



## MARKET RELEASE

28 June 2023

### Impact of Cyclone Gabrielle - Update

Bremworth Limited (NZX: BRW) provides the following update on its mitigation and business continuity plans following Cyclone Gabrielle which impacted its Napier yarn spinning plant on 14 February 2023.

- It has agreed to a further partial settlement of \$15.5 million plus GST, where applicable, with its insurers - taking the total partial settlement to date to \$35.5 million plus GST, where applicable.
- These amounts have been, and will continue to be, used to put BRW in a very strong position to continue implementing its mitigation and business continuity plans, to support affected staff and to meet its ongoing obligations.
- Further insurance payments are expected upon completion of the assessment of damage to buildings, plant and equipment, and the loss of inventory and profit, due to the interruption to the business from Cyclone Gabrielle.
- The Directors are in the process of appointing external consultants to assist the Board with a strategic review, including our supply chain and manufacturing cost base to support the Board's decisions regarding the application of those insurance payments.
- Clean-up at the Napier site is virtually complete, with buildings, plant and equipment now in a steady state pending a decision on appropriate next steps.
- The detailed assessment of damage to buildings, plant and equipment has been completed by an independent, multi-national, engineering consultancy, appointed by BRW. The results are currently in the process of being reviewed by the loss adjustors and their own experts.
- Original indications that the Napier plant is likely to be offline for a yet to be determined, but significant, amount of time remain unchanged. However, the Board expects to be in a better position to update shareholders once the experts have had the chance to fully work through the damage assessment.
- In order to secure the Company's future, BRW previously advised that the following alternative supply arrangements had been, or were being, put in place:
  - the supply of yarns from an independent New Zealand yarn spinner, with this source accounting for approximately 10% of our total yarn requirements.
  - the use of independent third-party dyeing facilities to supply the Whanganui yarn spinning plant, with this arrangement accounting for a further 25% of total yarn requirements.

- the supply of NZ wool yarns from overseas suppliers – which will account for the balance of its requirements and with trials underway.
- The trials of yarns from some overseas yarn suppliers have been successful and early-stage orders in modest quantities are underway.
- At the same time, the use of the independent third-party dyeing facilities to supply the Whanganui yarn spinning plant with dyed fibre has also gone much better than expected, with the Whanganui plant now able to produce both felted and woollen spun yarns – putting the Company in an encouraging position.
- Our priority remains our people – many of whom are playing a large part in the clean-up and site stabilisation of the Napier plant. They are doing a tremendous job amidst ongoing uncertainty about the plant's future. This work is supported by our business interruption insurance.
- We are also in continuous discussions with our distribution partners, with the focus on ensuring we can continue to supply key product ranges despite the challenging circumstances.

ENDS

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