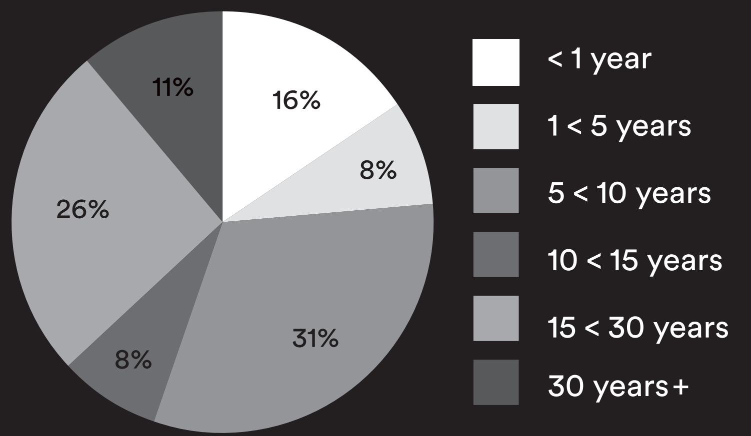
CELEBRATING OUR EXPERIENCE

As of 30 June 2024, Bremworth had 285 people across New Zealand and Australia working in our carpet, rug and wool procurement businesses, with oversight provided by a Board comprising five independent Directors.

The team's belief in and passion for wool is demonstrated by the 37% of our people who have worked with us for more than 15 years. Each month we celebrate the expertise that sits within our teams at our town hall meetings.

Years of service

The majority of our people have between six and 15 years of service, with a significant proportion also serving more than 30 years.



"I've been in the woollen carpet industry for over 30 years and I think Bremworth makes the best carpets."

TERENCE AKROYD - PRODUCT DESIGNER

PROGRESSING GROWTH

Our committed and experienced Board provides effective strategic leadership and governance oversight, ensuring the company remains agile and innovative to drive long-term growth and sustainability.

George Adams
Independent Chair

George Adams is an independent Director and was appointed to the Board in June 2018. He was appointed Chair of the Board in July 2020, having served as Deputy Chair of the Board since April 2019. George was also appointed Chair of the Board's Nomination Committee in July 2020 and is a member of the Board's Audit and Remuneration Committees. George brings outstanding commercial and governance experience from more than 30 years of international business experience in the fast-moving consumer goods and telecommunications industries, as well as a strong background in occupational health and safety.

John Rae
Independent Director

John is an independent Director and joined the Board in July 2015. Since then, he has at various times been Deputy Chair of the Board and also Chair of both the Audit and Remuneration Committees. John has degrees in both law and commerce and had a successful international career as a CEO in the finance sector, which has evolved into becoming an experienced chair and director across a range of industries over the past 30 years. His specialisation is in governance of entities facing challenging situations and transformations, and shareholder transition and succession.

Dianne Williams
Independent Director

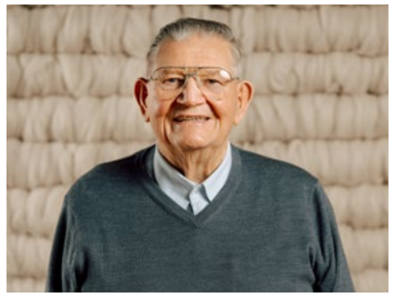
Dianne Williams is an independent Director and joined the Board in July 2015. She was appointed Chair of the Board's Remuneration Committee in July 2020 and is a member of the Board's Audit and Nomination Committees. Dianne's early career was in marketing in the FMCG sector, driving market dominance for some of New Zealand's favourite brands including Cadbury and Sealord before taking up senior executive roles with companies demanding strong sales and marketing programmes.

Paul Izzard
Independent Director

Paul Izzard is an independent Director and joined the Board in November 2020. Paul is founder and director of Izzard Design, a leading interior design business in New Zealand. Over almost 20 years, he has completed more than 300 projects in residential and commercial design. Paul's industry knowledge and networks, as well as his business leadership experience, are considered valuable attributes as Bremworth transforms to being a global leader in designing and creating desirable, sustainable, safe and high performing natural interior solutions.

Katherine Turner
Independent Director

Katherine Turner is an independent Director and is the newest member of the Board, joining in February 2022. She was appointed Chair of the Board's Audit Committee at the same time and is a member of the Board's Remuneration Committee. Katherine is a highly regarded and respected leader and qualified Chartered Accountant. She has a depth of financial, commercial and sustainability expertise across manufacturing and primary sectors, and a wealth of experience taking New Zealand products to the world.



Grant Biel
Director Emeritus

Our inaugural Director Emeritus Grant Biel is a pivotal player in Bremworth's history. With employment at Bremworth dating back to 1964, his passion for mechanical engineering was established early. Co-founding Cavalier Carpets alongside Tony Timpson, Grant and Tony would go on to acquire the original Bremworth business, creating the dream team in the carpet sector. The deep expertise and heritage created by Grant and Tony are invaluable to the history and future of Bremworth.

Bremworth

NEW TALENT FOR TOMORROW

"We changed our executive leadership team to focus and enhance our existing capability, and bring in new skills and fresh thinking aligned to our business strategy."

GREG SMITH - CEO

Greg Smith
Chief Executive Officer

CEO since July 2021, Greg has extensive experience in growing international markets and omni-channel businesses, as well as leading and nurturing large teams, through roles with Icebreaker Merino Clothing and Michael Hill International.

Greg's responsibilities include company strategy, execution and opportunities, while also creating a high-performing culture and enhancing our existing capability.

Mandy Tomkins-Dancey
Chief Financial Officer

Mandy started with Bremworth in March 2024, bringing with her in-depth experience gained over the past 27 years in senior finance roles in global manufacturing and distribution companies in New Zealand, Australia and the USA.

In her role as CFO, Mandy provides oversight over all aspects of our finance and administration functions while also supporting Bremworth with the strategic financial guidance we need to grow.

Nicola Simpson
Chief Operating Officer

Nicola joined Bremworth in February 2024 as COO, with overall responsibility for all aspects of our supply, planning, manufacturing, health and safety and people, and to create alignment and focus across all these disciplines.

Nicola was previously COO at Icebreaker Merino Clothing and, more recently, held senior roles at TVNZ and Fletcher Building.

Rochelle Flint
Chief Brand and Product Officer

Rochelle has, at various times since joining Bremworth in April 2014, been responsible for marketing, sales and product development.

With her appointment to her new role of Chief Brand and Product Officer in June 2024, Rochelle now has overall responsibility for brand, product and sustainability.

Dean Chandler
General Manager Global Sales

Dean joined Bremworth in June 2013 in sales, before going on to lead our Australasian carpet sales operations.

Dean currently has overall responsibility for all revenue and sales service functions following his appointment as GM Global Sales in June 2024.

Shane Eades
General Manager Elco Direct

GM Elco Direct since August 2016, Shane has overall responsibility for the Elco Direct farm gate wool procurement business.

Shane joined Elco Direct in June 1992 as manager of the Elco Direct Raetihi branch.

Bremworth

SECURING OUR SUPPLY CHAIN

Supply chain

In February 2023, Cyclone Gabrielle caused extensive flooding and severely damaged Bremworth's Napier plant. With the plant forced offline, Bremworth's ability to meet demand was heavily impacted.

The Napier dyehouse which supplied 100% of dyed fibre for our Whanganui and Napier plants has now been reinstated.

We have found alternative manufacturing partners while also undertaking the staged reinstatement of our Napier plant to protect the ongoing viability of the business. This new hybrid supply chain will insulate the business from potential future shocks and enable us to scale production to support growth.

We have rebuilt our inventory position. While it has been very challenging to source yarn at the quality required, we did achieve an $8.2 million stock build versus 30 June 2023 which strengthened our ability to meet customer demand and expectations for FY25.

Our planning team has reshaped our inventory profile to build a yarn bank, allowing us to respond rapidly to customer demand, while maintaining balance in our inventory levels. This will support Bremworth's participation in large commercial developments, expansion in Australia and potential entry into other global markets.

Strategic sourcing principles

We will continuously review and refine our supply chain in line with our core strategic sourcing principles, which seek to deliver the highest quality end product for our customers and build partnerships with like-minded suppliers.

- **Narrow and deep** - We seek a small number of mutually beneficial long-term partnerships with aligned values and ways of working.
- **Enhance our quality** - We onboard supply partners that deliver to our exact standards and strengthen our customer promise.
- **Capability and innovation** - Supply partners must elevate and expand our capabilities and innovation potential.
- **Sustainable supply** - Sustainable procurement is essential, supporting People, Planet and Prosperity.
- **Supply chain resilience** - Build supply chain resilience and diversification to ensure continuity of supply and customer satisfaction.
- **Market access** - Enhance market access and expedite speed-to-market.

Amplifying wool

We only use 100% New Zealand wool in our carpets and rugs because we believe it is the best fibre for our customers and the environment. Wool is not only natural, renewable and biodegradable, it's also brilliant for design innovation and overall performance on the floor.

- **Naturally white** - NZ provides the perfect environment for sheep to grow beautifully clean, white fibres, allowing us to achieve exceptional colours in our products.
- **Natural inherent properties** – Wool is soft, durable, stain resistant, and is odour and fire resistant.

In 2023, we began to offer 10-year strong wool contracts through Elco Direct, our wool-buying subsidiary, which helps improve long-term outcomes for farmers. The benefits of this model include:

- **Security of supply** - Long-term contracts protect our business, ensuring supply of high-quality, NZ strong wool.
- **Financial security for farmers** - Reduces farmers' exposure to volatile wool prices.
- **Direct relationship with farmers** - Helps us understand the community so we can develop practices that are mutually beneficial.
- **Support of animal welfare** - Work with farmers that have NZFAP accreditation to ensure our growers adhere to a high level of animal welfare practices.

NZ'S MOST TRUSTED CARPET BRAND

Results from our annual brand health survey tracking 300+ New Zealanders aged 35+ who are in the market for flooring or who have purchased recently.

Bremworth

Bremworth continues to lead in the carpet category for brand awareness, consideration, and brand preference

38%	36%
UNPROMPTED BRAND AWARENESS	BRAND PREFERENCE

Consideration for wool carpet is at 70%, the highest of all carpet fibres.*

NEW ZEALAND'S MOST TRUSTED CARPET BRAND

Reader's Digest approached approximately 1,700 New Zealand consumers to ask their opinions on what brands of products and services are important to them. Respondents also had to explain why they chose the brand they did for the Most Trusted Brand in each category. Responses about Bremworth included:

"A name I associate with high quality carpets"

30-39 FEMALE, WAIKATO

"Long standing, long-lasting product with great customer service."

50+ MALE, BAY OF PLENTY

Voted by New Zealanders Winner TRUSTED BRAND 2014-2024 Reader's Digest Carpets

*Source: TRA 2024 brand tracking research

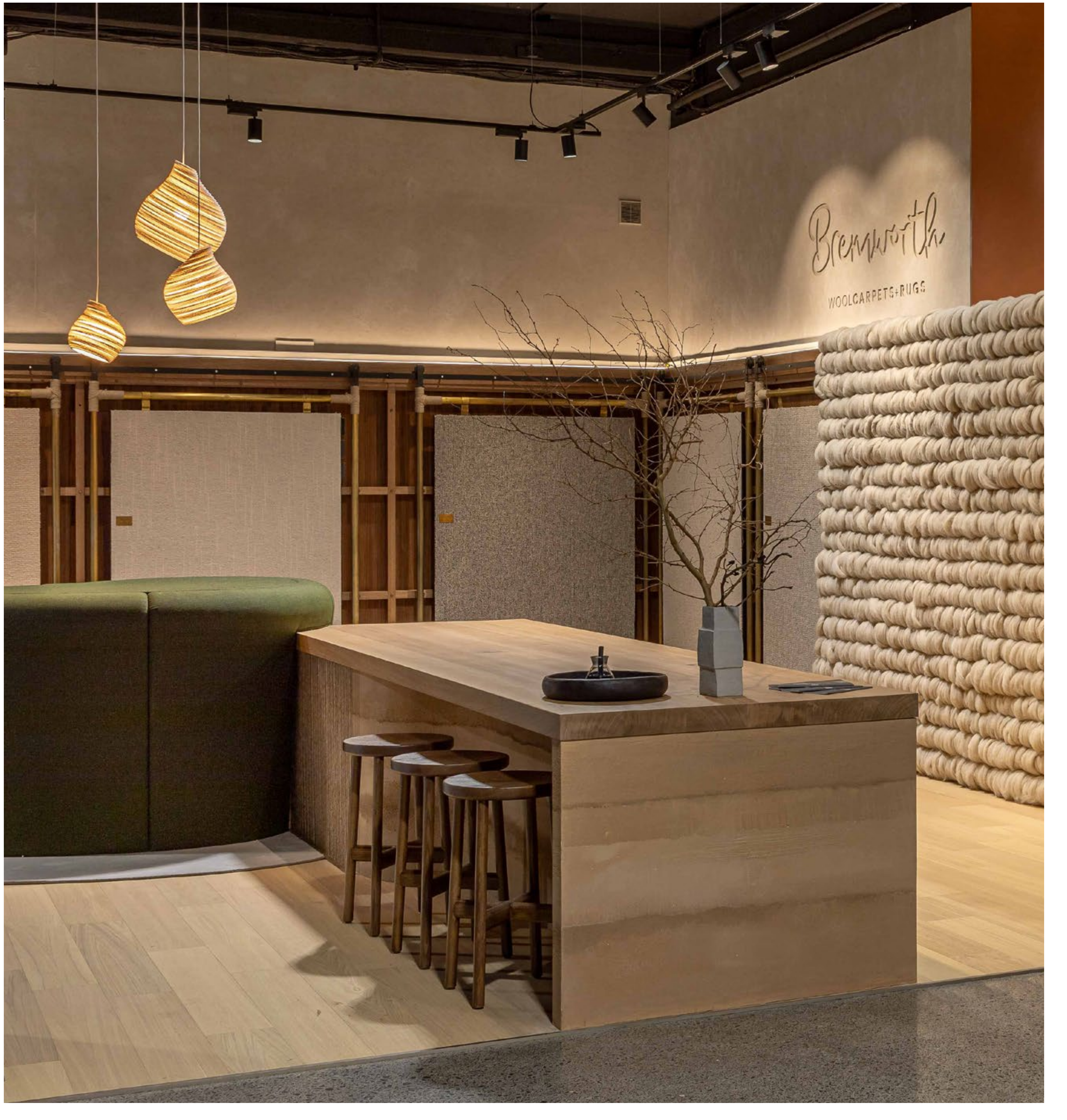
Bremworth

NEW BRAND EXPERIENCE STORE

In November 2023, we unveiled our first Bremworth brand experience store, which was named as a finalist in the Retail Division of the 2024 New Zealand Interior Awards. Located in Parnell, Auckland, this store is a first for the industry and is a part of a trial omni-channel strategy that aims to bring us closer to the end consumer as we look to refine our offer and grow our business. While still in its infancy, we have received positive feedback to date and are closely monitoring store performance.

“We’ve crafted an immersive sanctuary for our clientele, a space that not only inspires creativity but also fosters a seamless flooring selection process and a deep connection with the Bremworth Brand.”

ROCHELLE FLINT - CHIEF BRAND AND PRODUCT OFFICER



Bremworth

SHOWCASING WOOL INNOVATION

Our commitment to demonstrating the aesthetic potential of wool has seen us partner with inspiring industry innovators.

Product

Product innovation is vital to our brand and to drive growth, keep us competitive and meet the evolving needs of our customers.

Cyclone Gabrielle severely impacted our innovation pipeline as this relied on the expertise of the Napier team and a fully functioning plant. With this in mind, we had no choice but to work with alternative yarn suppliers and create a new innovation pipeline.

We successfully commercialised four new product ranges in FY24 for launch in early FY25. These products have been designed to improve margins, elevate the physical representation of the brand, and create excitement in the market to ultimately drive demand and growth.

Objectspace Gallery Partnership

We were proud to partner with Objectspace Gallery for the Pohewa Pāhewa exhibition, which featured our Charmeuse rug in Clay. The exhibition celebrated Māori design as a balance of radical innovation and consideration of critical knowledge gifted by our tupuna. Objectspace is New Zealand's leading gallery dedicated to the fields of design, craft and architecture.

Auckland University of Technology Industrial Design

Bremworth had the privilege of engaging with designers of tomorrow through the AUT Industrial Design Year 2 course, where students designed products and systems working with waste wool from our Whanganui plant. Congratulations to all the students for their exceptional work, and special thanks to lecturers Jyoti Kalyanji and Daniel Collings, as well as our industry partners: Wisewool, Autex Acoustics New Zealand, and WoolWorks New Zealand.

Oli Booth Architecture

We showcased Oli Booth's unique home in the Auckland suburb of Grey Lynn. Oli took advantage of the beautiful views that the 280-square-metre section had to offer, maximising the use of the space and created a beautifully designed 2-bedroom home for his family to love.

Oli chose Samurai Pyua carpet for their bedrooms, and an Untouched rug for softness and calm in the living areas.

"Natural materials were important when designing our home, so the use of timber panels throughout and Bremworth wool carpet and rug floor coverings made sense." says Oli Booth.

Wool in Education

We launched a Wool in Education initiative, which aims to encourage government departments and schools to support our local farming communities and raise awareness of the benefits of having wool flooring under our children.

Brenworth

PRIORITISING SUSTAINABILITY

We are committed to driving sustainable change through innovation and a deep respect for the planet.

Central to our mission is a challenge to close the loop and rethink our use of resources, and how we can reduce our environmental impact. By embracing this approach, we are working towards our products and processes and contributing to a circular economy, where materials are continuously cycled back into use, minimising waste and preserving natural resources.

We have partnered with Government, research partners, and industry thought leaders to help us with our R&D and support this sustainability evolution.

Climate change

Our decarbonisation pathway has been interrupted by the significant impact of Cyclone Gabrielle on the Napier plant. With this in mind, we are recalibrating our decarbonisation pathway to allow for our new hybrid supply chain, with a greater focus on working with our supply partners to reduce our emissions.

We have continued to have our carbon inventory verified by third party provider Toitū, which includes determining our new baseline to account for the change in scope for our new hybrid supply chain model.

Circularity

Innovating good quality, commercially viable alternatives for the remaining synthetic materials used to manufacture our products remains a focus as we work towards circularity.

In the meantime, we have progressed our aspiration to improve compostability through transitioning away from metal containing dyes, which is better for people and the planet. Our goal is to fully transition out of metal containing dyes by the end of FY25. All changes to our products are about preserving the integrity of the raw materials, so that they can be kept in use or returned to the earth at the end of the product lifecycle.

We continue to work with our supply chain to improve our material transparency and traceability.

Proudly partnering with:

Ministry for Primary Industries Manatū Ahu Matua · agresearch ūta mātai, mātai whetū · University of Auckland Waipapa Taumata Rau New Zealand · EECA Te Tari Tiaki Pūngao Energy Efficiency & Conservation Authority · NZ Product Accelerator · the planetary accounting network

"My passion is around science and using that science to make a difference in the world."

TRACY CHEN - SUSTAINABILITY MANAGER

Bremworth

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Partner *with* nature

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS
DIRECTORS' RESPONSIBILITY STATEMENT

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the consolidated financial statements of Bremworth Limited and subsidiaries ("the Group"). The Directors discharge this responsibility by ensuring that the consolidated financial statements comply with Generally Accepted Accounting Practice and fairly present the financial position of the Group as at balance date and of its operations and cash flows for the year ended on that date.

ACCOUNTING POLICIES

The Directors consider that the accounting policies used in the preparation of the consolidated financial statements are appropriate, consistently applied, and supported by reasonable estimates and judgements. All relevant financial reporting and accounting standards have also been followed.

ACCOUNTING RECORDS

The Directors believe that proper accounting records, which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate the compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013, have been kept.

SAFEGUARDING OF ASSETS AND INTERNAL CONTROLS

The Directors consider that they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The Directors present, on pages 39 to 91, the consolidated financial statements for the year ended 30 June 2024.

These audited consolidated financial statements were authorised for issue by the Directors on 28 August 2024 and, as required by section 461(1)(b) of the Financial Markets Conduct Act 2013, are dated and signed as at that date.

For and on behalf of Bremworth Limited

T H G Adams
Chair of the Board of Directors

K M Turner
Chair of the Audit Committee

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To the shareholders of Bremworth Limited

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Bremworth Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited
The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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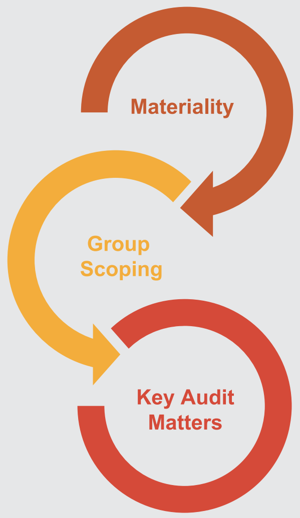
DESCRIPTION OF THE KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Insurance claims and proceeds As disclosed in notes 2g and 3 in the consolidated financial statements, Cyclone Gabrielle brought severe flooding to the Napier yarn spinning plant, causing significant damage to the building, plant, equipment and inventory. The resulting insurance claim process is ongoing. The Group has exercised professional judgement in determining the most appropriate treatment for insurance claims. Significant judgments and estimates applied have been disclosed in notes 2g and 3. These involve assessing whether receipt of the insurance claim is virtually certain, and determination of the claim amount recorded as income. As a result this is a key audit matter. The consolidated financial statements reflect the following material impacts in FY24: — Insurance income of \$26.5 million (2023: \$35.5 million), which relates to progress payments received to date; — Various expenses related to the ongoing impact of the cyclone damage of \$14.7 million (2023: \$14.3 million); — A \$1.1 million partial reversal of the \$7.6m impairment recognised last year for inventory, buildings and plant and equipment; and — Disclosure of a contingent asset, noting that it is impracticable to estimate an amount because of the extent of estimation uncertainty.	To audit the impact of Cyclone Gabrielle, we reviewed management's assessment of, and conclusions, on the accounting implications. In considering the recognition of insurance income and disclosure of the contingent asset, our procedures included: — Reviewing management's accounting analysis; — Reviewing latest reports from management's experts providing an estimated range of remediation costs for the plant and buildings, noting that these reports and estimates are currently being reviewed by the insurers' own experts; — Considering the available reports of the insurers' loss adjusters and other relevant correspondence with insurers; — Agreeing progress payments to supporting documents and the bank statement; — Assessing the resulting accounting treatment against the relevant accounting standards, considering any counterfactual information or scenarios; — Considering the classification of insurance income and cyclone related expenses in the consolidated statement of profit or loss and consolidated statement of cash flows; — Assessing the likelihood of progress payments received to date to be refundable; and — Considering the adequacy of the related financial statement disclosures, including the contingent asset disclosed and challenging whether this could be quantified. In addition, our procedures included: — Testing, on a sample basis, the expenses incurred relevant to the insurance claim; and — Assessing the creditworthiness of the insurers.

DESCRIPTION OF THE KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of inventory The carrying value of the Group's inventory at 30 June 2024 was $29.3 million (30 June 2023 $21.1 million) net of inventory provisions of $2.6 million (30 June 2023 $1.4 million). The cost of finished inventory reflects raw materials and manufacturing costs, including an allocation of production overheads based on normal operating capacity. The Group has recorded inventory provisions, which represent a deduction from the cost of inventory, for obsolete, aged and discontinued inventory and carpet oddments to reflect management's best estimate of their net realisable value. Determining these provisions involves significant judgement to identify and categorise obsolete, aged and discontinued inventory considering a range of factors such as inventory rationalisation plans, consumer demand and trends, available distribution channels and historical sales and margins data. Valuation of inventory is a key audit matter due to the significance of the inventory balance, the complexity of inventory costing, and the judgements involved in estimating the inventory provisions. Note 7c of the consolidated financial statements describes the accounting policy on inventories and the judgements and estimates applied by management to determine the inventory provision.	To audit the cost of inventory, our procedures included: — Gaining an understanding of the inventory costing process and controls; — Testing the accuracy of the application of inventory costing by reperforming the calculation; — Verifying inputs, on a sample basis, of the finished goods, work in progress, and yarn inventory cost by agreeing them to supporting documents; — Testing the cost of raw material inventory, on a sample basis, to supplier invoices; and — Evaluating the nature and appropriateness of factory overheads capitalised into inventory, based on normal operating capacity, and testing the mathematical accuracy of the overhead allocation calculation. To audit the inventory provisions, our procedures included: — Gaining an understanding of, and assessing, the Group's inventory provisioning process and related controls, taking into consideration key attributes used such as piece sizes, grade quality, discontinued products and recent sale prices; — Reviewing management's analysis of the partial reversal of previously recognised impairment of Cyclone Gabrielle damaged and contaminated inventory; — Observing management's stocktake process by attending selected locations to confirm the existence and condition of the inventory; — Assessing the accuracy of management's estimate of provisioning by comparing actual utilisation of the provision with the corresponding prior year provisions; and — Testing the net realisable value of finished goods, on a sample basis, by comparing the carrying value with recent sales prices and margins.

OUR AUDIT APPROACH

Overview



Overall group materiality: $800,000, which represents 1% of total revenue.

We chose total revenues as the benchmark because, in our view, it is a key financial statement metric used in assessing the performance of the Group and it is a generally accepted benchmark.

We selected transactions and balances to audit based on the Group's materiality. By using this approach, we audited all the material classes of transactions and balances in the consolidated financial statements of the Group.

As reported above, we have two key audit matters, being:

— Insurance claims and proceeds

— Valuation of inventory

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

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RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

WHO WE REPORT TO

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Philippa (Pip) Cameron.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
28 August 2024

Auckland

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Audited 2024 $000	Audited 2023 $000
Revenue from contracts with customers	4c	**80,294**	89,689
Cost of sales		**(60,812)**	(64,967)
Gross profit		**19,482**	24,722
Other income and gains	4d	**531**	540
Distribution expenses		**(14,991)**	(16,183)
Administration expenses	4e	**(13,216)**	(11,118)
Cyclone Gabrielle related insurance income	3a	**26,500**	35,500
Cyclone Gabrielle related expenses	3d	**(14,666)**	(14,275)
Cyclone Gabrielle related asset write offs	3d	**(297)**	(7,644)
Cyclone Gabrielle related asset write offs reversed	3d	**1,082**	–
		4,425	11,542
Finance costs	4h	**(825)**	(1,045)
Finance income		**1,344**	502
Profit before income tax		**4,944**	10,999
Income tax expense	4i	**(301)**	(263)
Profit after tax for the year		**$4,643**	$10,736
Basic earnings per share (cents)	4b	**6.63**	15.39
Diluted earnings per share (cents)	4b	**6.53**	15.04

This Consolidated Statement of Profit or Loss is to be read in conjunction with the notes on pages 46 to 91.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Audited 2024 $000	Audited 2023 $000
Profit after tax for the year		**4,643**	10,736
Other comprehensive income that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges (net of income tax)		**(1,167)**	1,088
Net change in fair value of cash flow hedges transferred to profit or loss (net of income tax)		**607**	426
Total other comprehensive income		**(560)**	1,514
Total comprehensive income for the year		**$4,083**	$12,250

This Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes on pages 46 to 91.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

Audited	Note	Share Capital $000	Cash Flow Hedging Reserve $000	Foreign Currency Translation Reserve $000	Share-based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Total equity at 1 July 2023		**22,054**	**938**	**(1,420)**	**615**	**28,036**	**50,223**
Total comprehensive income for the year							
Profit after tax		–	–	–	–	**4,643**	**4,643**
Other comprehensive income that may be reclassified subsequently to profit or loss							
Changes in fair value of cash flow hedges (net of income tax)		–	(560)	–	–	–	(560)
Total comprehensive income for the year		–	**(560)**	–	–	**4,643**	**4,083**
Transaction with owners in their capacity as owners							
Share-based payments - value of employee services	9b	–	–	–	117	–	117
Total transaction with owners for the year		–	–	–	**117**	–	**117**
Total equity at 30 June 2024		**$22,054**	**$378**	**$(1,420)**	**$732**	**$32,679**	**$54,423**

This Consolidated Statement of Changes in Equity is to be read in conjunction with the notes on pages 46 to 91.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

Audited	Note	Share Capital $000	Cash Flow Hedging Reserve $000	Foreign Currency Translation Reserve $000	Share-based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Total equity at 1 July 2022		22,054	(576)	(1,420)	413	17,300	37,771
Total comprehensive income for the year							
Profit after tax		–	–	–	–	10,736	10,736
Other comprehensive income that may be reclassified subsequently to profit or loss							
Changes in fair value of cash flow hedges (net of income tax)		–	1,514	–	–	–	1,514
Total comprehensive income for the year		–	1,514	–	–	10,736	12,250
Transaction with owners in their capacity as owners							
Share-based payments - value of employee services	9b	–	–	–	202	–	202
Total transaction with owners for the year		–	–	–	202	–	202
Total equity at 30 June 2023		$22,054	$938	$(1,420)	$615	$28,036	$50,223

This Consolidated Statement of Changes in Equity is to be read in conjunction with the notes on pages 46 to 91.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	Audited 2024 $000	Audited 2023 $000
ASSETS			
Property, plant and equipment - owned	6a	**13,241**	10,148
Property, plant and equipment - right-of-use	9a	**8,804**	8,616
Intangible assets		**61**	86
Deferred tax asset	4i	**402**	576
Total non-current assets		**22,508**	19,426
Cash and bank	7a	**31,645**	39,319
Trade receivables, other receivables and prepayments	7b	**10,661**	9,957
Inventories	7c	**29,348**	21,122
Advances to employees		**181**	170
Derivative financial instruments	8	**508**	1,017
Income tax receivable		**67**	125
Total current assets		**72,410**	71,710
Total assets		**$94,918**	$91,136
EQUITY			
Share capital	5b	**22,054**	22,054
Cash flow hedging reserve	5b	**378**	938
Foreign currency translation reserve	5b	**(1,420)**	(1,420)
Share-based payment reserve	5b, 9b	**732**	615
Retained earnings		**32,679**	28,036
Total equity		**54,423**	50,223
LIABILITIES			
Lease liabilities	9a	**16,508**	16,742
Employee benefits		**488**	666
Provisions	9c	**812**	819
Total non-current liabilities		**17,808**	18,227
Trade payables and accruals	7d	**16,350**	14,948
Customer deposits	4c	**139**	192
Employee benefits		**46**	38
Employee entitlements	7e	**3,726**	4,877
Lease liabilities	9a	**1,417**	1,296
Provisions	9c	**694**	816
Derivative financial instruments	8	**17**	16
Deferred income	4g	**298**	503
Total current liabilities		**22,687**	22,686
Total liabilities		**40,495**	40,913
Total equity and liabilities		**$94,918**	$91,136

This Consolidated Statement of Financial Position is to be read in conjunction with the notes on pages 46 to 91.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Audited 2024 $000	Audited 2023 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**80,797**	91,200
Cash paid to suppliers and employees		**(91,623)**	(88,548)
		(10,826)	2,652
Government grants received		**326**	582
Other receipts		**8**	5
GST refunded		**822**	1,191
Interest paid - loans and borrowings		**(3)**	(166)
Interest component of lease payments	9a	**(822)**	(879)
Interest received		**1,264**	503
Income tax paid		**(69)**	(154)
Cyclone Gabrielle related expenses	3d	**(17,985)**	(10,803)
Net cash flow from operating activities		**(27,285)**	(7,069)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		**–**	44
Acquisition of plant and equipment	6a	**(4,040)**	(1,956)
Maturities of short term deposits		**19,500**	11,019
Investments in short term deposits		**(17,000)**	(14,519)
Advances to employees pursuant to the Bremworth Equity Plan		**(11)**	(10)
Cyclone Gabrielle related insurance income	3a	**25,015**	35,500
Net cash flow from investing activities		**23,464**	30,078
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal component of lease payments	9a	**(1,358)**	(2,051)
Net cash flow from financing activities		**(1,358)**	(2,051)
Net (decrease)/increase in cash and cash equivalents		**(5,179)**	20,958
Cash and cash equivalents at beginning of the year		**31,819**	10,874
Effect of exchange rate changes on cash		**5**	(13)
Cash and cash equivalents at end of the year		**$26,645**	$31,819

This Consolidated Statement of Cash Flows is to be read in conjunction with the notes on pages 46 to 91.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

RECONCILIATION OF PROFIT WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	Audited 2024 $000	Audited 2023 $000
Profit after tax for the year		**4,643**	10,736
Add/(Deduct) non-cash items:			
Depreciation - owned assets	6a	**858**	820
Depreciation - right-of-use assets	9a	**1,057**	994
Amortisation - intangible assets		**25**	25
Impairment of buildings and plant and equipment	3d	**297**	5,170
Reversal of impairment of fixed assets and inventory	3d	**(208)**	–
Share-based payments - value of employee services	9b	**117**	202
Deferred tax		**174**	(44)
Net gain on sale of plant and equipment		**–**	(30)
Net (gain)/loss on foreign currency balance		**(5)**	13
Add/(Deduct) Cyclone Gabrielle related cash items:			
Cyclone Gabrielle related insurance income	3a, 3e	**(25,015)**	(35,500)
Changes in working capital items:			
Trade receivables, other receivables and prepayments		**(704)**	2,243
Inventories		**(8,226)**	6,141
Income tax receivable		**58**	153
Trade payables and accruals		**1,402**	2,739
Customer deposits		**(53)**	(11)
Employee benefits and entitlements		**(1,321)**	(568)
Provisions		**(129)**	(64)
Deferred income		**(205)**	85
Derivative financial instruments		**(50)**	(173)
Net cash flow from operating activities		**$(27,285)**	$(7,069)

This Consolidated Statement of Cash Flows is to be read in conjunction with the notes on pages 46 to 91.

1. COMPANY INFORMATION

Bremworth Limited ("Bremworth" or "the Company") is a limited liability company that is domiciled and incorporated in New Zealand.

The consolidated financial statements presented are for Bremworth and its subsidiaries ("the Group") as at, and for the year ended, 30 June 2024.

The Company is registered under the Companies Act 1993 and is an FMC reporting entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. The consolidated financial statements have been prepared in accordance with these Acts.

The principal activities of the Group comprise wool acquisition, and carpet and rug manufacturing and sales.

All Group subsidiaries are wholly-owned.

2. GENERAL INFORMATION RELATING TO PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2a. STATEMENT OF COMPLIANCE

The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other applicable New Zealand accounting standards and authoritative notices as appropriate for Tier 1 For-Profit entities. The consolidated financial statements also comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

2b. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate for Tier 1 For-Profit entities.

They have been prepared on the historical cost basis, except for derivative financial instruments which are measured at fair value as disclosed at note 8 (Risks and financial instruments) to the consolidated financial statements.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is Bremworth Limited's functional and presentation currency. Unless otherwise indicated, all financial information presented in New Zealand dollars has been rounded to the nearest thousand.

The Consolidated Statements of Profit or Loss, Comprehensive Income, Changes in Equity and Cash Flows are stated exclusive of GST. All items in the Consolidated Statement of Financial Position are stated exclusive of GST, except for trade receivables and trade payables, which include GST invoiced.

2c. GOING CONCERN

The Group prepares its consolidated financial statements on a going concern basis and expects to be able to realise its assets and meet its financial obligations in the normal course of business.

Cash and short term deposits at balance date of $31.6 million (2023: $39.3 million) is less than the previous year, reflecting the investment in rebuilding inventory levels which were depleted following Cyclone Gabrielle as the Group transitioned to a hybrid supply chain; and for Cyclone Gabrielle related expenses.

The Board expects that existing cash and bank are sufficient to enable the Group's continued operation.

To assess the ongoing liquidity of the Group and its ability to meet its other financial commitments as they fall due in the normal course of business, management has forecast the Group's financial performance, cash flows and financial position (to June 2029) as part of its management and monitoring of the Group's operations.

During the year, a Board-led strategic review involving external consultants, was conducted. The review examined the Group's business plan and forecasts under the new hybrid supply chain model. Analysis included the examination of financial forecasts and downside sensitivities.

The Board considers that although there are uncertainties relating to these forecasts, these uncertainties are not significant enough to lead to a material uncertainty relating to going concern.

2. GENERAL INFORMATION RELATING TO PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2d. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The preparation of the consolidated financial statements in conformity with NZ IFRS requires the Directors to make estimates, judgements and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about estimates and judgements that have a material effect on the amounts recognised in the consolidated financial statements are disclosed in the following notes:

Note 3 – impact of Cyclone Gabrielle
Note 4i – measurement and recoverability of tax losses
Note 6a – recoverability of property, plant and equipment
Note 7c – inventory provisioning
Note 9a – determination of lease term
Note 9c – measurement of provisions

Material accounting policies and critical estimates, judgements and assumptions are also disclosed in the relevant notes to the consolidated financial statements and identified using the following coloured boxes:

Accounting policies | **Estimates, judgements and assumptions**

2e. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2024 and the results of all subsidiaries for the year then ended. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the underlying intra-group transaction provides evidence that the asset transferred is impaired.

2f. CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the year ended 30 June 2024.

2g. IMPACT OF CYCLONE GABRIELLE

Progress since the issue of the consolidated financial statements for the year ended 30 June 2023

Buildings, plant and equipment
With site clean-up completed and buildings and plant and equipment stabilised to prevent further deterioration early in the 2024 financial year, the Group commenced a review of the options in relation to the future of the Napier plant while also considering the findings of the Board-led strategic review in relation to the hybrid yarn supply chain.

This review led to the reinstatement of the dyehouse which commenced operation in January 2024 following successful production commissioning as well as regulatory compliance and health and safety sign off.

Further items of key plant and equipment at the Napier plant, including yarn twisting and finishing, are also in the process of being reinstated.

The reinstatement of the dyehouse and other items of key plant and equipment will further address the gaps that have been identified in the new hybrid supply chain, putting the Group in a strong position to provide the carpet business with ongoing access to woollen yarns and dyed fibre while also insulating it from future events that could potentially disrupt operations.

2. GENERAL INFORMATION RELATING TO PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2g. IMPACT OF CYCLONE GABRIELLE (CONT'D)

People

The Group, having confirmed that the Napier yarn spinning plant would be offline for a considerable, but yet to be determined, period of time and having established that staff at the Napier plant were looking for more certainty around their future, presented several options to employees, while also putting in place various programmes aimed at providing career and financial advice, as well as emotional support, for all affected staff.

These options included voluntary redundancy or expressions of interest for redeployment to the Whanganui plant.

110 waged and eight salaried employees opted for voluntary redundancy. While some employees did consider redeployment to the Whanganui plant, these did not work out for personal reasons.

The cost of voluntary redundancy is $1.4 million.

18 waged and seven salaried employees either did not take up the offer, or were not eligible, for voluntary redundancy and are continuing to be employed by the Group.

Insurance

The Group has comprehensive insurance cover against the damage and losses arising from Cyclone Gabrielle.

The insurers have acknowledged the cyclone event and confirmed that the Group's material damage policy would cover the damage to buildings and plant and equipment as well as loss of inventory. At the same time, the business interruption policy (which provides for an indemnity period of 18 months from the date of loss through to 13 August 2024) would respond to the impact of reduction in turnover and the additional costs incurred as a result of consequent disruptions to the business over that 18 month-period.

The insurance claims process is continuing to progress, with the Group securing further progress payments of $26.5 million from its insurers during the year ended 30 June 2024, bringing total progress payments since the cyclone to $62.0 million.

These progress payments were made on the condition that if the final adjusted loss (as agreed between the parties or as determined by any applicable dispute resolution process) is less than the amount of the progress payments and all other payments under the policies, then the overpaid amount would be promptly refunded to the insurers.

However, the Group expects that the final adjusted loss under both policies would exceed the progress payments to date, given:

— the acknowledgement by the loss adjusters acting for the insurers that significant damage had occurred to the Napier plant and that the claim would be significant;

— the latest estimated reinstatement costs of $85.9 million for buildings and plant and equipment put forward by the independent quantity surveyor appointed by the Company plus a further $7.4 million for site clean-up and asset stabilisation and another $1.6 million for loss of inventory;

— the significant reduction in revenue as a consequence of the disruptions to the business following Cyclone Gabrielle; the additional costs incurred in activating the risk mitigation and business continuity plans – including the additional costs of sourcing yarns; and

— the significant ongoing costs, including payroll costs, incurred by the business.

The claims process is complex. It will take time to resolve both material damage and business interruption claims, with a number of issues yet to be worked through between the loss adjusters and their experts in conjunction with the Group and its advisers and external experts on both claims.

3. CYCLONE GABRIELLE

Dealing with impact of Cyclone Gabrielle in the consolidated financial statements

The following table summarises the impact of Cyclone Gabrielle on the Group and how these have been dealt with in the consolidated financial statements:

Impact of Cyclone Gabrielle	Consolidated Statement of Profit or Loss line item	Notes	2024 $000	2023 $000
Insurance proceeds secured and recognised as income	Cyclone Gabrielle related insurance income	3a	**26,500**	35,500
Further insurance proceeds recognised as income and as a receivable where receipt is virtually certain and amount is able to be reliably estimated	Not applicable	3b	**–**	–
Insurance proceeds recognised as contingent assets	Not applicable	3c	**–**	–
Site clean-up, asset stabilisation and waste disposal costs incurred recognised as expenses	Cyclone Gabrielle related expenses	3d	**(1,002)**	(6,353)
Ongoing payroll costs recognised as expenses	Cyclone Gabrielle related expenses	3d	**(4,410)**	(5,349)
Ongoing costs as a result of the cyclone as well as professional fees (including claims preparation costs) incurred that have been recognised as expenses	Cyclone Gabrielle related expenses	3d	**(4,372)**	(2,573)
Other additional costs incurred to avoid loss of revenue that have also been recognised as expenses	Cyclone Gabrielle related expenses	3d	**(3,457)**	–
Cost of voluntary redundancies incurred	Cyclone Gabrielle related expenses	3d	**(1,425)**	–
Damaged or destroyed buildings and plant and equipment derecognised to the extent appropriate	Cyclone Gabrielle related asset write offs	3d	**(297)**	(5,170)
Plant and equipment previously derecognised and subsequently reinstated	Cyclone Gabrielle related asset write offs reversed	3d	**208**	–
Damaged or destroyed inventory written off to the extent appropriate	Cyclone Gabrielle related asset write offs	3d	**–**	(2,474)
Inventory previously written off and subsequently reinstated	Cyclone Gabrielle related asset write offs reversed	3d	**874**	–
			$12,619	$13,581

Accounting policies

Insurance proceeds are recognised as income and as a receivable when receipt is virtually certain and to the extent that the amount can be reliably estimated.

In the event that insurance proceeds cannot be recognised as income and as a receivable because receipt is not virtually certain and/or the amount cannot be reliably estimated, they are disclosed as contingent assets.

3. CYCLONE GABRIELLE (CONT'D)

Estimates, judgements and assumptions
As a result of the Cyclone Gabrielle flooding event, a number of material estimates and judgements have been necessary to determine the accounting treatment in these consolidated financial statements.

These estimates and judgements include the following:

- recognition of insurance income (note 3a)
- estimation of further insurance proceeds as income (note 3b)
- assessment of and disclosure of contingent assets (note 3c)
- assessment of impairment of buildings, plant and equipment and inventory (note 3d)

Details of the estimates and judgements made are further discussed below where relevant.

3a. CYCLONE GABRIELLE RELATED INSURANCE INCOME

	2024 $000	2023 $000
Insurance recovery - progress payments	**$26,500**	$35,500

Cyclone Gabrielle related insurance income is made up entirely of insurance recovery progress payments.

The Group agreed to two further progress payments totalling $26.5 million with its insurers during the year ended 30 June 2024, with $25.0 million received prior to balance date and $1.5 million received after balance date (2023: two progress payments totalling $35.5 million, with all $35.5 million received before balance date).

All progress payments were agreed with the insurers as non-specific to either material damage or business interruption at this stage.

The Group expects that the total progress payments recognised to date of $62.0 million will not be required to be refunded because it expects that the final adjusted loss under both policies would exceed the progress payments to date as discussed in note 2g (Impact of Cyclone Gabrielle) to the consolidated financial statements.

3b. ESTIMATION OF FURTHER INSURANCE PROCEEDS AS INCOME

The Group's expectation is that the ultimate amount received will be larger than the $62.0 million progress payments agreed to date for the following reasons:

- the substantially greater estimated costs of remediation under the material damage policy as discussed in note 2g (Impact of Cyclone Gabrielle) to the consolidated financial statements and note 3a above;
- the loss adjusters having acknowledged the cyclone as an insured event and the indemnity owed to the Group under the policies;
- the insignificant counterparty credit risks.

3. CYCLONE GABRIELLE (CONT'D)

3b. ESTIMATION OF FURTHER INSURANCE PROCEEDS AS INCOME (CONT'D)

However, the total amount cannot currently be estimated with sufficient reliability because the claims process is complex, and it will take time to resolve. A number of issues have yet to be worked through between the parties on both material damage and business interruption policies, with these issues including, but not limited to:

- the assumptions adopted by the independent quantity surveyor in estimating the latest reinstatement costs for buildings and plant and equipment;
- the approach proposed to be taken by the Company in relation to the reinstatement and whether key assets can be repaired or alternatively must be replaced; and
- the extent of the reduction in revenue as a consequence of the interruptions to the business following Cyclone Gabrielle.

As a consequence, no further insurance proceeds have been recognised for the current financial year.

3c. CONTINGENT ASSETS

While the Group has a contingent asset at balance date, being the probable receipt of further insurance proceeds under the material damage and business interruption policies, the Group has not provided an estimate of the contingent asset because it has determined, based on the estimation uncertainties discussed at note 3b (Estimation of further insurance proceeds as income) to the consolidated financial statements, that it is not practicable to do so.

These estimates and judgements will continue to be reviewed as new information becomes available.

Because the insurance claims process is complex and expected to take a number of months to complete, it is possible that the actual financial impacts will differ from those included in these consolidated financial statements and these differences may be material.

3d. CYCLONE GABRIELLE RELATED ASSET WRITE OFFS AND EXPENSES

	Note	2024 $000	2023 $000
Write off of buildings	6a	**–**	(3,608)
Write off of plant and equipment, other assets and assets under construction	6a	**(297)**	(1,562)
Plant and equipment, other assets and assets under construction previously written off and subsequently reinstated	6a	**208**	–
Write off of inventory	7c	**–**	(2,474)
Inventory previously written off and subsequently reinstated	7c	**874**	–
Other recoverable expenses	2g	**(14,666)**	(14,015)
Non-recoverable expenses	2g	**–**	(260)
		$(13,881)	$(21,919)

3. CYCLONE GABRIELLE (CONT'D)

3d. CYCLONE GABRIELLE RELATED ASSET WRITE OFFS AND EXPENSES (CONT'D)

Cyclone Gabrielle related asset write offs and expenses consist of:

Write off of buildings and plant and equipment, other assets and assets under construction
Following impairment assessment of damaged buildings and plant and equipment, the Group determined in the previous financial year ended 30 June 2023 that the carrying values of buildings of $3.6 million and plant and equipment of $1.6 million at the Napier plant at the time of the cyclone were required to be derecognised on the basis that there were no longer any future economic benefits that could be derived from their use in their current state or from their disposal.

As a result, the carrying values of these assets were written off to the Consolidated Statement of Profit or Loss for the year ended 30 June 2023.

Ongoing assessments of assets in the current financial year resulted in derecognition of a further $0.3 million of plant and equipment and a reversal of $0.2 million of plant and equipment previously derecognised.

Refer also to note 6a (Property, plant and equipment) to the consolidated financial statements for further information.

Write off of inventory
Where the cost of inventory may not be recoverable because the inventory is damaged as a consequence of an event like Cyclone Gabrielle, the Group is required to estimate its recoverable amount and recognise an impairment if this estimate is less than the carrying amount.

Based on the analysis and estimates prepared by management, the Group determined in the previous financial year ended 30 June 2023 that the carrying value of inventory at the Napier plant at the time of the cyclone of $2.5 million was required to be written off.

In the current financial year, $0.9 million of the inventory that was originally thought to be contaminated by virtue of their proximity to flood water was found to be suitable for processing into finished carpet, after inspection and review, and this amount was reinstated into inventory with a corresponding credit recognised in the Consolidated Statement of Profit or Loss.

Refer also to note 7c (Inventories) to the consolidated financial statements for further information.

Other costs
The Group incurred costs totalling $14.7 million during the year (2023: $14.3 million).

A breakdown of these costs can be found in note 2g (Impact of Cyclone Gabrielle) to the consolidated financial statements. These costs are recoverable from the proceeds of insurance except for $0.3 million of non-recoverable costs in the prior year.

3e. PROGRESS PAYMENTS RECEIVED

	2024 $000	2023 $000
Insurance recovery progress payments recognised	**26,500**	35,500
Less insurance recovery progress payments received prior to balance date	**(25,015)**	(35,500)
Insurance recovery progress payments received after balance date	**$1,485**	–

4. FINANCIAL PERFORMANCE

This section deals with the financial performance of the Group and addresses, among other things, the financial performance of the Group's reportable segments and the key areas that impact on the Group's profitability, including operating revenue, other income, gains/losses on sale of property, plant and equipment, expenses and taxation.

4a. SEGMENT PERFORMANCE

Reportable segments
The Group's reportable and operating segments are:

- Carpet, with this segment involved in the manufacturing and sales of carpet and rugs in New Zealand, Australia and rest of the world; and
- Wool, with this segment involved in the acquisition of wool for the carpet segment and for sales to external customers in New Zealand.

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components;
- whose operating results are regularly reviewed by the Group's chief operating decision maker - in this case, the Chief Executive Officer - to make decisions about the resources to be allocated to the segment and to assess its performance; and
- for which discrete financial information is available.

The Chief Executive Officer uses total revenue, segment result before depreciation, restructuring and impairment and segment result after depreciation but before restructuring and impairment to assess the performance of the operating segments. Total assets and total liabilities are also reviewed for the operating segments.

Inter-segment transactions
Inter-segmental sales during the year and intercompany profits on stocks at balance date are eliminated on consolidation.

Geographical areas
In presenting information on the basis of geographical areas, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of those assets.

	2024 $000	2023 $000
Revenue		
New Zealand	**51,274**	50,637
Australia	**27,314**	37,027
Canada	**883**	1,231
USA	**753**	761
Rest of the world	**70**	33
	$80,294	$89,689

	As at 30 June 2024 $000	As at 30 June 2023 $000
Non-current assets		
New Zealand	**21,547**	18,329
Australia	**961**	1,097
	$22,508	$19,426

4. FINANCIAL PERFORMANCE (CONT'D)

4a. SEGMENT PERFORMANCE (CONT'D)

Major customers

None of the Group's external customers contributed revenues in excess of 10% of the Group's total revenues.

	Carpet and rugs sales and manufacturing		Wool acquisition		Total	
	2024 $000	2023 $000	2024 $000	2023 $000	2024 $000	2023 $000
External revenue	**57,081**	71,502	**23,213**	18,187	**80,294**	89,689
Inter-segment revenue	**–**	–	**2,336**	1,634	**2,336**	1,634
Total revenue	**$57,081**	$71,502	**$25,549**	$19,821	**82,630**	91,323
Elimination of inter-segment revenue					**(2,336)**	(1,634)
Consolidated revenue					**$80,294**	$89,689
Segment result before depreciation and insurances	**(6,092)**	(52)	**1,386**	766	**(4,706)**	714
Depreciation - owned assets	**(698)**	(649)	**(160)**	(171)	**(858)**	(820)
Depreciation - right-of-use assets	**(911)**	(862)	**(146)**	(132)	**(1,057)**	(994)
Amortisation - intangibles	**(25)**	(25)	**–**	–	**(25)**	(25)
Segment result before insurances	**(7,726)**	(1,588)	**1,080**	463	**(6,646)**	(1,125)
Cyclone Gabrielle related insurance income	**26,500**	35,500	**–**	–	**26,500**	35,500
Cyclone Gabrielle related expenses	**(14,666)**	(14,275)	**–**	–	**(14,666)**	(14,275)
Cyclone Gabrielle related asset write offs	**(297)**	(7,644)	**–**	–	**(297)**	(7,644)
Cyclone Gabrielle related asset impairment reversed	**1,082**	–	**–**	–	**1,082**	–
Segment result	**4,893**	11,993	**1,080**	463	**5,973**	12,456
Elimination of inter-segment profits					**(21)**	14
Unallocated corporate costs					**(1,527)**	(928)
Results from operating activities					**4,425**	11,542
Finance costs					**(825)**	(1,045)
Finance income					**1,344**	502
Profit before income tax					**4,944**	10,999
Income tax expense					**(301)**	(263)
Profit after tax for the year					**$4,643**	$10,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

4. FINANCIAL PERFORMANCE (CONT'D)

4a. SEGMENT PERFORMANCE (CONT'D)

	Carpet and rugs sales and manufacturing		Wool acquisition		Total	
	2024 $000	2023 $000	2024 $000	2023 $000	2024 $000	2023 $000
Reportable segment assets	**57,590**	46,846	**5,683**	4,971	**63,273**	51,817
Unallocated assets - Cash and bank					**31,645**	39,319
Total assets					**$94,918**	$91,136
Capital expenditure	**3,969**	1,956	**178**	–	**$4,147**	$1,956
Reportable segment liabilities	**20,607**	21,290	**1,963**	1,585	**22,570**	22,875
Unallocated liabilities - Lease liabilities					**17,925**	18,038
Total liabilities					**$40,495**	$40,913

4b. EARNINGS PER SHARE

Basic earnings per share (Basic EPS)

	2024	2023
Profit after tax attributable to shareholders of the Company ($000)	**4,643**	10,736
Weighted average number of ordinary shares outstanding	**70,069,426**	69,771,837
Basic EPS (cents)	**6.63**	15.39

Diluted earnings per share (Diluted EPS)

	2024	2023
Profit after tax attributable to shareholders of the Company ($000)	**4,643**	10,736
Weighted average number of ordinary shares outstanding and potential ordinary shares	**71,069,426**	71,364,576
Diluted EPS (cents)	**6.53**	15.04

In calculating the diluted earnings per share, the Company has taken into account the maximum number of shares that the employees could be issued with under the Company's 2022 LTI Scheme and the Bremworth Share Option Scheme as further discussed at note 9b (Share-based payment) to the consolidated financial statements.

4. FINANCIAL PERFORMANCE (CONT'D)

4c. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 $000	2023 $000
Sales of goods		
Carpet	**55,426**	70,235
Rugs	**1,209**	1,122
Wool	**23,213**	18,187
Other	**446**	145
Total revenue	**$80,294**	$89,689

Credit terms for carpet and rug sales through wholesale distribution channels within New Zealand and Australia are generally no later than 30 days after the month in which invoices are raised and, in the case of wool sold in New Zealand, within 14 days of invoice date or on despatch whichever is the earlier. Credit terms for sales of carpet overseas are generally 60 to 90 days from date of invoice and for sales of carpet yarn overseas 120 days from date of invoice.

Rugs sold through direct to consumer channels are for cash, with payment at the time orders are placed. All amounts received are accounted for as customer deposits in the first instance, with $139,000 of customers deposits booked as at balance date (2023: $192,000).

Accounting policies
Revenue is recognised when or as performance obligations are satisfied by transferring control of the products sold to the customer at the transaction price specified in the contract. Control transfers to the customers for carpet, rug and carpet yarn sales on delivery of the goods to the customer. For wool sales, control passes on the earlier of payment or delivery. The transaction price includes all amounts which the Group expects to be entitled to, net of goods and services tax and other indirect taxes, expected rebates and discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

4. FINANCIAL PERFORMANCE (CONT'D)

4d. OTHER INCOME AND GAINS

	Note	2024 $000	2023 $000
Government grants recognised	4g	**523**	505
Net gain on sale of plant and equipment		**–**	30
Other		**8**	5
Total other income and gains		**$531**	$540

4e. ADMINISTRATION EXPENSES

The following items of expenditure are included in administration expenses:

	2024 $000	2023 $000
Donations	**–**	1
Total fees paid and payable to auditors		
Audit fees and expenses paid and payable for audit of consolidated financial statements	**613**	564
Non-audit fees paid and payable for strategic options analysis	**–**	15
Total fees paid and payable	**$613**	$579

4f. PERSONNEL EXPENSES

	Note	2024 $000	2023 $000
Directors' fees	9e	**387**	387
Wages, salaries, bonuses, holiday pay and termination payments		**28,170**	31,663
Other employee related costs		**1,377**	1,372
Employee benefits		**803**	1,033
Increase/(Decrease) in liability for retiring allowances and long service leave		**8**	(15)
Total personnel expenses		**$30,745**	$34,440

Personnel costs are included in cost of sales, distribution expenses and administration expenses in the Consolidated Statement of Profit or Loss.

Personnel expenses include restructuring costs of $1,073,000 (2023: Nil).

Employee benefits include those benefits provided to employees as part of their employee arrangements with the Group and cover the provision of motor vehicles, income protection insurances, life insurances, medical insurances and associated fringe benefits taxes. Employee benefits also include the costs of providing on-site staff amenities.

4. FINANCIAL PERFORMANCE (CONT'D)

4g. GOVERNMENT GRANTS

Sustainable Food and Fibre Futures Fund and Waste Minimisation Fund
Grants of $412,000 (2023: $384,000) from the Sustainable Food and Fibre Futures Fund (SFFF Fund) and $111,000 (2023: Nil) from the Waste Minimisation Fund (WMF Fund) are included in other income in the Consolidated Statement of Profit or Loss. The funds cover pre-approved activities over the periods from December 2020 to June 2024 and January 2023 to June 2024 respectively. The prior year also included grants totalling $121,000 from the Government's International Growth Fund (IG Fund) with the fund covering pre-approved activities over the period from May 2019 to January 2023.

There are no unfulfilled conditions or other contingencies attaching to the grants recognised in other income during the year.

Government grants that have been deferred, either because they relate to future costs to be incurred or assets, totalled $298,000 at balance date (2023: $503,000).

Notes 4d (Other income and gains) and 4g (Government grants) to the consolidated financial statements provide further information on how the Group accounts for government grants.

Accounting policies
Grants from the government are recognised at their fair value where there is a reasonable assurance that the Group will comply with all attached conditions and the grants will be received.

Government grants relating to costs that have been incurred are credited to profit or loss while grants relating to future costs are included in current liabilities as deferred income and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

4. FINANCIAL PERFORMANCE (CONT'D)

4h. FINANCE COSTS

	2024 $000	2023 $000
Interest component of lease payments	**(822)**	(879)
Facility fees - Bank guarantees	**(3)**	(166)
Finance costs	**$(825)**	$(1,045)

Accounting policies
Finance costs include interest expense on loans and borrowings, interest component of lease payments and facility fees for the Bank's guarantee of the Group's commitments. All interest expense are recognised in the Consolidated Statement of Profit or Loss using the effective interest method.

4i. INCOME TAX

	2024 $000	2023 $000
Income tax expense in the Consolidated Statement of Profit or Loss		
Current tax expense		
Current year	**127**	175
Adjustment for prior years	**–**	132
	127	307
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	**174**	(44)
	174	(44)
Income tax expense	**$301**	$263

4. FINANCIAL PERFORMANCE (CONT'D)

4i. INCOME TAX (CONT'D)

	2024 $000	2023 $000
Reconciliation of effective tax rate		
Profit after tax for the year	**4,643**	10,736
Income tax expense	**301**	263
Profit excluding income tax	**$4,944**	$10,999
Income tax using the Company's domestic tax rate of 28% (2023: 28%)	**1,384**	3,080
Non-deductible expenses	**(253)**	(13)
Effect of tax rate difference in foreign jurisdiction	**12**	10
Adjustment for prior years	**–**	132
Unrecognised deferred tax liabilities	**–**	723
Deferred tax impact on buildings	**352**	–
Tax loss re-recognised	**(1,194)**	(3,669)
Income tax expense	**$301**	$263

	2024 $000	2023 $000
Imputation credits		
Imputation credits available to shareholders of the Company	**$9,224**	$9,223

Deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 $000	2023 $000	2024 $000	2023 $000	2024 $000	2023 $000
Property, plant and equipment	**199**	240	**–**	–	**199**	240
Employee benefits	**95**	105	**–**	–	**95**	105
Lease liabilities	**57**	1	**(56)**	–	**1**	1
Provisions	**107**	230	**–**	–	**107**	230
Net tax assets/(liabilities)	**$458**	$576	**$(56)**	–	**$402**	$576

Deferred tax assets at balance date relate to the Group's Australian carpet sales operations where it is expected that there will be taxable profits in future periods to allow for the utilisation of the deferred tax assets.

Deferred tax assets not recognised in respect of temporary differences and tax loss carry-forwards totalled $12,252,000 at balance date (2023: $13,690,000), with the change relating to the re-recognition of unrecognised tax loss.

While the Board has confidence in the prospects of the business as discussed at note 2c (Going concern) to the consolidated financial statements, it has taken the same approach with respect to the recognition of deferred tax assets as it has with the reversal of the FY20 impairment of assets as discussed at note 6a (Property, plant and equipment) to the consolidated financial statements and has concluded that the execution of the Group's strategy to focus on wool carpets, while progressing to plan, is still in its early stages and therefore does not warrant the re-recognition of deferred tax assets.

4. FINANCIAL PERFORMANCE (CONT'D)

4i. INCOME TAX (CONT'D)

Deferred tax assets have also not been recognised in respect of temporary differences and tax loss carry-forwards totalling $24,150,000 (2023: $24,150,000) relating to an Australian subsidiary that currently does not have trading activity on the basis that it is also not probable that future taxable profit will be available against which the Group can use the benefits therefrom, taking the total deferred tax assets unrecognised to $36,402,000 (2023: $37,840,000).

Notwithstanding the derecognition of deferred tax assets for accounting purposes, these deferred tax assets remain available to the Group for income tax purposes.

Movement in temporary differences during the year:

	Balance 30 June 2023 $000	Recognised in Consolidated Statement of Profit or Loss $000	Balance 30 June 2024 $000
Property, plant and equipment	**240**	**(41)**	**199**
Employee benefits	**105**	**(10)**	**95**
Lease liabilities	**1**	**–**	**1**
Provisions	**230**	**(123)**	**107**
Total	**$576**	**$(174)**	**$402**

	Balance 30 June 2022 $000	Recognised in Consolidated Statement of Profit or Loss $000	Balance 30 June 2023 $000
Property, plant and equipment	302	(62)	240
Employee benefits	101	4	105
Lease liabilities	21	(20)	1
Provisions	108	122	230
Total	$532	$44	$576

Accounting policies
Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Estimates, judgements and assumptions
Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each balance date and adjusted to the extent that it is no longer probable that sufficient taxable profits will be available in the future to utilise the deferred tax asset.

5. CAPITAL AND FUNDING

This section looks at the Group's two key sources of funding, how it manages its funding and other related matters.

5a. CAPITAL MANAGEMENT

The Group's capital includes share capital, reserves and retained earnings.

The Group's capital management policy is aimed at maintaining a strong capital base so as to maintain investor, creditor and market confidence in the Group and to enable it to continue to fund the ongoing needs of the business and to sustain its future development.

The impact of the level of capital on shareholders' return is also recognised, as is the return to shareholders in the form of dividends paid and growth in share price, and the Group works to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital base.

The Group is not subject to any externally imposed capital requirements.

The allocation of capital between the Group's specific business segment operations and activities is, to a large extent, driven by the opportunities that exist within each of these segments and the optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is determined by the Chief Executive Officer in consultation with the Board and is therefore undertaken independently of those responsible for the operation.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board.

5b. SHARE CAPITAL, DIVIDENDS AND RESERVES

Share capital

	2024	2023
Shares on issue		
Balance at 1 July	**70,069,426**	69,179,098
Issued during the year	**–**	890,328
Balance as at 30 June	**70,069,426**	70,069,426

The Company does not have a limited amount of authorised capital.

In the prior year, the Company issued, in accordance with the terms of the Bremworth 2022 Long-Term Incentive Scheme, 890,328 fully paid-up ordinary shares on 31 October 2022 to Bremworth Share Scheme Limited (Trustee), with these shares to be held by the Trustee on behalf of the participating employees until the relevant vesting date, with more information to be found in note 9b (Share-based payment) to the consolidated financial statements.

All issued shares are fully paid up and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

5. CAPITAL AND FUNDING (CONT'D)

5b. SHARE CAPITAL, DIVIDENDS AND RESERVES (CONT'D)

Dividends
No dividends were paid during the year (2023: Nil).

The Board has not declared a final dividend in respect of the current year ended 30 June 2024 (2023: Nil).

Cash flow hedging reserve
The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value.

Where derivatives qualify for hedge accounting, changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs at which time the gain or loss is transferred to profit or loss. When the hedge item is a non-financial asset, the amount recognised in the cash flow hedging reserve is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in the cash flow hedging reserve is transferred to profit or loss in the same year that the hedged item affects profit or loss.

The cash flow hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Foreign currency translation reserve
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions.

The foreign currency translation reserve comprises all exchange rate differences arising from the translation of the financial statements of foreign operations and the translation of liabilities designated as hedges against the Company's net investment in a foreign operation.

There is no movement in the foreign currency translation reserve balance for the year ended 30 June 2024 (2023: Nil) as the reserve relates to dormant foreign entities of the Group.

Share-based payment reserve
The share-based payment reserve is used to recognise the grant date assessed fair value of the performance rights issued to executive employees under the Company's long-term incentive scheme as further discussed at note 9b (Share-based payment) to the consolidated financial statements.

The assessed fair value of the performance rights at grant date are recognised as an expense in profit or loss over the period from grant date to condition date, adjusted to reflect only those rights where the service condition will be met, with corresponding entries to the share-based payment reserve.

5. CAPITAL AND FUNDING (CONT'D)

5c. BANKING FACILITIES AND LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's banking facilities. For more information about the Group's exposure to interest rate risks, see note 8 (Risks and financial instruments) to the consolidated financial statements.

The Group's banking facilities (including Bank guarantees to third parties relating to lease and other commitments of the Group) are provided by Bank of New Zealand and National Australia Bank Limited (together, "the Bank").

The Group has no loans at balance date (2023: Nil).

The Group continues to maintain ongoing relationships with the Bank, with the view that committed credit lines could be reinstated in the future to fund working capital requirements as the Group progresses through its transformation journey. As a consequence, the Group has retained the security arrangements that were previously put in place to secure obligations for the payment and repayment of moneys due, owing or payable by the Group to the Bank.

These security arrangements include the granting in favour of Bank of New Zealand, as security agent for the Bank, a first-ranking composite general security deed and cross guarantee securing all obligations of the Group to the Bank by certain companies in the Group. The property-owning companies in the Group have also continued to grant in favour of Bank of New Zealand first-ranking mortgages in respect of land and buildings as security for all obligations of the Group to the Bank, including obligations for the payment and repayment of moneys due, owing or payable by the Group to the Bank (see note 6a (Property, plant and equipment) to the consolidated financial statements).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

6. ASSETS EMPLOYED

This section covers non-current assets, being property, plant and equipment and other assets that the Group employs in the production and sale of carpet and rugs, and the acquisition and sale of wool fibre, to generate revenues and profits.

6a. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings $000	Plant and equipment $000	Other assets $000	Under construction $000	Total $000
COST					
Balance at 1 July 2023	**6,560**	**35,342**	**12,103**	**844**	**54,849**
Additions	**27**	**9**	**5**	**4,106**	**4,147**
Disposals	**–**	**(65)**	**(352)**	**(107)**	**(524)**
Transfers	**241**	**678**	**2,011**	**(2,930)**	**–**
Cyclone Gabrielle related derecognition	**–**	**–**	**–**	**(297)**	**(297)**
Cyclone Gabrielle related impairment reversed	**–**	**100**	**–**	**108**	**208**
Balance at 30 June 2024	**$6,828**	**$36,064**	**$13,767**	**$1,724**	**$58,383**
Balance at 1 July 2022	10,970	65,663	12,656	669	89,958
Additions	8	41	84	1,823	1,956
Disposals	(9)	(3,992)	(598)	–	(4,599)
Transfers	–	697	298	(995)	–
Cyclone Gabrielle related derecognition	(4,409)	(27,067)	(337)	(653)	(32,466)
Balance at 30 June 2023	$6,560	$35,342	$12,103	$844	$54,849
DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 July 2023	**1,000**	**33,684**	**10,017**	**–**	**44,701**
Depreciation for the year	**74**	**237**	**547**	**–**	**858**
Disposals	**–**	**(65)**	**(352)**	**–**	**(417)**
Balance at 30 June 2024	**$1,074**	**$33,856**	**$10,212**	**–**	**$45,142**
Balance at 1 July 2022	1,672	63,518	10,528	45	75,763
Depreciation for the year	129	279	412	–	820
Disposals	–	(3,948)	(638)	–	(4,586)
Transfers	–	45	–	(45)	–
Cyclone Gabrielle related derecognition	(801)	(26,210)	(285)	–	(27,296)
Balance at 30 June 2023	$1,000	$33,684	$10,017	–	$44,701
CARRYING AMOUNTS					
At 30 June 2024	**$5,754**	**$2,208**	**$3,555**	**$1,724**	**$13,241**
At 30 June 2023	**$5,560**	**$1,658**	**$2,086**	**$844**	**$10,148**
At 1 July 2022	**$9,298**	**$2,145**	**$2,128**	**$624**	**$14,195**

6. ASSETS EMPLOYED (CONT'D)

6a. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Other assets
Other assets comprise fixtures and fittings (including leasehold improvements and display stands), computer equipment, motor vehicles and office equipment.

Impairment
The Group's market capitalisation at balance date was below the carrying value of net assets. Even though market capitalisation excludes any control premium and may not reflect the value of 100% of the Group's net assets, it is still considered to be an indicator of impairment.

As a consequence, the Group conducted a review of non-current non-financial assets, including fixed assets and right-of-use assets, to assess whether there was any impairment at balance date. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

There are two cash-generating units which relate to reporting segments in these consolidated financial statements, Carpets & Rugs and Wool acquisition.

The operating profit before depreciation of the Wool acquisition CGU was $1.1m and was above budget and prior year and was not significantly impacted by Cyclone Gabrielle. Management determined there was no impairment indicators for the Wool acquisition CGU and therefore no impairment assessment is required.

The Carpet & Rugs CGU had an operating loss before depreciation of $6.1m and therefore an impairment assessment was performed. Management identified the following as separately identifiable assets for the purposes of measuring recoverable amounts:

— Napier Land
— Whanganui Land & Buildings
— Right of use Assets – Grayson Avenue

Indicative market values were obtained for Grayson Avenue leases; Whanganui property; and Napier land. These assessments were in excess of the assets net book values. No impairment was required.

The value in use methodology was applied to assess recoverability of the remaining assets of the Carpet & Rugs CGU. In assessing VIU management applied the following key assumptions:

— Cash flow projections, based on recent budgets and trends with the assumption of normalized supply levels, were reviewed against independent consultants' earnings and Net Present Value forecasts from the business's strategic review and found to be more conservative.
— An after-tax WACC of 12.27% was calculated using the Brennan-Lally method, implying a pre-tax discount rate of 16.13% which was used in managements assessment.
— The market capitalisation of the company was compared with the carrying value at balance date and management assessed that the recoverable amount.

6. ASSETS EMPLOYED (CONT'D)

6a. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Management assessed that the recoverable amount of the Carpet & Rugs CGU was greater than its carrying amount as at 30 June 2024 and that no reduction for impairment loss was required.

Apart from Cyclone Gabrielle related impairments (refer to note 3 (Cyclone Gabrielle) to the consolidated financial statements), the Group has concluded that no other impairment of assets was required at balance date (2023: Nil).

Apart from Cyclone Gabrielle related reversal of impairments (refer to note 3 (Cyclone Gabrielle) to the consolidated financial statements), the Group has also concluded that no reversal of the previous impairment of assets should be made following an assessment that the execution of the Group's strategy to focus on wool carpets which, while progressing to plan, is in its early stages.

Accounting policies
Recognition and measurement
Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Under construction
Items being constructed for future use are held as part of property, plant and equipment under construction. The carrying amounts of these represent the costs incurred at balance date and will be transferred to the appropriate classification of property, plant and equipment on completion. Initial cost includes the purchase consideration and those costs directly attributable in bringing the asset to the location and condition necessary for its intended use. These costs include site preparation costs, installation costs, borrowing costs, unrecovered operating costs incurred during planned commissioning and the costs of obtaining consents.

Costs cease to be capitalised when all the activities necessary to bring the asset to its location and condition for its intended use are complete.

Depreciation
Depreciation is recognised in the Consolidated Statement of Profit or Loss over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The principal rates used for the current and comparative periods are as follows:

— buildings	1.0 – 2.5% straight line
— building fitouts	5.0 – 33.0% straight line
— plant and equipment	6.7 – 20.0% straight line
— other assets	
– display stands	10.0% straight line
– computer equipment	20.0 – 25.0% straight line
– office equipment	10.0 – 20.0% straight line
– cars	20.0% straight line
– trucks and utilities	10.0% straight line

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

6. ASSETS EMPLOYED (CONT'D)

6a. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Accounting policies (cont'd)

Impairment
The carrying amount of property, plant and equipment and other assets is tested for impairment whenever there are indicators of impairment.

An impairment loss is recognised if the carrying amount of the cash-generating unit (being the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups) to which the property, plant and equipment and other assets is allocated exceeds its recoverable amount.

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

Estimates, judgements and assumptions
NZ IAS 36 Impairment of Assets requires the Group to assess, at the end of each reporting period, whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Group is required to recognise an impairment loss to the extent to which the carrying amount of an asset exceeds its recoverable amount.

For the purpose of assessing impairment, assets are grouped in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating unit or CGU), which as at 30 June 2024 were identified as being the Carpets and Wool Acquisition CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

6. ASSETS EMPLOYED (CONT'D)

6b. CAPITAL COMMITMENTS

Capital expenditure contracted for, but not recognised as liabilities, at balance date is set out below.

	2024 $000	2023 $000
Napier reinstatement	**272**	–
Other property, plant and equipment	**445**	72
	$717	$72

7. WORKING CAPITAL

This section reviews the level of working capital the Group generates and utilises in its normal day-to-day operating activities. The Group's working capital includes current assets (cash and bank, trade receivables, other receivables and prepayments and inventories) and current liabilities (trade payables and accruals and employee entitlements).

7a. CASH AND BANK

Cash and bank at balance date comprise the following:

	2024 $000	2023 $000
Cash and cash equivalents	**26,645**	31,819
Short term deposits	**5,000**	7,500
	$31,645	$39,319

Accounting policies
Cash is cash on hand and demand deposits and includes bank overdrafts used for cash management purposes where formal arrangements for set off has been agreed with the Bank. Under these set off arrangements, the Group is able to set off overdrawn balances up to a maximum of $1,000,000 against credit balances in selected accounts as long as the net balance of all these accounts (including overdrawn accounts) as a whole remain in credit. At balance date, there were no overdrawn amounts subject to set off (2023: Nil). Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash (that is, there is insignificant risk of changes in value) with maturity no more than three months from balance date. Short term deposits are investments with maturities greater than three months but no more than twelve months from balance date.

7. WORKING CAPITAL (CONT'D)

7b. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2024 $000	2023 $000
Trade receivables due from external customers	**8,339**	9,306
Other receivables	**1,602**	8
Prepayments	**720**	643
	$10,661	$9,957

The Group's approach and policy with respect to, and quantitative disclosure of, credit risk are discussed at note 8 (Risks and financial instruments) to the consolidated financial statements.

Impairment losses on trade receivables and other receivables are assessed collectively and on a portfolio basis based on the number of days overdue using the expected loss model, taking into account the historical loss experienced in portfolios with a similar number of days overdue as well as current conditions and forecast of future economic conditions.

Other receivables include $1,485,000 of insurance recovery progress payments received after balance date (2023: Nil). Refer to note 3e (Progress payments received) to the consolidated financial statements for further information.

Accounting policies
Trade receivables and other receivables are recognised initially at transaction price and subsequently at amortised cost less impairment losses.

7c. INVENTORIES

Inventories, net of provision, are summarised in the table below:

	2024 $000	2023 $000
Raw materials and consumables	**6,618**	4,621
Raw materials stock in transit	**4,563**	169
Work in progress	**1,209**	1,039
Finished goods	**16,958**	15,293
	$29,348	$21,122

Carrying amount of inventories subject to retention of title clauses	**$1,039**	$760

Inventory provision at 1 July	**1,408**	1,353
Change in provision during the year	**1,206**	55
Inventory provision at 30 June	**$2,614**	$1,408

The approach to inventory provisioning in 2024 is substantially consistent with 2023.

Write downs or write offs of inventory produced during the year totalled $817,000 (2023: $3,775,000). The 2023 write offs included $2,474,000 of inventory that was written off because of damage as a consequence of Cyclone Gabrielle. $894,000 written off in 2023 was reversed in the current year. Refer to note 3 (Cyclone Gabrielle) to the consolidated financial statements for further information.

7. WORKING CAPITAL (CONT'D)

7c. INVENTORIES (CONT'D)

Accounting policies
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Estimates, judgements and assumptions
Inventory provisions are recognised for oddments and obsolete, aged and discontinued inventories to arrive at their likely net realisable value.

Estimates and judgement are applied in identifying and categorising - to the extent applicable - obsolete, aged and discontinued inventory and determining the level of provisioning that is required – with a range of factors including inventory rationalisation plans, consumer demand and trends, available distribution channels and historical sales and margin data considered.

7d. TRADE PAYABLES AND ACCRUALS

	2024 $000	2023 $000
Trade payables	**14,198**	10,111
Accruals	**2,152**	4,837
	$16,350	$14,948

Accounting policies
Trade payables are unsecured - except to the extent to which they have retention of titles clauses within their supply arrangements with the Group - and are usually paid within the agreed payment terms.

The carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

7e. EMPLOYEE ENTITLEMENTS

	2024 $000	2023 $000
Leave obligations	**3,282**	4,562
Bonus entitlement	**43**	–
Wages accruals	**401**	315
	$3,726	$4,877

Leave obligations cover the Group's liabilities in relation to employees' accrued and entitled annual leave as well as their unconditional entitlement to long service leave where they have completed the required period of service.

7. WORKING CAPITAL (CONT'D)

7e. EMPLOYEE ENTITLEMENTS (CONT'D)

Accounting policies
Employee entitlements relating to wages and salaries as well as annual leave and other employment-related payments that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period as liabilities and are measured at the amounts expected to be paid when the liabilities are settled.

The entire amount of employee entitlements is presented as current as the Group does not have an unconditional right to defer settlement for any of these obligations.

8. RISKS AND FINANCIAL INSTRUMENTS

This section identifies the risks faced by the Group, explains the impact of these risks on its financial position, performance and cash flows, outlines the Group's approach to financial risk management and highlights the financial instruments used to manage risks.

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Group's businesses.

The Group enters into derivative financial instruments in the ordinary course of business to manage foreign currency risks in accordance with the treasury policy approved by the Board. Senior management operating under the Board-approved treasury policy ensures that procedures for derivative instrument utilisation, control and valuation, risk analysis, counterparty credit approval, and ongoing monitoring and reporting are adhered to.

The Group manages commodity price risks through negotiated supply contracts and forward physical contracts. However, because these contracts are, generally, in respect of raw material and utility purchases for own use, they are not accounted for as financial instruments.

Credit risk
Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered. Because of the Group's customer base, there is no need for the Group to rely on external ratings. In most cases, bankers' references, trade credit insurance approvals and/or credit references from other suppliers are considered adequate. Purchase limits are reviewed on a regular basis.

In order to determine which customers are classified as having payment difficulties, the Group applies a mix of duration and frequency of default. The Group does not generally require collateral in respect of trade and other receivables.

The Group's exposure to credit risk is mainly influenced by its customer base. As such, it is concentrated to the default risk of its industry. However, geographically, there is no credit risk concentration, with the Group's customers spread throughout New Zealand, Australia and other overseas markets. Credit risk exposure with respect to trade receivables is limited by stringent credit controls, by the utilisation of irrevocable letters of credit and trade credit insurances wherever required, and by the large number of customers within the Group's customer base.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

The amount and timing of collection of trade receivables and estimate of expected credit losses under NZ IFRS 9 Financial Instruments have been considered and included in the consolidated financial statements.

The Group does not invest in securities, but accepts that surplus cash and cash equivalents may arise from time to time during the course of its management of cash. In these instances, it requires these surplus cash and cash equivalents to be deposited on call or in short term deposits and only with counterparties approved by the Board as having the required credit ratings.

Foreign currency forward exchange contracts have been entered into with counterparties approved by the Board as having the required credit ratings. The Group's exposure to credit risk from these financial instruments is limited because it does not expect the non-performances of the obligations contained therein due to the high credit ratings of the financial institutions concerned. The Group does not require any collateral or security to support these financial instruments.

Liquidity risk
Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

The Group's contractual cash flows and liquidity risk profile are set out in detail in the liquidity risk section of the quantative disclosures in this note.

Foreign currency risk
The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and payables are denominated. All entities in the Group have New Zealand dollars ($) as their functional currency.

The Group enters into foreign currency contracts within policy parameters to manage the risk associated with forecast sales and purchases. The Group's policy allows management to hedge up to 12 months forecast sales and purchases without prior approval of the Board having first been obtained.

The Group applies a hedge ratio of 1:1. The method used to assess hedge effectiveness is Critical Match Terms whereby the hedging instrument and the hedged item are matched to the key terms. In the hedge relationship, the main cause of ineffectiveness includes a change in the critical terms, for example, the timing of the transaction.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedged item using the critical matched terms method.

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

QUANTITATIVE DISCLOSURES

Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group's maximum exposure to credit risk for trade and other receivables by geographic regions is as follows:

	2024 $000	2023 $000
New Zealand	**6,369**	5,556
Australia	**3,224**	3,173
Other regions	**348**	585
Trade and other receivables	**$9,941**	$9,314

The status of trade and other receivables at the reporting date is as follows:

	Current	0 – 30 days past due	31 – 120 days past due	More than 120 days past due	Total
2024					
Expected loss rate	**0%**	**0%**	**0%**	**15%**	
Gross carrying amount – trade and other receivables	**7,923**	**1,231**	**596**	**225**	**9,975**
Loss allowance	**–**	**–**	**–**	**(34)**	**(34)**
2023					
Expected loss rate	0%	0%	0%	8%	
Gross carrying amount – trade and other receivables	7,260	1,480	368	225	9,333
Loss allowance	–	–	–	(19)	(19)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

QUANTITATIVE DISCLOSURES (CONT'D)

In summary, trade and other receivables are determined to be impaired as follows:

	2024 $000	2023 $000
Trade and other receivables - gross	**9,975**	9,333
Impairment provisions	**(34)**	(19)
Trade and other receivables - net	**$9,941**	$9,314

Individually impaired trade receivables relate to a small number of customers where the amounts involved are immaterial. In the case of insolvency, the Group generally writes off the receivable in full unless there is clear evidence that a receipt, whether directly or by way of a claim under the Group's trade credit insurance policy, is highly probable.

The Group adopts the expected loss model in assessing its trade and other receivables for impairment. In doing so, it determines impairment on a forward-looking basis, taking into account not only past events and current conditions, but also forecast of future economic conditions. Bad debts are written off when they are considered to have become uncollectable.

The details of movements in the impairment provision are as follows:

	2024 $000	2023 $000
Balance at 1 July	**(19)**	(6)
Impaired trade receivables written off	**12**	6
Changes in impairment provision	**(27)**	(19)
Balance at 30 June	**$(34)**	$(19)

Changes in the impairment provision are included in distribution expenses in the Consolidated Statement of Profit or Loss.

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

QUANTITATIVE DISCLOSURES (CONT'D)

Liquidity risk

The following table sets out the contractual undiscounted cash flows for all material financial liabilities (including projected interest costs).

			Timing of contractual cash flows				
	Statement of Consolidated Financial Position $000	Total contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	Greater than 5 years $000
2024							
Trade payables	**14,198**	**14,198**	**14,198**	**–**	**–**	**–**	**–**
Lease liabilities	**17,925**	**22,393**	**1,108**	**1,121**	**2,218**	**6,520**	**11,426**
Total non-derivative liabilities	**$32,123**	**$36,591**	**$15,306**	**$1,121**	**$2,218**	**$6,520**	**$11,426**
Forward exchange contracts							
Inflow		**(37,583)**	**(23,820)**	**(11,554)**	**(2,209)**	**–**	**–**
Outflow		**36,926**	**23,258**	**11,481**	**2,187**	**–**	**–**
	(491)	**(657)**	**(562)**	**(73)**	**(22)**	**–**	**–**
Net derivative assets	**$(491)**						
Disclosed in Consolidated Statement of Financial Position							
Current assets	**(508)**						
Current liabilities	**17**						
Net derivative assets	**$(491)**						
2023							
Trade payables	10,111	10,111	10,111	–	–	–	–
Lease liabilities	18,038	23,181	1,074	1,017	1,964	5,763	13,363
Total non-derivative liabilities	$28,149	$33,292	$11,185	$1,017	$1,964	$5,763	$13,363
Forward exchange contracts							
Inflow		(45,575)	(18,425)	(15,219)	(11,931)	–	–
Outflow		44,285	18,049	14,805	11,431	–	–
	(1,001)	(1,290)	(376)	(414)	(500)	–	–
Net derivative assets	$(1,001)						
Disclosed in Consolidated Statement of Financial Position							
Current assets	(1,017)						
Current liabilities	16						
Net derivative assets	$(1,001)						

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

QUANTITATIVE DISCLOSURES (CONT'D)

Foreign currency risk

The Group's exposure to foreign currency risk can be summarised as follows:

NZD equivalent of these foreign currencies:	AUD $000	USD $000	EUR $000	Others $000
2024				
Trade receivables	**2,948**	**73**	**–**	**–**
Trade payables	**(517)**	**(899)**	**(1,630)**	**–**
Net Consolidated Statement of Financial Position exposure before hedging activity	**2,431**	**(826)**	**(1,630)**	**–**
Estimated forecast sales for which hedging is in place	**24,219**	**–**	**–**	**–**
Net cash flow exposure before hedging activity	**26,650**	**(826)**	**(1,630)**	**–**
Forward exchange contracts				
Notional amounts	**(26,650)**	**826**	**1,630**	**–**
Net unhedged exposure	**–**	**–**	**–**	**–**
2023				
Trade receivables	3,173	76	–	–
Trade payables	(314)	(123)	(19)	(32)
Net Consolidated Statement of Financial Position exposure before hedging activity	2,859	(47)	(19)	(32)
Estimated forecast sales for which hedging is in place	42,716	–	–	–
Net cash flow exposure before hedging activity	45,575	(47)	(19)	(32)
Forward exchange contracts				
Notional amounts	(45,575)	–	–	–
Net unhedged exposure	–	$(47)	$(19)	$(32)

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

QUANTITATIVE DISCLOSURES (CONT'D)

Sensitivity analysis
In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, changes in foreign exchange and interest rates will have an impact on profit.

For foreign exchange contracts that continue to meet the hedge accounting criteria at the balance sheet date to hedge foreign exchange exposures, it is estimated that a general change in the value of the New Zealand dollar against other foreign currencies as set out below would have no impact on the Group's profit or loss before income tax for the years ended 30 June 2024 and 2023. The impact on equity, net of tax, for these foreign exchange contracts, is disclosed in the table below:

	Strengthen	Weaken	Strengthen	Weaken
	Profit or loss		Equity, net of tax	
	$000	$000	$000	$000
30 June 2024				
NZD/AUD (+/- 5%)	**–**	**–**	**$1,810**	**$(1,136)**
NZD/EUR (+/- 5%)	**–**	**–**	**$(171)**	**$241**
NZD/USD (+/- 5%)	**–**	**–**	**$(119)**	**$258**
30 June 2023				
NZD/AUD (+/- 5%)	–	–	$1,437	$(1,588)

There were no foreign exchange contracts that do not meet the hedge accounting criteria at the balance sheet date.

The impact of a change in interest rates by one percentage point on the Group's profit or loss and OCI is set out as follows:

	Increase 1% point	Decrease (1% point)	Increase 1% point	Decrease (1% point)
	Profit or loss		Equity, net of tax	
	$000	$000	$000	$000
Interest rate impact - Net FY24	**$299**	**$(299)**	**–**	**–**
Interest rate impact - Net FY23	$382	$(382)	–	–

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

HEDGING

Forecast transactions
The Group classifies the forward exchange contracts taken out to hedge forecast transactions as cash flow hedges.

The following relates to items designated as hedging instruments:

	Notional amount	Carrying amount Assets	Carrying amount Liabilities	Line item in Consolidated Statement of Financial Position	Changes in the value of the hedging instrument recognised in OCI during the year	Hedge ineffectiveness recognised in profit or loss	Balance in CFHR	Average rate of hedging
	$000	$000	$000		$000	$000	$000	
2024								
Foreign currency risk								
Forward exchange contracts – sales and receivables [1, 2]	**AUD26,650**	**508**	**(17)**	**Derivative financial instruments - assets and liabilities**	**(607)**	**–**	**378**	**0.8976**

[1] 92% of notional amount expiring within 12 months of balance date and 8% expiring between 12 and 24 months of balance date
[2] Hedge ratio 1:1

	Notional amount	Carrying amount Assets	Carrying amount Liabilities	Line item in Consolidated Statement of Financial Position	Changes in the value of the hedging instrument recognised in OCI during the year	Hedge ineffectiveness recognised in profit or loss	Balance in CFHR	Average rate of hedging
	$000	$000	$000		$000	$000	$000	
2023								
Foreign currency risk								
Forward exchange contracts – sales and receivables [1, 2]	AUD40,680	1,017	(16)	Derivative financial instruments - assets and liabilities	(426)	–	938	0.8926

[1] 62% of notional amount expiring within 12 months of balance date and 38% expiring between 12 and 24 months of balance date
[2] Hedge ratio 1:1

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

CLASSIFICATION AND FAIR VALUES

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Hedging instruments $000	Amortised cost $000	Total carrying amount $000	Fair value hierarchy Level 2 $000
2024				
Assets				
Derivative financial instruments	508	–	508	508
Cash and bank	–	31,645	31,645	
Trade and other receivables	–	9,941	9,941	
Advances to employees	–	181	181	
Total assets	$508	$41,767	$42,275	
Liabilities				
Lease liabilities	–	16,508	16,508	
Employee benefits	–	488	488	
Total non-current liabilities	–	16,996	16,996	
Derivative financial instruments	17	–	17	17
Trade payables and accruals	–	16,350	16,350	
Customer deposits	–	139	139	
Employee benefits and entitlements	–	3,772	3,772	
Lease liabilities	–	1,417	1,417	
Total current liabilities	17	21,678	21,695	
Total liabilities	$17	$38,674	$38,691	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

CLASSIFICATION AND FAIR VALUES (CONT'D)

	Hedging instruments $000	Amortised cost $000	Total carrying amount $000	Fair value hierarchy Level 2 $000
2023				
Assets				
Derivative financial instruments	1,017	–	1,017	1,017
Cash and bank	–	39,319	39,319	
Trade and other receivables	–	9,314	9,314	
Advances to employees	–	170	170	
Total assets	$1,017	$48,803	$49,820	
Liabilities				
Lease liabilities	–	16,742	16,742	
Employee benefits	–	666	666	
Total non-current liabilities	–	17,408	17,408	
Derivative financial instruments	16	–	16	16
Trade payables and accruals	–	14,948	14,948	
Customer deposits	–	192	192	
Employee benefits and entitlements	–	4,915	4,915	
Lease liabilities	–	1,296	1,296	
Total current liabilities	16	21,351	21,367	
Total liabilities	$16	$38,759	$38,775	

There were no financial assets or liabilities with fair values classified as Level 1 or Level 3 in the fair value hierarchy.

Accounting policies
A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Derivatives, being forward exchange contracts, have been measured at fair value using relevant valuation techniques which include net present value and discounted cash flow models and comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other information used in estimating discount rates and foreign currency exchange rates.

Non-derivative financial instruments comprise trade and other receivables, cash and bank and trade and other payables. Non-derivative financial instruments are recognised initially at fair value, inclusive of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method less any impairment losses.

8. RISKS AND FINANCIAL INSTRUMENTS (CONT'D)

DETERMINATION OF FAIR VALUES

The fair value of an asset or a liability is measured on a recurring basis. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between levels of the fair value hierarchy during the year.

MASTER NETTING OR SIMILAR AGREEMENTS

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrences of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognised derivatives that are subject to master netting agreements:

	2024		2023	
	Derivative assets $000	Derivative liabilities $000	Derivative assets $000	Derivative liabilities $000
Gross amounts in the Consolidated Statement of Financial Position	**508**	**(17)**	1,017	(16)
Amounts offset	–	–	–	–
Net amounts in the Consolidated Statement of Financial Position	**508**	**(17)**	1,017	(16)
Related amounts that are not offset based on ISDA	**(17)**	**17**	(16)	16
Net amounts	**$491**	**–**	$1,001	–

9. OTHERS

This section includes the remaining information relating to the consolidated financial statements which is required to be disclosed to comply with financial reporting standards.

9a. LEASES

This note provides information for leases where the Group is a lessee.

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Right-of-use assets

	2024 $000	2023 $000
Buildings	**8,220**	8,017
Plant and equipment	**225**	358
Motor vehicles	**359**	241
	$8,804	$8,616

Lease liabilities

	2024 $000	2023 $000
Non-current	**16,508**	16,742
Current	**1,417**	1,296
	$17,925	$18,038

Additions to right-of-use assets during the year were $1,243,000 (2023: $331,000).

There was no impairment of right-of-use assets during the year (2023: Nil).

There was also no reversal of prior year impairment of right-of-use assets during the year (2023: Nil).

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Depreciation charge in respect of right-of-use assets

	2024 $000	2023 $000
Buildings	**838**	821
Plant and equipment	**133**	134
Motor vehicles	**86**	39
	$1,057	$994
Interest expense (included in finance costs)	**$822**	$879
Expense relating to short-term leases (included in cost of goods sold and administration expenses)	**$921**	$311
Expense relating to leases of low-value assets that are not disclosed above as short-term leases (included in administration expenses)	**$43**	$39

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2024 $000	2023 $000
Total cash outflow for leases	**$2,180**	$2,930

9. OTHERS (CONT'D)

9a. LEASES (CONT'D)

Accounting policies
The Group leases buildings, forklifts and motor vehicles, with contracts typically entered into for fixed periods ranging from between three to four years for motor vehicles, five to six years for fork hoists and up to sixteen years for buildings, but may have extension options as further discussed below.

Contracts may contain both lease and non-lease components. The Group has elected, for leases of motor vehicles, to not separate lease and non-lease components and instead account for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments; and

— variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

— where possible, uses recent third-party financing secured by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was secured;

— uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by lessees within the Group which does not have recent third-party financing; and

— makes adjustments, where necessary, specific to the lease taking into account country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

— the amount of the initial measurement of lease liability; and

— make good costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of plant and equipment and motor vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

9. OTHERS (CONT'D)

9a. LEASES (CONT'D)

EXTENSION OPTIONS

Extension options are generally incorporated into contracts for leases of buildings, with these options used to maximise operational flexibility with respect to the management of the buildings used in the Group's operations. Where extension options are held, they are exercisable only by the Group and not by the respective lessor. Extension options are generally not included in contracts for leases of plant and equipment and motor vehicles because of the Group's ability to replace these assets without significant cost, delay or disruption to the business.

Estimates, judgements and assumptions
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended, with the Group reasonably certain to extend:

— if there are significant costs to not extend; and

— if leasehold improvements are expected to have a significant remaining value.

Otherwise, the Group considers other factors including the lease durations already provided for in the contract, the Group's future strategic or business direction and the costs and disruptions to the business as a consequence of any decision to not exercise an extension option.

As at balance date, potential future cash outflows of $17,666,000 (undiscounted) in respect of leases of buildings have not been included in the determination of lease liability because it is not reasonably certain that these leases will be extended (2023: $19,803,000).

The lease term is reassessed if an extension option is actually exercised. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The Group did not revise its assessment of reasonable certainty with respect to extension options during the year (2023: Nil).

9b. SHARE-BASED PAYMENT

The Company operates four share-based payment plans/schemes, with these plans/schemes designed to incentivise selected employees by providing them with opportunities to be issued equity interests in the Company.

The Company has determined the performance rights, the shares and the options issued under these plans/schemes to be equity-settled share-based payment arrangements pursuant to NZ IFRS 2 Share-based Payment.

There were no issue of performance rights, shares or options during the year (2023: 890,328 performance rights under the Bremworth 2022 Long-Term Incentive Scheme (2022 LTI Scheme)).

184,897 performance rights under the 2022 LTI Scheme lapsed during the year (2023: all performance rights under the Bremworth 2020 Long-Term Incentive Scheme (2020 LTI Scheme)).

9. OTHERS (CONT'D)

9b. SHARE-BASED PAYMENT (CONT'D)

The following is a summary of the outstanding performance rights or options under the various plans/schemes as at balance date:

	2024	2023
Outstanding options under the Bremworth Share Option Scheme	**1,000,000**	1,000,000
Outstanding performance rights under the 2022 LTI Scheme	**705,435**	890,332

Maximum number of shares that could be issued under current share-based payment arrangements (excluding those already issued under the 2022 LTI Scheme)

	2024	2023
Balance at 1 July	**1,000,000**	2,071,394
Lapsed during the year	**–**	(1,071,394)
Balance as at 30 June	**1,000,000**	1,000,000

Impact of share-based payment arrangements on the consolidated financial statements
$117,000, being the proportion of fair value of the options under the Bremworth Option Scheme and the fair value of the performance rights under the 2022 LTI Scheme relating to the year ended 30 June 2024, were recognised in administration expenses in the Consolidated Statement of Profit or Loss for the period, with a corresponding credit totalling $117,000 to the share-based payment reserve within equity (2023: $202,000 under the 2020 LTI Scheme, the Bremworth Option Scheme and the 2022 LTI Scheme).

Accounting policies
The assessed fair value of the performance rights and options at grant date are recognised as an expense in profit or loss over the period from date on which the participant started rendering service or the grant date (whichever is the earlier), adjusted to reflect only those rights and options where the service condition will be met, with corresponding entries to the share-based payment reserve within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

9. OTHERS (CONT'D)

9c. PROVISIONS

	Warranties $000	Claims $000	Others $000	Total $000
Balance at 1 July 2023	**1,306**	**190**	**139**	**1,635**
Provided during the year	**513**	**75**	**10**	**598**
Utilised during the year	**(504)**	**(114)**	**(40)**	**(658)**
Released to profit or loss during the year	**–**	**–**	**(69)**	**(69)**
Balance at 30 June 2024	**$1,315**	**$151**	**$40**	**$1,506**
Non-current	**772**	**–**	**40**	**812**
Current	**543**	**151**	**–**	**694**
Balance at 30 June 2024	**$1,315**	**$151**	**$40**	**$1,506**
Balance at 1 July 2022	1,110	350	239	1,699
Provided during the year	1,145	15	–	1,160
Utilised during the year	(949)	(175)	–	(1,124)
Released to profit or loss during the year	–	–	(100)	(100)
Balance at 30 June 2023	$1,306	$190	$139	$1,635
Non-current	730	–	89	819
Current	576	190	50	816
Balance at 30 June 2023	$1,306	$190	$139	$1,635

9. OTHERS (CONT'D)

9c. PROVISIONS (CONT'D)

WARRANTIES

The provision for warranties for carpet sold is based on estimates made from historical warranty data associated with similar products sold by the Group.

The Group has no history of material warranty claims in respect of non-carpet products sold. As a consequence, no provision for warranties is required in respect of these other products.

The amount of warranty costs recognised as an expense directly to the Consolidated Statement of Profit or Loss during the year totalled $736,000 (2023: $1,208,000).

Warranties relating to the sale of carpet are standard warranties. The Group does not offer extended warranties that would be subject to a separate performance obligation.

Accounting policies
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Estimates, judgements and assumptions
Provision for warranties requires judgement to be applied by considering a range of factors including the nature and extent of historical claims data associated with similar products sold by the Group, the terms of the warranties built into supply contracts, consumer protection laws in key markets and the corrective actions being taken to address quality issues at production.

9d. CONTINGENT LIABILITIES

The Group has granted indemnities in favour of Bank of New Zealand and National Australia Bank Limited (together, "the Bank") at balance date in respect of Bank guarantees relating to leases and other commitments totalling $2,068,000 (2023: $2,068,000).

Some subsidiaries in the Group are parties to a cross guarantee in favour of the Bank securing each other's obligations, with the property-owning companies in the Group also granting in favour of the Bank first-ranking mortgages in respect of land and buildings as security for all obligations if the Group to the Bank.

The Group's indebtedness under the cross guarantee at balance date amounted to nil (2023: Nil).

9e. RELATED PARTIES

For the purposes of this note, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

9. OTHERS (CONT'D)

9e. RELATED PARTIES (CONT'D)

TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

Directors and key management personnel as shareholders
One of the Directors is a shareholder in the Company.

The Chief Executive Officer is also a shareholder in the Company by virtue of the fully paid-up ordinary shares issued to, and held by him, pursuant to the Bremworth Equity Plan.

Their shares rank pari passu with all the other ordinary shares in the capital of the Company and do not therefore confer additional rights to dividends paid or to attend or vote at any meetings of the shareholders of the Company.

The Directors are precluded by the NZX Listing Rules from voting at general meetings of shareholders on certain matters prescribed by the New Zealand Exchange. These matters include, in the case of the Directors who are also shareholders, shareholders' approval of directors' fees.

Directors and key management personnel as lenders or borrowers
An interest-free, full-recourse, loan of $208,050 was provided to the Chief Executive Officer in September 2021 pursuant to the terms of the Bremworth Equity Plan, with the proceeds of that loan applied towards the amount payable for the 500,000 fully paid-up ordinary shares issued to the Chief Executive Officer under the Bremworth Equity Plan.

Directors and key management personnel as providers of services
Paul Izzard Design Limited, a company owned and directed by non-executive Director, Paul Izzard, provided the Group with design services in relation to the new Bremworth brand experience store during the year (2023: Nil).

The fees charged by Paul Izzard Design Limited for the professional services rendered totalled $38,553, with these services approved by the Board and the fees confirmed as arms-length.

DIRECTORS' REMUNERATION AND BENEFITS

The fees paid to the Directors for services in their capacity as Directors totalled $387,000 during the year (2023: $387,000).

No other services were provided by the Directors during the year (2023: Nil).

The scale of fees payable to the Directors was last reviewed and approved by the Board in January 2019, with the current scale of fees applying with effect from 1 January 2019 set out below:

Directors' fees	Per annum	Explanatory notes
Non-executive Chair of the Board	**$128,100**	Inclusive of time spent on Board committees and as Chair of Nomination Committee
Non-executive Directors (including Deputy Chair of the Board, if any)	**$61,000**	Inclusive of time spent on Board committees
Chair of the Audit Committee	**$10,000**	In recognition of additional time and responsibilities as Chair of Audit Committee
Chair of the Remuneration Committee	**$5,000**	In recognition of additional time and responsibilities as Chair of Remuneration Committee

The Directors do not receive any other benefits (cash or non-cash) in their role as directors and are not entitled to retiring allowances on cessation of office.

9. OTHERS (CONT'D)

9e. RELATED PARTIES (CONT'D)

KEY MANAGEMENT PERSONNEL'S (INCLUDING THE CHIEF EXECUTIVE OFFICER'S) REMUNERATION AND BENEFITS

In addition to salaries and performance-based payments, the Group also provides non-cash benefits to the Chief Executive Officer of the Company and key management personnel of the Group.

These non-cash benefits may include the provision of motor vehicles, income protection insurances, life insurances and medical insurances. In assessing the value of the non-cash benefit provided to the Chief Executive Officer and key management personnel, the Group has used the value of the benefit that is used for calculating fringe benefit tax grossed up for the fringe benefit tax that is paid or payable.

The remuneration paid and payable, and the benefits provided, to the Chief Executive Officer and key management personnel (but excluding the Directors' remuneration and benefits) comprised:

	2024 $000	2023 $000
Salaries, bonuses and leave entitlements	**3,312**	2,878
Share-based payments	**108**	202
Employee benefits	**312**	287
Termination payments	**569**	–
	$4,301	$3,367

The Chief Executive Officer and key management personnel are not entitled to any post-employment benefits under their contracts of employment.

OTHER TRANSACTIONS

The Group deals with many entities and organisations in the normal course of business. The Group is not aware of any of the Directors, the Chief Executive Officer or key management personnel, or their related parties, holding positions in any of these entities or organisations that result in them having control or significant influence over the financial or operating policies of these entities or organisations (other than as disclosed above).

The Group does not transact with the Directors, the Chief Executive Officer or key management personnel, and their related parties, other than in their capacity as directors and employees, except that they may purchase carpets and rugs from the Group for their own domestic use. These purchases are on the same terms and conditions as those applying to all employees of the Group and are immaterial and personal in nature.

9f. OPERATING SUBSIDIARIES OF THE GROUP

	Principal activity	Country of incorporation	Interest (%) 2024	Interest (%) 2023
Bremworth Carpets and Rugs Limited	Carpet sales and manufacturing	New Zealand	**100**	100
Bremworth Pty Limited	Carpet sales	Australia	**100**	100
Cavalier Bremworth (Australia) Limited	Carpet distribution	New Zealand	**100**	100
Bremworth Spinners Limited	Carpet yarn sales	New Zealand	**100**	100
Elco Direct Limited	Wool acquisition	New Zealand	**100**	100

9g. EVENTS AFTER BALANCE DATE

There have been no events subsequent to 30 June 2024 which would materially affect the consolidated financial statements.

9. OTHERS (CONT'D)

9h. CLIMATE-RELATED DISCLOSURES

Understanding, and dealing with, the impact of climate-related risks
The Group has considered the impact of climate-related risks on the business and on its future financial performance, financial position and cash flows as part of the sustainability framework that has been adopted under the Group's transformation strategy to becoming an all-wool and natural materials organisation.

One of these key risks is the exposure to the effects of climate change through adverse climatic conditions (for example, flooding, with the Napier site inundated by flood waters following Cyclone Gabrielle in February 2023 and both the Whanganui and Auckland sites identified as having specific flood risks). In time, it is expected that the Group would also have to understand, and deal with, the effects of rising seas levels, with both the Napier and Whanganui sites within close proximity of the coast and significant rivers.

In relation to this risk, work to understand natural hazards at all of the Group's manufacturing sites as well as available mitigation strategies is ongoing. These mitigation strategies will include establishing appropriate stormwater infrastructure and processes to mitigate the current levels of risk posed by these events while also gaining a deeper understanding of the potential impact of these weather events including their frequency and severity as well as the resilience of the wider flood-protection infrastructures and systems that we rely on as part of our climate change adaptation.

Risk mitigation and business continuity plans
The Group has continued to focus on its risk mitigation and business continuity plans following Cyclone Gabrielle, with particular attention being given to the resilience of the new hybrid supply chain model while also ensuring that the ongoing staged reinstatement of the Napier plant is designed and implemented to improve the overall resilience of the plant should another similar event arise again.

It is also now standard practice to incorporate into all capital project assessments the learnings from the February 2023 flooding event at the Napier site, thereby reducing the risks of a similar flooding event having a similar impact on the Group following Cyclone Gabrielle in February 2023.

Insurance
The Group has in place insurances to protect it against losses arising from climate-related events.

While cover for material damage and business interruption as a consequence of floods (with cover including the recently reinstated Napier dyehouse) has been capped at $47.3 million, and with a deductible of $2.5 million and a waiting period of 45 days, at the last renewal of the Group's insurance policy, the Group will continue to work with its insurance brokers to better understand what would be required for its insurers to reinstate full flood cover for the Group over time.

Financial implications
Based on the Group's assessment, there is nothing to indicate that climate-related risks have had any impact on the carrying value of its non-financial assets as at 30 June 2024 other than those already recognised following Cyclone Gabrielle as discussed at note 3 (Cyclone Gabrielle) to the consolidated financial statements for the year ended 30 June 2024.

The Board will continue to closely monitor developments in this area and, in particular, the scope of future insurances against flooding.

9i. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS

There are no new, or pending, standards or amendments to existing standards which have, or are expected to have, a material impact on the Group.

The Group has applied the following amendments for the first time for the annual reporting period commencing 1 July 2023:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to NZ IAS 12, and
- Disclosure of Accounting Policies – Amendments to NZ IAS 1 and IFRS Practice Statement 2.

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

GOVERNANCE & OTHER DISCLOSURES

FOR THE YEAR ENDED 30 JUNE 2024

Bremworth

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GOVERNANCE AND OTHER DISCLOSURES
CORPORATE GOVERNANCE STATEMENT

YEAR ENDED 30 JUNE 2024

Bremworth's Board of Directors ("the Board") is responsible for and committed to maintaining the highest standards of corporate behaviour and responsibility and has adopted governance principles reflecting this.

The Board seeks to follow best practice recommendations for listed companies to the extent that this is appropriate for the nature and complexity of Bremworth's operations.

The Board considers that the Company's corporate governance framework materially complies with the NZX Corporate Governance Code.

Bremworth's Code of Conduct and Ethics and other key policies and charters relating to corporate governance can be found on the Company's website www.bremworth.co.nz/corporate-governance

A summary of Bremworth's governance actions and performance against each of the principles in the NZX Corporate Governance Code and its compliance with the recommendations relating to each of these principles are set out on pages 95 to 112.

PRINCIPLE 1 — CODE OF ETHICAL BEHAVIOUR

Bremworth expects its Directors, officers, employees and contractors to act legally, ethically and with integrity in a manner consistent with the Company's Code of Conduct and Ethics.

The Code of Conduct and Ethics sets out the standard of conduct expected of Directors, officers, employees and contractors and the Company's approach to stakeholders. It is supported by other policies and procedures including those that address continuous disclosures, confidentiality of information, conflicts of interest, reporting of concerns and share trading.

WHISTLEBLOWING

Bremworth has established internal procedures to monitor compliance with, and measures for dealing with breaches of, the Code of Conduct and Ethics. Bremworth encourages employees to speak out if they have concerns. The avenues for doing so are detailed in the Company's Code of Conduct and Ethics which supports the reporting and investigation of breaches of the Code of Conduct and Ethics and serious wrongdoing in or by Bremworth.

CONFLICTS OF INTEREST

The Board is conscious of its obligation to ensure that Directors, officers and employees avoid conflicts of interest between their duty to Bremworth and their own interests. Guidance is provided in the Company's Constitution, Board Charter and the Code of Conduct and Ethics.

The Board reviews at every meeting the interests register in which relevant transactions and matters involving the Directors are recorded. It is expected that Directors are sensitive to actual and perceived conflicts of interest that may occur and have constant consideration of this issue.

Bremworth does not donate to political parties.

The Directors' interest disclosures can be found on pages 113 and 114.

PRINCIPLE 1 — CODE OF ETHICAL BEHAVIOUR (CONT'D)

SHARE TRADING POLICY

Bremworth has a Share Trading Policy which, along with the Financial Markets Conduct Act 2013, imposes limitations and requirements on Directors, officers and employees in dealing in the Company's shares. Directors, officers and employees who are likely to have knowledge of, or access to, material information can only buy or sell Bremworth shares during permitted periods and with the written consent of the Board. They must not use their position of confidential knowledge of the Company or its business to engage in share trading for personal benefit or to provide benefit to any third party.

Trading in Bremworth shares while in possession of material information is strictly prohibited.

A regular review of the share register is conducted to ensure compliance with the Share Trading Policy.

CONFIDENTIAL THIRD-PARTY AGENCIES FOR WHISTLEBLOWING AND TRAINING ON CODE OF CONDUCT AND ETHICS

While Bremworth does not currently provide access to confidential third-party agencies for whistleblowing purposes or regular training on its Code of Conduct and Ethics to its employees, these matters are under consideration. In relation to its Code of Conduct and Ethics, Bremworth sets the 'tone from the top' through 'leadership by example'.

PRINCIPLE 2 — BOARD COMPOSITION AND PERFORMANCE

The Board's role is to add long-term shareholder value, while acting in a manner that the Directors believe is in the best interests of the Company and having regard to the interests of its employees and other stakeholders. The role and responsibilities of the Board are detailed in the Board Charter, which is reviewed as and when required, with a copy available on the Company's website.

DELEGATION

The Board delegates the day-to-day management of the Company to the Chief Executive Officer ("the CEO"). The CEO in turn delegates authority to senior management. These authorisation levels are set out in the Delegated Authority Policy.

BOARD COMPOSITION

The Board comprises Directors who, collectively, have the balance of independence, skills, knowledge, experience and perspectives to meet and discharge the Board's responsibilities. Core competencies and skills include health and safety, sustainability and environment, operations and asset optimisation, financial acumen, sales, marketing and distribution, legal, regulatory and risk, listed company governance, operating model transformation and well-developed ability for critical and strategic analysis.

A balance of longer-serving Directors with experience in the Company and newer Directors who bring fresh perspective and insight is desirable. The Board encourages strong individual thinking and rigorous discussion and analysis when making decisions.

Grant Biel, a long-standing Director and co-founder of the carpet business, who retired from the Board in November 2021, was appointed the Company's first-ever Director Emeritus by the Board on his retirement and continues to make himself available to the Board and to the Company.

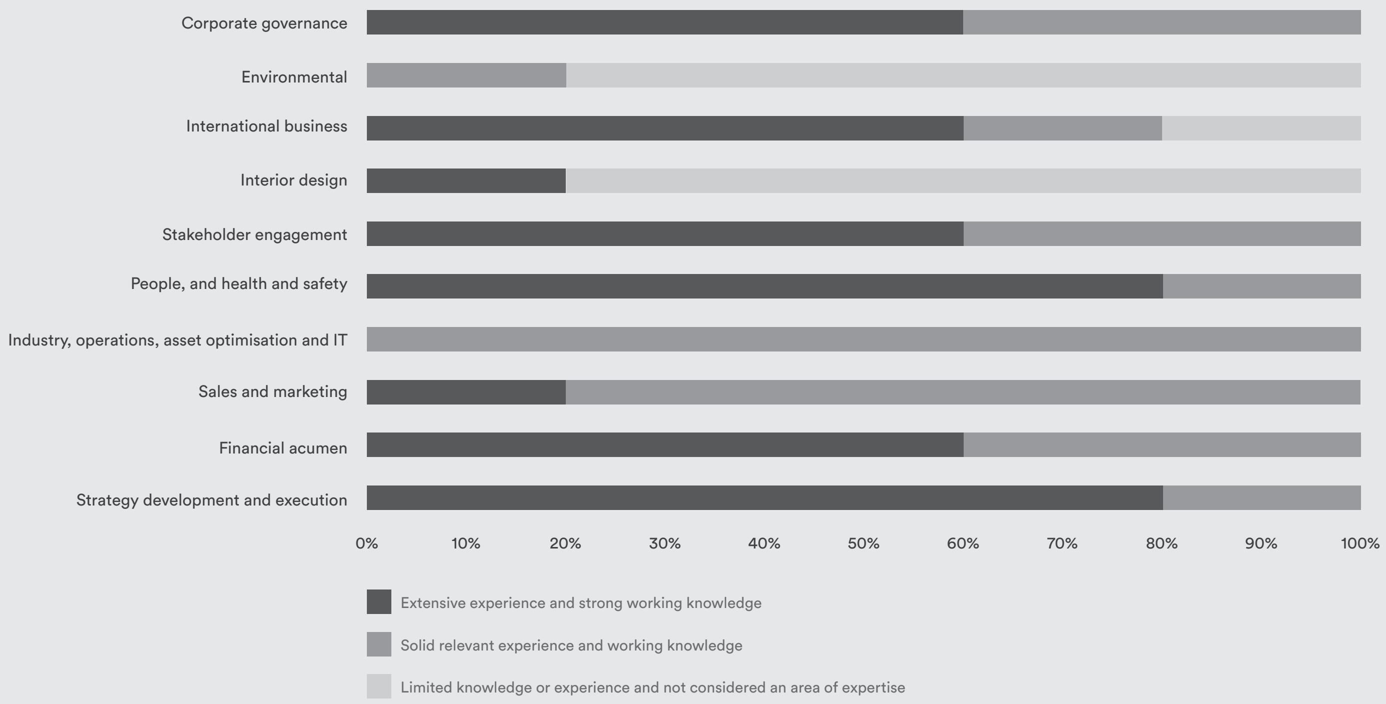
As at 30 June 2024, the Board comprised five Directors – George Adams (Chair), Paul Izzard, John Rae, Katherine Turner and Dianne Williams.

The profile of the Directors can be found on pages 16 and 17.

GOVERNANCE AND OTHER DISCLOSURES
CORPORATE GOVERNANCE STATEMENT (CONT'D)
YEAR ENDED 30 JUNE 2024

PRINCIPLE 2 — BOARD COMPOSITION AND PERFORMANCE (CONT'D)

DIRECTORS' SKILL MATRIX AS AT 30 JUNE 2024



While the Board notes that there maybe a preference for the Directors' skills matrix to be compiled on an individual rather than a collective basis, it is the Board's belief that the collective basis presents a better picture of the Board's ability to deliver on the Company's objectives, with the Directors expected to operate as a cohesive team and each bringing different, yet complementary, skills to the Board.

DIRECTOR INDEPENDENCE

The Board Charter provides that the Chair shall be an independent Director and that a majority of the Board shall be independent Directors.

Director independence is determined in accordance with the NZX Listing Rules and with regard to the factors described in the NZX Corporate Governance Code.

All Directors, being George Adams, Paul Izzard, John Rae, Katherine Turner and Dianne Williams, have been determined to be independent Directors of the Company as at 30 June 2024, with the Board having satisfied itself that none of the factors listed in the NZX Listing Rules and the NZX Corporate Governance Code that could affect director independence were present and having considered holistically the interests, position and relationships of each Director.

PRINCIPLE 2 — BOARD COMPOSITION AND PERFORMANCE (CONT'D)

DIRECTOR APPOINTMENT

Membership of the Board, and appointment and retirement of Directors by rotation, are determined in accordance with the Company's Constitution and the NZX Listing Rules.

While the appointment process is the responsibility of the whole Board, the Nomination Committee is tasked with identifying and recommending candidates to fill director vacancies for the approval of the Board. The Committee considers such factors as it deems appropriate, including capability, skill sets, experience, qualifications, judgement and the ability to work with other Directors. Reference checks are carried out on all candidates and key information about candidates is provided to shareholders to assist their decision as to whether to elect or re-elect a candidate.

Shareholders may also nominate candidates for election to the Board, with the Board asking for Director nominations prior to the Annual Meeting of shareholders each year, in accordance with the Constitution of the Company and the NZX Listing Rules.

New Directors are provided with access to governance information, key policies and all relevant information necessary to prepare them for their role. New Directors also receive presentations by the CEO and senior management on the key issues facing Bremworth, its operations and the environment and markets in which it operates.

The Company has written agreements with all Directors establishing the terms of their appointment.

The Board is satisfied that each Director has the necessary time available to devote to the position, broadens the Board's expertise and has a personality that is compatible with the other Directors.

DIRECTOR TRAINING, ACCESS TO INFORMATION AND ADVICE

Directors are encouraged to undertake appropriate training and education to ensure they remain current on how to best perform their duties. In addition, the CEO and senior management provide regular updates on relevant industry and company issues.

Directors have unrestricted access to Company information and briefings from the CEO and senior management. Site visits provide the Directors with a better understanding of the business, including its major health and safety risks and how these are managed.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, with the approval of the Chair.

EVALUATION OF DIRECTOR, BOARD AND COMMITTEE PERFORMANCE

The Board, and the Board's committees, critically evaluate annually their own performance and the performance of the individual Directors. The Board, and its committees, also review annually their own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board and its committees in effectively fulfilling their roles.

BOARD SUCCESSION PLANNING ARRANGEMENTS

The Board reviews, at least once a year, Board succession with the Chair of the Nomination Committee, with the focus including Board structure, size and composition as well as the ongoing independence of the Directors while also formulating, where necessary, succession plans for Directors that take into account impending retirements as well as the challenges and opportunities facing the Company and the skills and expertise accordingly required on the Board in the future.

The table below sets out the length of service of the Directors as at 30 June 2024.

	Date of appointment	Complete years of service
John Rae	10 July 2015	8
Dianne Williams	10 July 2015	8
George Adams	1 June 2018	6
Paul Izzard	20 November 2020	3
Katherine Turner	24 February 2022	2

PRINCIPLE 2 — BOARD COMPOSITION AND PERFORMANCE (CONT'D)

ATTENDANCE AT MEETINGS

Board meetings are usually held monthly (except for January), with other meetings held as and when required to deal with any specific matters that may arise between scheduled meetings.

The table below sets out Director attendances at Board, Board committee and shareholder meetings for the year ended 30 June 2024.

	Board	Special Board	Audit Committee	Nomination Committee	Remuneration Committee	Shareholder
Total held	**11**	**3**	**5**	**1**	**3**	**1**
Attendances:						
George Adams	11/11	3/3	5/5	1/1	3/3	1/1
Paul Izzard	11/11	3/3	5/5	1/1	3/3	1/1
John Rae	9/11	3/3	3/5	1/1	3/3	1/1
Katherine Turner	11/11	3/3	5/5	1/1	3/3	1/1
Dianne Williams	10/11	3/3	5/5	1/1	3/3	1/1

DIVERSITY AND INCLUSION POLICY

Bremworth is committed to creating an inclusive and high performing culture to drive business engagement and success.

Bremworth aims to reflect the communities we operate in. We embrace and capitalise on innovation which starts with listening and learning. Fundamental elements of our philosophy include:

— seeing the diversity of our work force as a key asset and contributor to improved business performance and decision making;

— not discriminating based on age, race, gender, sexual orientation, ethnicity or any other non-performance related differentiating factor;

— treating our people fairly and respectfully; and

— promoting diversity of thought and action, and unbiasedly rewarding capability and achievement.

The Company has a Diversity and Inclusion Policy, a copy of which is published on the Company's website. The key areas of focus are:

— sharing and promotion of the Diversity and Inclusion Policy with employees;

— a capability-based approach to recruitment of people from a diverse as possible range of candidates;

— facilitation of opportunities for diversity of thought and action from all levels of the organisation; and

— promotion of diversity and inclusion through company culture programmes and celebrations that bring employees with differing perspectives together.

PRINCIPLE 2 — BOARD COMPOSITION AND PERFORMANCE (CONT'D)

DIVERSITY AND INCLUSION POLICY (CONT'D)

Through our transformation initiatives, Bremworth has been growing its internal pipeline of talent and focusing on bringing women into supervisory and technical roles. This includes a number of women in engineering and science and/or research-based roles.

A number of initiatives are in place to support diversity and the Board believes the principles in the Diversity and Inclusion Policy were adhered to in the 2024 financial year.

Bremworth has a diverse workforce, representing more than 15 different ethnicities. English is a second language for a number of these staff, so Bremworth has initiatives in place to support them in the workplace, including the opportunity to participate in numeracy and literacy programmes. Bremworth also supports and provides flexible working arrangements – wherever possible – to recognise the diverse needs of our people.

The gender composition of the Company's Directors, officers and employees is summarised below:

	30 June 2024			30 June 2023		
	Male	Female	Total	Male	Female	Total
Directors	**3/60%**	**2/40%**	**5/100%**	3/60%	2/40%	5/100%
Officers[1]	**4/57%**	**3/43%**	**7/100%**	8/80%	2/20%	10/100%
Direct reports of officers	**25/66%**	**13/34%**	**38/100%**	45/61%	29/39%	74/100%
Rest of organisation	**139/58%**	**101/42%**	**240/100%**	202/62%	122/38%	324/100%
Total	**171/59%**	**119/41%**	**290/100%**	**258/62%**	**155/38%**	**413/100%**

[1] *An officer is a person, however designated, who is concerned or takes part in the management of the Company's business but excludes a person who does not report directly to the Board or report directly to a person who reports directly to the Board.*

	30 June 2024		30 June 2023	
Age composition	**Number**	%	Number	%
Under 30 years of age	**37**	**13**	65	16
30 to 50 years of age	**107**	**37**	160	39
50 to 65 years of age	**124**	**43**	169	41
Over 65 years of age	**22**	**7**	19	4
Total	**290**	**100**	**413**	**100**

In 2022, the Company launched two targeted development programmes as part of implementing our people capability and development pillar, with the anthropology-based culture and leadership development programme Te Ara Rangatira (which means to rise up and awaken to a high standing), and the technical development programme Poutama (which symbolises the various levels of learning and intellectual achievement). Te Ara Rangatira was extended to include developing leaders within the business in 2023, and while it was put on hold during the latter part of 2024 to allow the business to work its way through the disruptions from Cyclone Gabrielle, the learnings continue to be applied.

GOVERNANCE AND OTHER DISCLOSURES
CORPORATE GOVERNANCE STATEMENT (CONT'D)
YEAR ENDED 30 JUNE 2024

PRINCIPLE 3 — BOARD COMMITTEES

The Board utilises committees to enhance Board effectiveness in key areas, while retaining Board responsibility. Committees established by the Board make recommendations to the Board on those matters falling within the scope of the relevant committee charter. They do not act or make decisions unless specifically mandated by their charter or by prior Board authority to do so.

The Board has three standing committees – the Audit Committee, Remuneration Committee and Nomination Committee. Each of these has a Board approved charter (which can be found on the Company's website), setting out the role, responsibilities, delegations and membership requirements. The Board regularly reviews the charters of each Board committee, their performance against those charters and membership of each committee.

The Board believes that each of the committee charters complies with the relevant recommendations set out under Principle 3 of the NZX Corporate Governance Code.

The Board appoints the Chair of each committee. Members are chosen for the skills, experience and other qualities that they bring to the relevant committees.

Bremworth's Board committees as at 30 June 2024 were:

Committee	Role	Members
Audit Committee	Assists the Board in ensuring adequacy of financial management, internal reporting and monitoring processes, integrity of financial reporting, statutory audit quality and independence, internal audit and internal controls.	Katherine Turner (Chair) George Adams Paul Izzard John Rae Dianne Williams
Remuneration Committee	Assists the Board in establishing and maintaining a strong governance framework in respect of remuneration packages for Directors and for the CEO and senior management.	Dianne Williams (Chair) George Adams Paul Izzard John Rae Katherine Turner
Nomination Committee	Assists the Board in ensuring appropriate Board performance and composition and in appointing directors.	George Adams (Chair) John Rae Dianne Williams

PRINCIPLE 3 — BOARD COMMITTEES (CONT'D)

AUDIT COMMITTEE MEMBERSHIP QUALIFICATIONS AND EXPERIENCE

Three members of the Audit Committee, being Katherine Turner, George Adams and John Rae, have in-depth knowledge of, and significant experience in, accounting, finance and financial reporting.

Katherine Turner, who is Chair of the Audit Committee, is a highly experienced finance executive and respected leader and a qualified Chartered Accountant. She is also a Chartered Member of the New Zealand Institute of Directors. Katherine has held a variety of senior finance and commercial roles in medium and large multinational companies, including Fonterra and Danone. She is currently Vice President Finance for TOMRA Food and, prior to this, was Chief Financial Officer at Sanford Limited.

George Adams has significant finance, commercial and governance experience from more than 30 years of international business experience in the fast-moving consumer goods and telecommunications industries, as well as a strong background in occupational health and safety. George was previously Managing Director of Coca-Cola Amatil New Zealand and Fiji, a role he held for 10 years. During this time, George also chaired the New Zealand Food and Grocery Council. Prior to moving to New Zealand in 2003, George was Finance Director of British Telecom Northern Ireland and Group Finance Director of Dublin-based bottling company Molino Beverages. George is a Fellow of the Institute of Chartered Accountants in Ireland and a Chartered Fellow of the Institute of Directors in New Zealand.

John Rae, who has degrees in law and commerce, spent his early career in banking in New Zealand and in London in various treasury and capital market roles for 10 years before returning to New Zealand and undertaking a number of private equity, venture capital and corporate finance transactions in Australasia. John Rae is, today, an experienced chair and director across a range of industries, with his specialisation including governance of entities facing challenging situations and transformations, and shareholder transition and succession.

INDEPENDENT TAKEOVER COMMITTEE

The Board has a Takeover Response Policy setting out the objectives of the Company's takeover response strategy and establishing the appropriate protocols to be followed in the event of a takeover offer for the Company. It covers, among other things:

- structure of the takeover response team and roles of key groups in the team;
- the Takeovers Code process and timetable;
- steps to be taken on receipt of a takeover notice;
- communications between the Company and the bidder; and
- potential takeover response strategies.

The Takeover Response Policy also provides guidance on the composition of the Board Takeover Committee to ensure that it is independent of the bidder, while also providing further guidance on the disclosure of the composition of the Takeover Committee once it has been appointed and the bid made public.

PRINCIPLE 4 — REPORTING AND DISCLOSURE

CONTINUOUS DISCLOSURE

The Board is responsible for the timeliness, accuracy and completeness of all Company disclosures, including its results, financial reporting and all matters relating to its business activities that could have a material effect on the price of Bremworth shares if they were generally available to the market.

Bremworth is committed to promoting investor confidence by providing timely, accurate, complete and equal access to material information, both positive and negative, in accordance with the NZX Listing Rules. To achieve and maintain high standards of disclosures, Bremworth has adopted a Continuous Disclosure Policy, which is designed to ensure compliance with NZX continuous disclosure guidance note.

This policy, a copy of which is published on the Company's website, sets guidelines and outlines responsibilities to safeguard the Company against inadvertent breaches of continuous disclosure obligations.

FINANCIAL REPORTING

The Board is committed to balanced, clear and objective financial reporting, which includes preparing consolidated financial statements that comply with New Zealand Generally Accepted Accounting Practice and fairly present the Group's financial position as at the Group's balance date and its financial performance and cash flows for the year ended on that date.

The Audit Committee assists the Board in providing oversight of the quality and integrity of external financial reporting including the accuracy and completeness of the financial statements. In preparing the consolidated financial statements, the Company also ensures that its financial reporting is accompanied by sufficient explanation and is expressed in a clear and objective manner to assist investors in making informed investment decisions.

All matters required to be addressed, and for which the Committee has responsibility, were addressed during the reporting period.

The Directors believe that proper accounting records which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate the compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013 have been kept.

The former Chief Financial Officer holds the role of Company Secretary. In all secretarial matters, the Board ensures that the Company Secretary's reports are objective and that the Company Secretary has unfettered access to the Chair and the Audit Committee, without reference to the CEO.

PRINCIPLE 4 — REPORTING AND DISCLOSURE (CONT'D)

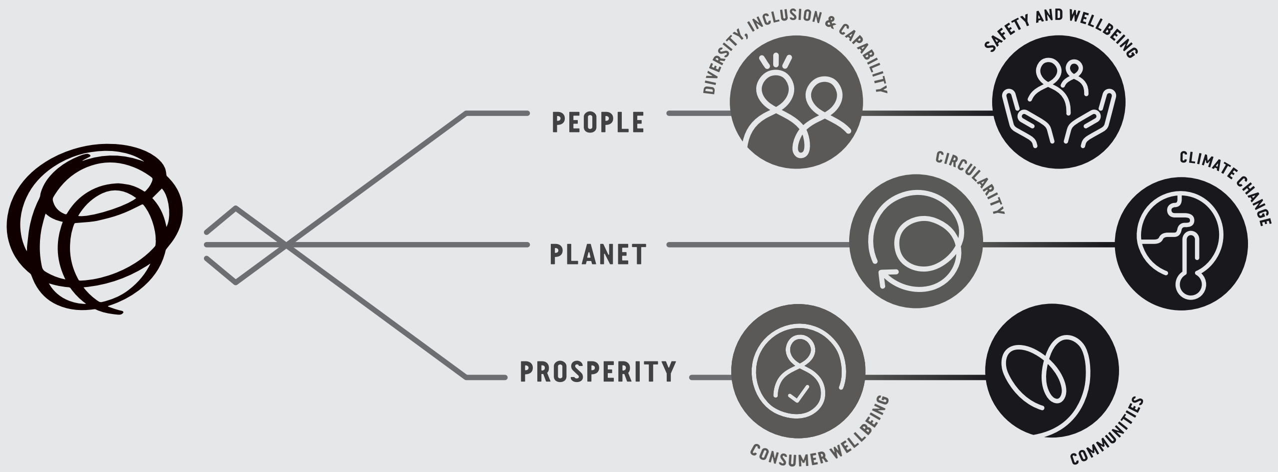
NON-FINANCIAL REPORTING (INCLUDING SUSTAINABILITY)

In addition to shareholders, Bremworth has a wide range of stakeholders and maintains open channels of communication for all audiences, including the investing community and the New Zealand Shareholders' Association, as well as its employees, suppliers and customers.

Bremworth's vision is to become a global leader in designing and creating desirable, sustainable, safe and high performing natural interiors with its purpose to find a more sustainable way. This includes enhancing consumer wellbeing by producing innovative products in an economically inclusive, socially just and environmentally restorative way, while also being conscious to how its activities affect employees, contractors, communities and the environment in which it operates.

Insight into Bremworth's assessment of its business, strategy and performance as well as the progress of its transformational shift towards becoming a design-led wool-focused company can be found on pages 1 to 29.

A detailed framework addressing the Company's environmental and social responsibilities has been developed, with the business following the integrated People, Planet and Prosperity framework with the three key pillars detailed below:



The Board is pleased to provide shareholders with our progress update for the 2024 financial year as the Company continues to build on the existing framework with climate change and circularity our current key focus areas.

While our decarbonisation programmes have been severely disrupted by the impact of Cyclone Gabrielle on our Napier yarn spinning plant, we remain committed to our decarbonisation objectives – with the focus currently on how we can work with our partners in our new hybrid yarn supply chain to reduce our carbon footprint.

We have also continued to look at the raw materials that we use in our manufacturing processes, with the Company having not only enhanced its visibility into the raw materials within its supply chain but also taken steps to transition away from insecticides and metal-containing dyes to alternatives that are better for people while also protecting the planet.

Bremworth is not a climate reporting entity (CRE) because it falls under the financial threshold required to be a CRE. As a consequence, it is not required to prepare and lodge climate statements on the Climate-Related Disclosures (CRD) register that has been established under the CRD regime that came into effect on 1 January 2024.

Despite this, Bremworth acknowledges the role that it has to play in the move towards decarbonisation and remains committed to environmental sustainability.

NON-FINANCIAL REPORTING REVIEW PROCESS

Bremworth's non-financial reporting is not reviewed by an external auditor or otherwise independently audited, with Bremworth seeking to ensure that its non-financial reporting disclosures are materially accurate by having a robust internal review process that seeks to ensure the accuracy and objectivity of these disclosures.

GOVERNANCE AND OTHER DISCLOSURES
CORPORATE GOVERNANCE STATEMENT (CONT'D)
YEAR ENDED 30 JUNE 2024

PRINCIPLE 5 — REMUNERATION

The Board has a clear policy for setting remuneration of Directors and senior management at levels that are fair and reasonable to attract, reward and retain the skills, knowledge and experience required to enhance the Company's performance.

Bremworth's Remuneration Policy is available on the Company's website.

The Remuneration Committee assists the Board in discharging its responsibilities in relation to setting and reviewing of Directors' remuneration and senior management objective setting, performance review and remuneration.

External advice is sought as required to ensure remuneration is benchmarked to the market for Directors and senior management positions.

DIRECTORS' REMUNERATION

Shareholders resolved at the October 2018 Annual Meeting that the total remuneration to be paid to the non-executive Directors be fixed at a sum not exceeding $450,000 per annum, such sum to be divided amongst them in such proportions and in such manner as they may determine.

The remuneration payable to the Directors was last reviewed and approved by the Board on 18 January 2019, with the current scale of Directors' remuneration applying from 1 January 2019 set out on page 88 (note 9e (Related parties) to the consolidated financial statements).

The total remuneration paid to the Directors for the year ended 30 June 2024 was $387,100, with the details paid to each Director set out on page 115.

The Directors do not receive any other benefits (cash or non-cash) in their role as directors and are not entitled to retiring allowances on cessation of office. Directors are also not entitled to performance-based remuneration.

Directors are not eligible to participate in any of Bremworth's share-based payment arrangements and no shares, options or performance rights have been issued to the Directors under any of these share-based payment arrangements.

REMUNERATION STRATEGY

Bremworth's remuneration strategy is:

- aligned with its recruitment and leadership development philosophies and its approaches to performance management to ensure the attraction, development and retention of talented individuals; and
- underpinned by a pay-for-performance philosophy and utilises annual performance incentives to provide opportunities for individuals to achieve market competitive remuneration levels and in the case of superior performance, total remuneration above market.

CEO AND EXECUTIVE REMUNERATION

The CEO and executive remuneration packages are made up of three key components – being fixed remuneration (in the form of fixed base salary plus fringe benefits), variable short-term performance incentives and long-term performance incentives.

FIXED REMUNERATION

Bremworth's philosophy with respect to fixed remuneration is to ensure that all employees are fairly and equitably remunerated relative to similar businesses and positions within the New Zealand market.

Fixed remuneration levels are reviewed annually for market competitiveness and alignment with strategic priorities and performance outcomes and to ensure:

- our employees are strongly motivated to deliver shareholder value;
- the Company is able to attract and retain high-performing employees who will ensure the achievement of business objectives; and
- the provision of benefits and allowances that contribute to the health and well-being of our employees.

PRINCIPLE 5 — REMUNERATION (CONT'D)

SHORT-TERM PERFORMANCE INCENTIVES

Short-term performance incentives are at-risk payments that are designed to motivate and reward performance during a financial year, with targets set by the Board having regard to strategic priorities and desired performance outcomes from time to time.

Short-term performance incentives include both Company targets and individual targets, with minimum thresholds in place for both of these. Eligibility to short-term performance incentives is conditional on these thresholds being achieved in the first instance, with pay outs dependent on the extent to which actual performance exceeds the targets determined by the Board.

The Company targets for the 2023 financial year include both revenue and profitability, with each of these given equal weightings. No short-term performance incentive plan was implemented for the 2024 financial year as a consequence of the disruptions to the business following Cyclone Gabrielle.

Individual targets (and the clear measures underlying these targets to determine achievement or non-achievement in any one year) are set having regard to the roles and responsibilities held by the CEO and each member of the executive leadership team and as agreed with the Board (in the case of the CEO) and with the CEO (in the case of the executive leadership team) at the start of the relevant financial year.

Short-term incentives entitlements for on-target performance and over-performance are set out in the table below:

	Entitlement for on-target performance	Maximum entitlement for over-performance
CEO	40% of base salary	60% of base salary
Member of the executive leadership team	20% to 25% of base salary	30% to 37.5% of base salary

LONG-TERM PERFORMANCE INCENTIVES

Bremworth's long-term performance incentives are designed to align the interests of the CEO and members of the Bremworth executive leadership team with those of shareholders, and to incentivise them to enhance long-term shareholder value, through share-based payment arrangements.

These long-term incentives include:

— the issue of shares and options in September 2021 and April 2022 respectively to the CEO pursuant to the Bremworth Equity Ownership Plan and the Bremworth Share Option Scheme respectively; and

— the issue of FY23-25 performance rights in October 2022 to selected senior executive employees under the 2022 Long-Term Incentive Scheme.

More information on these long-term incentives can be found on pages 85 and 86 (note 9b (Share-based payment) to the consolidated financial statements).

The 2022 Long-Term Incentive Scheme provides for the allocation of shares, annually, to such selected members of the executive leadership team ("the Participants") as the Board shall determine as part of the Participants' total remuneration package, with:

— the market value of the shares to be allocated to the Participants equal to between 20% and 25% of base salary of the Participants; and

— these shares to vest at the end of the performance period (of up to three years) subject to the fulfilment of the performance conditions set down by the Board.

No issue of FY24-26 performance rights was made in the 2024 financial year as a consequence of the disruptions to the business from Cyclone Gabrielle.

PRINCIPLE 5 — REMUNERATION (CONT'D)

CEO'S REMUNERATION

The remuneration of the CEO is set independently, and without any involvement of the CEO, on an arm's length commercial basis as recommended by the Remuneration Committee and approved by the Board.

The CEO's remuneration comprises a fixed base salary, a variable short-term incentive that is payable annually subject to attainment of targets, awards under the Bremworth Equity Ownership Plan (Bremworth Equity Plan) and the Bremworth Share Option Scheme (Bremworth Option Scheme) and other benefits (including fringe benefits and holiday pay entitlements).

The targets under the short-term incentive plan include growth in revenue and/or profitability as well as the delivery of strategy, health and safety, leadership and culture outcomes as agreed with the CEO at the commencement of the period, with 40% of fixed base salary payable for on-target performance, and up to 60% payable for over-performance, under the plan.

No amount was payable under the short-term incentive plan for the year ended 30 June 2023, with the Company failing to achieve both the revenue and profit targets agreed with the CEO.

The Company did not put in place the short-term incentive plan for the year ended 30 June 2024 as a consequence of the disruptions to the business following Cyclone Gabrielle.

The Company issued two tranches of options under the Bremworth Option Scheme to the CEO during the year ended 30 June 2022, with 480,000 options on 10 September 2021 and a further 520,000 options on 8 April 2022.

The Company also issued 500,000 fully paid-up ordinary shares pursuant to the terms of the Bremworth Equity Plan to the CEO on 10 September 2021, with the consideration for the shares of $208,050 funded by way of an interest-free, full-recourse, loan provided by the Company to the CEO.

The CEO is not entitled to "golden parachute" or "golden handshake" payments on termination of employment, with no such payments, or other specific termination payments, provided for in his contract of employment.

The remuneration of the CEO can be analysed as follows:

	Fixed base salary received[1]	Short term incentive receivable[1]	Share-based payments[4]	Other benefits received or receivable[5]	Total remuneration
Year ended 30 June 2024	**$566,500**	**Nil[2]**	**$77,877**	**$72,793**	**$717,170**
Year ended 30 June 2023	$566,500	Nil[3]	$78,326	$31,338	$676,164

[1] *Inclusive of 3.0% Employer KiwiSaver*

[2] *No short-term incentive plan for 2024 as a consequence of the disruptions following Cyclone Gabrielle*

[3] *40% of fixed base salary payable for on-target performance and up to 60% payable for over-performance, with nothing payable for 2023*

[4] *Fair value of options issued under the Bremworth Option Scheme*

[5] *Inclusive of fringe benefits and holiday pay entitlement, as well as a one-off discretionary payment of $40,000 for post-Cyclone Gabrielle recovery efforts for the year ended 30 June 2024*

PRINCIPLE 6 — RISK MANAGEMENT

Bremworth is committed to the effective management of risk, which is fundamental to the Company's growth and profitability targets and outcomes.

The Company maintains a risk management framework for the identification, assessment, monitoring and management of risk and has in place, among other policies, a Health and Safety Policy, a Treasury Management Policy and a Delegated Authority Policy to manage specific risks.

The Board is responsible for overseeing and approving the Company's risk management framework and risk tolerance levels as well as ensuring that an effective assurance system is in place, with assistance sought from external independent experts where appropriate.

PROCESS

The Company conducted a comprehensive review of its key risks during the year. This review took into account, among other things, the learnings from the disruptions to the business as a consequence of Cyclone Gabrielle, the changes that had to be made to the business post-Cyclone Gabrielle and the findings of the Board-led strategic review that was concluded earlier in the year.

In conducting this review, the Company considered both the potential impact and likelihood of risks that had been identified by its businesses, allowing the Board and management to prioritise these risks and to focus on those areas presenting the highest risks to the Group.

Management is required, as part of the Company's risk management framework, to report on the top 10 risks that have been identified to the Board quarterly – focusing on any changes in potential impact and likelihood of these risks as well as the control environment that has been put in place to mitigate those risks and the effectiveness of those controls. Additionally, management is also required, as part of this risk management framework, to report annually on all risks recorded in the risk register to give the Board insight into risks as a whole and how these have changed over the year.

Some of the risks that have been identified are discussed in more detail below.

FINANCIAL RISKS

The material financial risks facing the business and the management of these risks are discussed at pages 72 to 82 (note 8 (Risks and financial instruments) to the consolidated financial statements) with management operating under the Board-approved Treasury Management Policy and ensuring that procedures for derivative instrument utilisation, control and valuation, risk analysis, counterparty credit approval, and ongoing monitoring and reporting are adhered to.

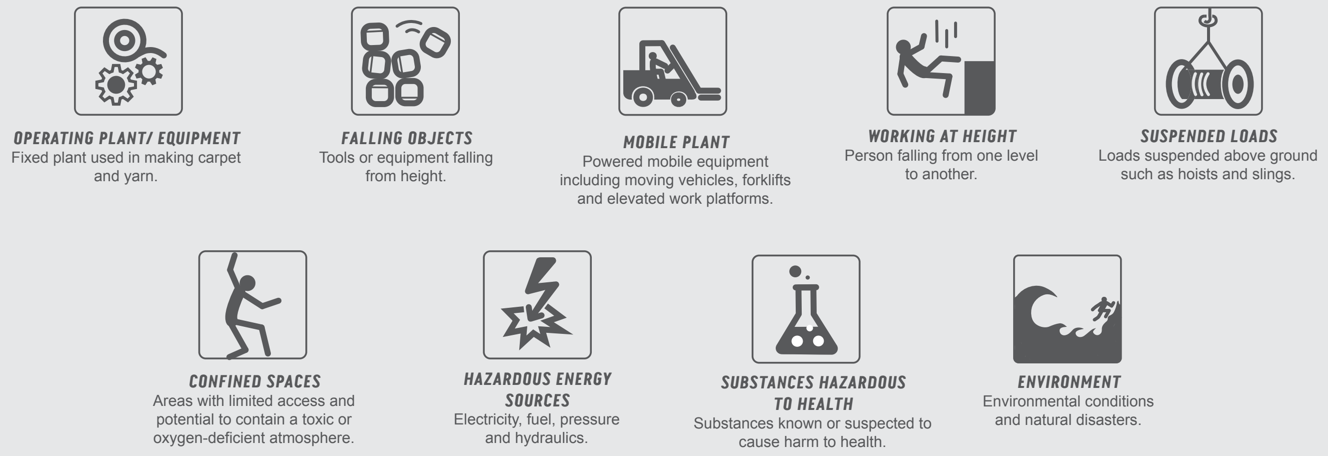
PRINCIPLE 6 — RISK MANAGEMENT(CONT'D)

HEALTH AND SAFETY RISKS

The Board has a Health and Safety Policy, a copy of which is published on the Company's website.

The Health and Safety Policy provides the context, direction and framework within which all other health and safety materials are developed. It is the foundation for managing health and safety risks whilst applying a learning and people-centric lens to our operations and risk management. Our critical risk framework and controls are key enablers and challenge us to design out risk where possible. To enable our people to thrive, we designed a holistic approach to their safety and wellbeing so that we support our team to be their best selves.

Our critical risks are shown below:



The Board adopts a risk-based approach to health and safety risk management, focusing on strengthening critical risk management, while continuing to develop organisational capability and accountability for making health and safety an integral part of our business. Health and safety is a standing agenda item at Board meetings and Directors complete site visits which include a health and safety focus.

Bremworth provides comprehensive training and education that equips our employees with the knowledge and skills to uphold safety standards, respond effectively to emergencies, and foster a culture of continuous improvement and wellbeing.

There is an ongoing emphasis to learn from high-risk potential events and to proactively manage risks to prevent reoccurrence. A key initiative to support this is the implementation of a "Learning Teams" approach to investigations.

The Health and Safety programme concentrates on clearly identifying critical risks and strengthening control effectiveness for these key critical risks. Key areas of the programme include improving machinery safety, implementation of electric forklifts and reducing hazardous substance risk. Initiatives are executed within a cycle of continuous improvement and with the input and support of our site Health and Safety committees.

Underpinning this is a focus to protect and grow our talent, maintain strong safety leadership and create psychologically safe workplaces for our people to thrive.

PRINCIPLE 6 — RISK MANAGEMENT(CONT'D)

CLIMATE-RELATED RISKS

The climate-related risks facing the business, and the management of these risks, are discussed at page 91 (note 9h (Climate-related disclosures) to the consolidated financial statements).

CYBER RISKS

In response to cyber threats – which are continuing to grow and evolve – Bremworth has a comprehensive programme in place to protect itself against these threats.

This programme includes external independent reviews of the control environment that has been put in place, regular penetration tests to provide ongoing assurances around the integrity of that control environment and the various initiatives aimed at raising awareness internally of these threats. Additionally, Bremworth also has insurance cover against cyber risks.

Internal monitoring and maintenance procedures have also been established, with Bremworth consistently achieving a security score well above the average for organisations of a similar size.

BUSINESS AND OTHER OPERATIONAL RISKS

Business and operational risks facing Bremworth include the risks arising from the new hybrid yarn supply chain that has been established in response to the disruptions brought about by Cyclone Gabrielle, with the Company undertaking a staged reinstatement of machinery at its Napier yarn spinning plant to mitigate those risks while also enabling it to continue to innovate and scale distinctive product ranges.

GOVERNANCE AND OTHER DISCLOSURES
CORPORATE GOVERNANCE STATEMENT (CONT'D)
YEAR ENDED 30 JUNE 2024

PRINCIPLE 7 — AUDITORS

EXTERNAL AUDIT

The Board is responsible for ensuring the quality and independence of the statutory audit process and has adopted an External Audit Independence Policy, a copy of which is published on the Company's website.

Specifically, the External Audit Independence Policy requires, among other things:

— the rotation of the key audit partner every five years, with Philippa Cameron, the current key audit partner having completed four years in that role;

— a mandatory three year stand down period to be completed before a key audit partner can be appointed to the Bremworth audit again.

The Company does not currently have a policy on the tenure of its audit firm, with PwC appointed external auditor in May 2021.

The Audit Committee is charged with considering, and making recommendations to the Board regarding, any issues relating to the independence, performance, appointment or termination of the external auditor.

The Committee reviews the quality and cost of the statutory audit undertaken by the Company's external auditor and provides a formal channel of communication between the Board, senior management and external auditor. The Committee also assesses the external auditor's independence on an annual basis.

Bremworth's external auditor attends the Annual Meeting and is available to answer questions relating to the conduct of the statutory audit and the preparation and content of the auditor's report.

The fees paid to the external auditor for audit work for the years ended 30 June 2023 and 2024 are set out on page 57 (note 4e (Administration expenses) to the consolidated financial statements).

All non-audit work carried out by the external auditor are required to be approved by the Board pursuant to the External Audit Independence Policy as having no effect on the independence or objectivity of the external auditor in relation to its statutory audit work.

In determining whether a non-audit related service impinges on the independence or objectivity of the external auditor, consideration is given to, among other things, the people doing the work, the nature of the work done and whether it involves any calculations of balances in the financial statements or for financial reporting.

The external auditor did not provide any non-audit services during the 2024 financial year.

INTERNAL AUDIT

Bremworth suspended its internal audit programme during the year, pending the complete review of the key risks facing its businesses as discussed in more detail under Principle 6 – Risk Management.

This review work, which was completed during the year, will inform the internal audit programme going forward, with the focus of the programme directed at the key risks that have been identified and the control environment that has been put in place to manage these key risks.

Bremworth adopts a risk-based approach to internal audit that prioritises audit activities based on the potential impact and likelihood of risks, with this approach helping to ensure that audit resources are not only adequate but also focused on those areas that present the highest risks to the Group.

The Group anticipates that its internal audit programme will provide objective assurance of the effectiveness of its internal control framework while also bringing a disciplined approach to evaluating and improving the effectiveness of risk management, internal controls and governance processes.

PRINCIPLE 8 — SHAREHOLDER RIGHTS AND RELATIONS

Bremworth respects the rights of shareholders, is focused on fostering constructive relationships with shareholders that encourage them to engage with the Company and values dialogue with institutional and private investors.

Bremworth is also committed to giving all shareholders comprehensive, timely and equal access to information about its activities and keeps shareholders informed through:

- continuous disclosures to NZX;
- half year and annual reports, including accompanying shareholder presentations where appropriate;
- the Annual Meeting and any other meetings of shareholders called to obtain approval for Board actions as appropriate; and
- the Company's website www.bremworth.co.nz/investor-centre where investors and interested stakeholders can access financial and operational information and key corporate governance information about the Company.

The Board encourages shareholders to opt to receive communications from the Company electronically, thereby ensuring that they get access to communications efficiently and in a timely manner.

SHAREHOLDER MEETINGS

The Board encourages full participation of shareholders at shareholder meetings to ensure a high level of Director and management accountability and shareholder identification with Bremworth's strategies and goals – with shareholders able to attend and participate at shareholder meetings either in person or virtually (that is, online).

Shareholders are able to ask questions of and express their views to the Board, management and the external auditor at Annual Meetings of shareholders. The Board adopts the one share, one vote principle, conducting voting at shareholder meetings by poll. Shareholders are also able to cast postal votes or vote by proxy ahead of meetings without having to physically attend those meetings.

Bremworth aims to make its notice of Annual Meeting and any other meetings of shareholders available on its website at least 20 working days prior to the meeting, with the notice of meetings accompanied by virtual meeting guides that help shareholders understand how the virtual meetings would be conducted and how to better participate at these meetings.

The next Annual Meeting is to be held on Tuesday, 26 November 2024.

VARIANCES TO NZX CORPORATE GOVERNANCE CODE

NZX Corporate Governance Code Principle	NZX Corporate Governance Code Recommendation	Key difference	Board's position
1. Ethical Standards	1.1: Training should be provided regularly	Regular training on the Code of Conduct and Ethics is not being provided	This is under consideration with the new executive leadership team in place and the additional resourcing that is available
2. Board Composition and Performance	2.5: The Board should set measurable objectives for achieving diversity	The Board has not set measurable objectives under the Diversity and Inclusion Policy for achieving diversity	The Board considers diversity outcomes can be achieved without measurable objectives, with the increase in the number of women in the executive leadership team (from two to three or from 20% to 43%) over the 2024 financial year demonstrating this approach

DIRECTORS

The Directors of the Company as at 30 June 2024 were:

George Adams
Paul Izzard
John Rae
Katherine Turner
Dianne Williams

INTERESTS REGISTER

The Companies Act 1993 requires the Company to maintain an interests register in which are recorded the particulars of certain transactions and matters (eg. use of company information, remuneration, indemnity and insurance and share dealing) involving the Directors. It further requires particulars of the entries in the interests register for the year to be disclosed in the annual report.

USE OF COMPANY INFORMATION

No notices were received from the Directors regarding the use of company information that would not otherwise have been available to them, except in their capacity as directors, during the year.

REMUNERATION

The scale of remuneration payable to the Directors with effect from 1 January 2019 was approved by the Board of Directors on 18 January 2019 and is set out on page 88 (note 9e (Related parties) to the consolidated financial statements).

INDEMNITY AND INSURANCE

The Board of Directors authorised, during the year, the renewal of the Company's directors' and officers' liability insurance policies covering the risks arising out of the acts or omissions of the Directors and employees of the Company and its subsidiaries to the extent normally covered by such policies.

The total cost of these policies for the year ended 30 August 2024 was $139,075 which was considered fair to the Company.

SHARE DEALING

No notices were received from the Directors in relation to share dealing during the year.

Directors' relevant interests in shares in the Company as at 30 June 2024 were:

Dianne Williams	
Beneficial	5,000
Other	-

There is no requirement for the Directors to hold shares in the Company, with the Directors only encouraged to do so pursuant to the Board Charter.

Directors are not eligible to participate in any of Bremworth's share-based payment arrangements and no shares, options or performance rights have been issued to the Directors under any of these share-based payment arrangements.

INTERESTS REGISTER (CONT'D)

SPECIFIC DISCLOSURES OF INTEREST

No specific disclosures of interest were received during the year.

GENERAL DISCLOSURES OF INTEREST

General disclosures of interest that were current as at 30 June 2024 were:

George Adams	Apollo Foods Limited	Executive Chairman and shareholder
	Mars Manufacturing Limited	Director
	The Apple Press Limited	Director
	Apollo Brands Limited	Director
	Arborgen Holdings Limited	Director and shareholder
	Insightful Mobility Limited	Chairman and shareholder
	Netlogix Group Holdings Limited	Chairman
	New Zealand Frost Fans Limited	Chairman and shareholder
	Synlait Milk Limited	Chairman
	Synlait Milk Finance Limited	Chairman
	Business Leaders Health and Safety Forum	Chairman
	Worksafe Partners Advisory Group	Member
Paul Izzard	Paul Izzard Design Limited	Director and shareholder
	Windswept Trust	Trustee
John Rae	Abodo Limited	Chairman
	Corson Grain Limited	Director
	Crown Regional Holdings Limited	Chairman
	F J Hawkes & Co. Limited	Director and shareholder
	Gobble Limited	Director and shareholder as nominee
	Jaffa Holdings Limited	Director and shareholder
	Kingyo Foods Limited	Director and shareholder as nominee
	Midlands Fund Management Limited	Director
	Thos Corson Holdings Limited	Chairman
	Wet Gisborne Limited	Director
	Te Rahui Herenga Waka Whakatane GP	Chairman
	New Zealand Government Waste Minimisation Fund	Panel Member
	JR Family Trust	Trustee
Katherine Turner	Compac Sorting Equipment Limited	Director
	Compac Technologies Limited	Director
	Taste Technologies Limited	Director
	Taste Technologies Installations Limited	Director
	Cresta Properties Limited	Director and shareholder
	Garden to Table	Trustee
Dianne Williams	Coromandel Pure Honey 2020 Limited	Director and shareholder
	Darden Limited	Director and shareholder
	Darden Holdings Limited	Director and shareholder
	Stepchange Consulting Limited	Director and shareholder

GOVERNANCE AND OTHER DISCLOSURES
DISCLOSURES UNDER THE COMPANIES ACT 1993 (CONT'D)
YEAR ENDED 30 JUNE 2024

DIRECTORS' REMUNERATION

The total remuneration and value of other benefits earned by each of the Directors of the Company for the year ended 30 June 2024 were:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Other benefits	Total
George Adams	$128,100	–	–	–	–	$128,100
Paul Izzard[1]	$61,000	–	–	–	–	$61,000
John Rae	$61,000	–	–	–	–	$61,000
Katherine Turner	$61,000	$10,000	–	–	–	$71,000
Dianne Williams	$61,000	–	$5,000	–	–	$66,000
Total	**$372,100**	**$10,000**	**$5,000**	**–**	**–**	**$387,100**

[1] *Fees paid to Paul Izzard Design Limited for professional services rendered are disclosed on page 88 (note 9e (Related Parties) to the consolidated financial statements).*

EMPLOYEES' REMUNERATION

The number of employees of the Company and its subsidiaries whose remuneration and value of other benefits for the year ended 30 June 2024 fall into the various brackets specified by the Companies Act 1993 is as follows:

Remuneration and value of other benefits ($)	Number of employees – 2024	Number of employees – 2023
100,000 – 109,999	14	17
110,000 – 119,999	16	7
120,000 – 129,999	5	10
130,000 – 139,999	7	6
140,000 – 149,999	5	8
150,000 – 159,999	3	1
160,000 – 169,999	1	2
170,000 – 179,999	3	3
180,000 – 189,999	1	–
190,000 – 199,999	2	3
210,000 – 219,999	1	–
220,000 – 229,999	–	2
230,000 – 239,999	–	2
240,000 – 249,999	2	1
250,000 – 259,999	1	–
260,000 – 269,999	2	–
270,000 – 279,999	1	1
280,000 – 289,999	–	1
290,000 – 299,999	2	–
310,000 – 319,999	–	1
410,000 – 419,999	–	1
430,000 – 439,999	–	1
470,000 – 479,999	1	–
510,000 – 519,999	1	–
670,000 – 679,999	–	1
690,000 – 699,999	1	–
710,000 – 719,999	1	–
Total number of employees	**70**	**68**

DONATIONS

Refer to page 57 (note 4e (Administration expenses) to the consolidated financial statements).

The Company does not make political donations.

AUDIT FEES

Refer to page 57 (note 4e (Administration expenses) to the consolidated financial statements).

SUBSIDIARY COMPANY DIRECTORS

The following persons respectively held office as directors of subsidiary companies as at the end of the year:

Subsidiaries	Directors
Bremworth Carpets and Rugs Limited	**Greg Smith**
Bremworth Spinners Limited	
Elco Direct Limited	
Bremworth Share Scheme Limited	
Cavalier Bremworth Limited	
Cavalier Bremworth (Australia) Limited	
Cavalier Bremworth (North America) Limited	
Cavalier Spinners Limited	
Knightsbridge Carpets Limited	
EnCasa Carpets Limited	
Norman Ellison Carpets Limited	
Carpet Distributors Limited	
Horizon Yarns Limited	
Cavalier Commercial Limited	
Radford Yarn Technologies Limited	
E Lichtenstein and Company Limited	
Elcopac Limited	
Elcowool Limited	
e-Wool Limited	
Microbial Technologies Limited	
Northern Prospecting Limited	
Bremworth Pty. Limited	**Greg Smith**
Cavalier Holdings (Australia) Pty. Limited	**Michael Ingham**
Cavalier Bremworth Pty. Limited	
Norman Ellison Carpets Pty. Limited	
Cavalier Commercial Pty. Limited	

No subsidiary company directors received, in their capacity as such, directors' fees or other benefits from the subsidiaries.

Greg Smith is a trustee of The New Zealand Chiropractic Education Trust Board, with that interest noted in the interests register of the subsidiary companies.

The remuneration and value of other benefits of these directors is disclosed under employees' remuneration on page 115.

ANALYSIS OF SHAREHOLDINGS

	Number of shareholders	%	Shares held	%
Size of shareholdings				
Up to 199	100	3.68	8,259	0.01
200 – 499	117	4.30	39,682	0.06
500 – 999	210	7.73	145,744	0.21
1,000 – 1,999	466	17.14	634,515	0.91
2,000 – 4,999	679	24.98	2,072,827	2.96
5,000 – 9,999	440	16.19	2,909,749	4.15
10,000 – 49,999	568	20.90	11,218,290	16.01
50,000 – 99,999	70	2.58	4,644,867	6.63
Over 99,999	68	2.50	48,395,493	69.06
	2,718	**100.00**	**70,069,426**	**100.00**
Location of shareholders				
New Zealand	2,602	95.73	69,069,069	98.57
Overseas				
Australia	73	2.69	494,866	0.71
Others	43	1.58	505,491	0.72
	2,718	**100.00**	**70,069,426**	**100.00**

Top 20 shareholders	Shares held	%
Rural Aviation (1963) Limited	8,567,642	12.23
Custodial Services Limited (Account 4)	4,359,770	6.22
Brian Edward Woolf	3,800,000	5.42
Brigit Kirsten Timpson	2,402,680	3.43
Matthew Charles Timpson and Rennie Cox Trustees No 8 Limited (Matthew Timpson Family Account)	2,402,680	3.43
Suzanne Rachel Timpson and Fairlie Ann Milne (Suzanne Timpson No 1 Family Account)	2,402,679	3.43
New Zealand Depository Nominee Limited (Account 1 Cash Account)	2,181,349	3.11
FNZ Custodians Limited	2,042,550	2.92
Gregory John Muir	1,225,000	1.75
Accident Compensation Corporation	1,162,062	1.66
Maarten Arnold Janssen	1,027,516	1.47
Fergus David Elliott Brown	1,000,000	1.43
F B Trustee Limited (Fergus Brown Family Account)	1,000,000	1.43
Ian David McIlraith	940,000	1.34
Bremworth Share Scheme Limited	890,328	1.27
Masfen Securities Limited	787,500	1.12
Neil Douglas Waites	737,989	1.05
Percy Keith McFadzean	715,000	1.02
Forsyth Barr Custodians Limited (1-Custody)	682,599	0.97
Graham James Munro and Zita Lillian Munro	588,000	0.84
	38,915,344	**55.54**

GOVERNANCE AND OTHER DISCLOSURES
DISCLOSURES UNDER THE FINANCIAL MARKETS CONDUCT ACT 2013

AS AT 30 JUNE 2024

SUBSTANTIAL PRODUCT HOLDERS

The substantial product holders in the Company in respect of whom notices have been received were:

	Number of ordinary shares (being the only class of listed voting securities) where relevant interest exists
G C W Biel	8,467,642
Rural Aviation (1963) Limited	8,467,642
Brian Edward Woolf	3,600,000

The total number of ordinary shares, being the only class of listed voting securities in the Company, as at 30 June 2024 was 70,069,426.

The definition of the term "relevant interest" in the Financial Markets Conduct Act 2013 is extremely wide, and more than one relevant interest can exist in the same voting securities.

GOVERNANCE AND OTHER DISCLOSURES
SHAREHOLDER INFORMATION

ANNUAL MEETING OF SHAREHOLDERS

Time and date: 2 p.m., Tuesday, 26 November 2024

Venue: Residium Design + Building Centre
165 The Strand
Parnell
Auckland

CORPORATE CALENDAR

26 November 2024	2024 Annual Meeting of shareholders
31 December 2024	End of 2025 half year
Mid-February 2025	Announcement of 2025 half year result and release of 2025 half year report
30 June 2025	End of 2025 financial year
Late August 2025	Announcement of 2025 annual result
September 2025	Period for director nominations
End of September 2025	Release of 2025 Annual Report

GOVERNANCE AND OTHER DISCLOSURES
TREND STATEMENT

	2024 $000	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000
Financial Performance							
Operating revenue	**$80,294**	$89,689	$95,485	$111,577	$117,981	$135,234	$148,120
EBITDA (normalised)	**(5,181)**	(200)	4,918	3,385	2,300	7,076	9,998
Depreciation - owned assets	**(858)**	(820)	(683)	(379)	(2,418)	(3,479)	(3,561)
Depreciation - right-of-use assets	**(1,057)**	(994)	(954)	(534)	(1,779)	–	–
Depreciation - recycled through inventory	**–**	–	194	(764)	(265)	–	–
Amortisation - intangibles	**(25)**	(25)	–	–	–	–	–
EBIT (normalised)	**(7,121)**	(2,039)	3,475	1,708	(2,162)	3,597	6,437
Finance costs	**(825)**	(1,045)	(1,029)	(1,124)	(2,535)	(1,790)	(2,798)
Finance income	**1,344**	502	159	68	–	–	–
Share of profit after tax of equity-accounted investees (normalised)	**–**	–	–	–	–	644	1,419
Profit/(Loss) before income tax (normalised)	**(6,602)**	(2,582)	2,605	652	(4,697)	2,451	5,058
Income tax (expense)/benefit	**(301)**	(263)	(870)	(276)	1,240	(572)	(1,084)
Profit/(Loss) after tax (normalised)	**(6,903)**	(2,845)	1,735	376	(3,457)	1,879	3,974
Abnormal gains/(losses) (after tax)	**11,546**	13,581	505	1,353	(17,994)	(18,659)	107
Profit/(Loss) after tax attributable to shareholders of the Company (GAAP)	**$4,643**	$10,736	$2,240	$1,729	($21,451)	($16,780)	$4,081
Financial Position							
Shareholders' equity	**54,423**	50,223	37,771	35,592	33,637	54,989	72,222
Loans and borrowings - term portion	**–**	–	–	–	–	20,500	27,500
Term liabilities	**17,808**	18,227	19,251	20,978	3,511	1,618	2,029
Loans and borrowings – current portion	**–**	–	–	–	15,800	–	4,000
Current liabilities	**22,687**	22,686	21,880	21,453	17,033	22,227	27,253
Shareholders' equity and total liabilities	**$94,918**	$91,136	$78,902	$78,023	$69,981	$99,334	$133,004
Property, plant and equipment	**13,241**	10,148	14,306	12,094	22,725	30,164	35,142
Right-of-use assets	**8,804**	8,616	9,280	9,968	430	–	–
Intangible assets	**61**	86	–	–	–	–	–
Investment in equity-accounted investees	**–**	–	–	–	–	–	24,544
Goodwill and other intangibles	**–**	–	–	–	–	–	2,362
Deferred tax asset	**402**	576	532	732	600	5,456	4,971
Non-current assets	**22,508**	19,426	24,118	22,794	23,755	35,620	67,019
Cash and bank	**31,645**	39,319	14,874	22,508	1,276	2,724	2,111
Current assets	**40,765**	32,391	39,910	32,721	44,950	60,990	63,874
Total assets	**$94,918**	$91,136	$78,902	$78,023	$69,981	$99,334	$133,004

	2024 $000	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000
Abnormal items (after tax)							
Cyclone Gabrielle related income	**26,500**	35,500	–	–	–	–	–
Cyclone Gabrielle related asset write offs and expenses	**(14,666)**	(14,275)	–	–	–	–	–
Impairment of assets	**(297)**	(7,644)	–	–	(5,095)	(4,413)	–
Restructuring costs	**(1,073)**	–	–	(1,271)	(854)	–	136
Reversal of impairment of fixed assets	**1,082**	–	–	–	–	–	99
Impairment of right-of-use assets	**–**	–	–	–	(2,094)	–	–
Impairment of intangible assets	**–**	–	–	–	–	(2,362)	–
Impending change in legislation relating to tax depreciation on buildings	**–**	–	–	–	2,940	–	–
Derecognition of deferred tax assets	**–**	–	–	–	(12,891)	–	–
Gain on sale of property	**–**	–	–	2,624	–	–	–
Scour merger costs	**–**	–	–	–	–	–	(128)
Loss on sale of interest in, and property held by, equity-accounted investees	**–**	–	–	–	–	(11,884)	–
Reversal of normalised tax expense	**–**	–	505	–	–	–	–
Total	**$11,546**	$13,581	$505	$1,353	($17,994)	($18,659)	$107

	2024	2023	2022	2021	2020	2019	2018
Financial Ratios and Summary							
Use of Funds and Return on Investment							
Return on average shareholders' equity (normalised) - %	**(13.2)**	(6.5)	4.7	1.1	(7.8)	3.0	5.7
Basic earnings per ordinary share (normalised) - cents	**(9.85)**	(4.08)	2.51	0.55	(5.03)	2.74	5.79
Diluted earnings per ordinary share (normalised) - cents	**(9.71)**	(3.99)	2.46	0.54	(5.03)	2.74	5.79
Financial Structure							
Net tangible asset backing per ordinary share - $	**0.64**	0.58	0.40	0.36	0.47	0.72	0.94
Equity ratio - %	**57.3**	55.1	47.9	45.6	48.1	55.4	54.3
Share Price ($)							
30 June	**0.38**	0.40	0.47	0.49	0.22	0.32	0.62
52 week high	**0.68**	0.64	0.85	0.49	0.38	0.68	0.63
52 week low	**0.36**	0.30	0.45	0.21	0.16	0.31	0.27
Market Capitalisation ($000)							
30 June	**26,626**	28,028	32,168	33,653	15,109	21,977	42,581
Capital Expenditure and Depreciation ($000)							
Capital expenditure	**4,147**	1,956	2,898	2,481	2,119	4,705	1,622
Depreciation - owned assets	**858**	820	683	379	2,418	3,479	3,561
Depreciation - right-of-use assets	**1,057**	994	954	534	1,779	–	–

GLOSSARY OF FINANCIAL TERMS

EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Earnings before interest and tax
EBITDA (normalised)	Earnings before abnormal costs, interest, tax, depreciation and amortisation
EBIT (normalised)	Earnings before abnormal costs, interest and tax
Net assets	Total assets less total liabilities

USE OF FUNDS AND RETURN ON INVESTMENT

Return on average shareholders' equity (normalised)	Profit/(Loss) after tax (normalised) / Average shareholders' equity
Basic earnings per ordinary share (normalised)	Profit/(Loss) after tax (normalised) / Weighted average number of ordinary shares on issue during the year
Diluted earnings per ordinary share (normalised)	Profit/(Loss) after tax (normalised) / Weighted average number of ordinary shares on issue during the year (including the maximum number of shares that could be issued under the Company's LTI Scheme and the Bremworth Option Scheme)

FINANCIAL STRUCTURE

Net tangible asset backing per ordinary share	Net assets less goodwill and intangible assets / Number of ordinary shares on issue at balance date
Equity ratio	Shareholders' equity / Shareholders' equity and total liabilities

GOVERNANCE AND OTHER DISCLOSURES
DISCLOSURE OF NON-GAAP FINANCIAL INFORMATION

The Directors acknowledge that the Annual Report, including the Trend Statement from pages 119 to 122, contains financial information that is non-GAAP (Generally Accepted Accounting Practice) and therefore falls within the Financial Markets Authority's guidance note on "Disclosing non-GAAP financial information" issued in July 2017.

The Trend Statement has been prepared using the audited GAAP-compliant financial statements of the Group.

The Directors believe that the non-GAAP financial information contained within the Trend Statement (more particularly, the non-GAAP measures of financial performance such as "*EBITDA (normalised)*", "*EBIT (normalised)*", "*Profit before income tax (normalised)*" and "*Profit after tax (normalised)*" as well as the various other financial ratios that are based on normalised results – for example, earnings per share) provide useful information to investors regarding the performance of the Group because the calculations exclude restructuring costs and other gains/losses (for example, gain/loss on sale of property and investments) that are not expected to occur on a regular basis either by virtue of quantum or nature.

In arriving at this view, the Directors have also taken cognisance of the regular requests by users of the consolidated financial statements, including analysts and shareholders, regarding the nature and quantum of abnormal items within the GAAP-compliant results and the way analysts distinguish between GAAP and non-GAAP measures of profit.

The disclosure of the non-GAAP financial information is also consistent with how the financial information for the Group is reported internally, and reviewed by the Chief Executive Officer as its chief operating decision maker, and provides what the Directors and management believe gives a more meaningful insight into the underlying financial performance of the Group and a better understanding of how the Group is tracking after taking into account items of an abnormal nature, including items that are unlikely to recur or otherwise unusual in nature.

Non-GAAP financial information does not have standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information prescribed by other entities.

In collating the Trend Statement, the Directors have taken into account all of the requirements within the guidance note. More specifically, these include:

- outlining why non-GAAP financial information is useful to investors and how it is used internally by management;
- identifying the source of non-GAAP financial information;
- ensuring that:
  - non-GAAP financial information is not presented with undue and greater prominence, emphasis or authority than the most directly comparable GAAP financial information;
  - presentation of non-GAAP financial information does not in any way confuse or obscure presentation of GAAP financial information;
  - a reconciliation from the non-GAAP financial information to the most directly comparable GAAP financial information, including that for the previous period, can be easily accessed (see below);
  - a consistent approach is adopted from period to period with respect to the presentation of non-GAAP financial information, including that for comparative periods;
  - where there is any change in approach from the previous period, the nature of the change is explained and the reasons and financial impact provided;
  - non-GAAP financial information is unbiased; and
- taking care when describing, or referring to, items as 'one-off' or 'non-recurring'.

RECONCILIATION OF GAAP-COMPLIANT TO NON-GAAP-COMPLIANT MEASURES OF PROFIT AFTER TAX

	Year ended 30 June 2024			Year ended 30 June 2023		
	GAAP $000	Adjustments $000	Normalised $000	GAAP $000	Adjustments $000	Normalised $000
Revenue	**$89,689**	**–**	**$89,689**	$95,485	–	$95,485
EBITDA	**6,365**	**(11,546)**	**(5,181)**	13,381	(13,581)	(200)
Depreciation - owned assets	**(858)**	**–**	**(858)**	(820)	–	(820)
Depreciation - right-of-use assets	**(1,057)**	**–**	**(1,057)**	(994)	–	(994)
Amortisation - intangible assets	**(25)**	**–**	**(25)**	(25)	–	(25)
EBIT	**4,425**	**(11,546)**	**(7,121)**	11,542	(13,581)	(2,039)
Finance costs	**(825)**	**–**	**(825)**	(1,045)	–	(1,045)
Finance income	**1,344**	**–**	**1,344**	502	–	502
Profit/(Loss) before tax	**4,944**	**(11,546)**	**(6,602)**	10,999	(13,581)	(2,582)
Tax expense	**(301)**	**–**	**(301)**	(263)	–	(263)
Profit/(Loss) after tax	**$4,643**	**(11,546)**	**(6,903)**	$10,736	(13,581)	(2,845)
Abnormal gains after tax		**11,546**	**11,546**		13,581	13,581
Profit after tax (GAAP)		**–**	**$4,643**		–	$10,736

Analysis of abnormal items

	Year ended 30 June 2024			Year ended 30 June 2023		
	Profit before tax $000	Tax effect $000	Profit after tax $000	Profit before tax $000	Tax effect $000	Profit after tax $000
Cyclone Gabrielle related income	**26,500**	**–**	**26,500**	35,500	–	35,500
Cyclone Gabrielle related asset write offs and expenses and asset impairment reversed	**(13,881)**	**–**	**(13,881)**	(21,919)	–	(21,919)
Restructuring costs	**(1,073)**	**–**	**(1,073)**	–	–	–
Total	**$11,546**	**–**	**$11,546**	$13,581	–	$13,581

GOVERNANCE AND OTHER DISCLOSURES
DISCLOSURE OF NON-GAAP FINANCIAL INFORMATION (CONT'D)

Calculation of basic and diluted earnings per share under GAAP and non-GAAP measures of profit after tax

	GAAP-compliant reported profit after tax	Reverse abnormal items (net of tax) where applicable	Non-GAAP-compliant normalised profit after tax
Year ended 30 June 2024			
Profit attributable to shareholders ($000)	**4,643**	**(11,546)**	**(6,903)**
Weighted average number of ordinary shares (basic)	**70,069,426**		**70,069,426**
Earnings per share (basic) (cents)	**6.63**		**(9.85)**
Weighted average number of ordinary shares (diluted)	**71,069,426**		**71,069,426**
Earnings per share (diluted) (cents)	**6.53**		**(9.71)**
Year ended 30 June 2023			
Profit attributable to shareholders ($000)	10,736	(13,581)	(2,845)
Weighted average number of ordinary shares (basic)	69,771,837		69,771,837
Earnings per share (basic) (cents)	15.39		(4.08)
Weighted average number of ordinary shares (diluted)	70,771,837		70,771,837
Earnings per share (diluted) (cents)	15.17		(4.02)

GOVERNANCE AND OTHER DISCLOSURES
CORPORATE DIRECTORY

BOARD OF DIRECTORS

George Adams DipFSA(Hons), FCA, CFInstD *Independent*	Chair of the Board of Directors Chair of Nomination Committee Member of Audit and Remuneration Committees
Paul Izzard BA (Hons) Interior Design *Independent*	Member of Audit and Remuneration Committees
John Rae B.Com., LLB, CMInstD *Independent*	Member of Audit, Remuneration and Nomination Committees
Katherine Turner B.Com., CA, CMInstD *Independent*	Chair of Audit Committee Member of Remuneration Committee
Dianne Williams B.Com., MBA, CMInstD *Independent*	Chair of Remuneration Committee Member of Audit and Nomination Committees

DIRECTOR EMERITUS

Grant Biel B.E. (Mech.)

CHIEF EXECUTIVE OFFICER

Greg Smith

EXECUTIVE LEADERSHIP TEAM

Chief Financial Officer	Mandy Tomkins-Dancey
Chief Operating Officer	Nicola Simpson
Chief Brand and Product Officer	Rochelle Flint
General Manager Global Sales	Dean Chandler
General Manager Wool Procurement	Shane Eades

SENIOR MANAGERS

General Manager Tufting Plant	Jason Howearth
General Manager Yarn Plants	Andrew Karl
General Manager Logistics and Property	Garth Clarke

COMPANY SECRETARY

Victor Tan

FOUNDING SHAREHOLDER

The late Anthony Charles Timpson ONZM

GOVERNANCE AND OTHER DISCLOSURES
CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE

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SHARE REGISTRAR

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road, Auckland 0622,

Private Bag 92119, Auckland 1142.

Telephone: +64-9-488 8700, Facsimile: +64-9-488 8787, Investor Enquiries: +64-9-488 8777.

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

Russell McVeagh

BANKERS

Bank of New Zealand

National Australia Bank Limited

WEBSITES

Corporate	bremworth.co.nz/investor-centre
Carpet Operation	bremworth.co.nz
	bremworth.com.au
Wool Operation	elcodirect.co.nz
Share Registrar	computershare.com/nz

Bremworth Ltd

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