



## MARKET RELEASE

4 April 2023

### Impact of Cyclone Gabrielle - Update

Bremworth Limited (NZX: BRW) advises that it is continuing to make progress with its mitigation and business continuity plans following Cyclone Gabrielle which impacted its Napier yarn spinning plant on 14 February 2023.

BRW provides the following as a further update on these plans:

- Clean-up is progressing to plan, with BRW also undertaking, in parallel, detailed assessment of damage to buildings, plant and equipment with the assistance of specialists that it has appointed.
- Original indications that the Napier plant is likely to be offline for a yet to be determined, but significant, amount of time remain unchanged pending a full assessment noted above.
- While the Whanganui yarn spinning and Auckland carpet plants have ceased operating for the time being pending the resumption of supply of dyed fibre and yarns, employees are continuing to be paid, while also actively participating in various Company-instigated engagement programmes around well-being, change management and resilience.
- The accounting for the impact of this adverse weather event and the consequent insurance payments is complex and will require judgement, and BRW will provide an update on impact on earnings as soon as it is able to do so.
- It has agreed to a partial settlement with its insurers of \$20 million plus GST, where applicable, with this sum available for the reinstatement of the Napier assets while also putting the Company in a very strong position to carry on implementing its mitigation and business continuity plans, to support affected staff and to meet its ongoing obligations.
- Further insurance payments are expected depending on the outcome of the ongoing 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.
- While the impact of losing the plant in Napier has been severe, it is BRW's intention to continue to pursue its strategic transformation in manufacturing and wholesaling of New Zealand wool carpets, and in order to secure the Company's future, the following alternative supply arrangements have been/are 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 yarns from overseas yarn suppliers – which will account for the balance of its requirements and with trials underway.
- Our finished goods inventory position remains satisfactory enabling us to trade during this challenging period.

ENDS

**For further information please contact:**

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