



**FY21  
RESULTS**

FOR THE 12 MONTHS  
ENDED 30 JUNE 2021





***OUR VISION IS TO BECOME A GLOBAL LEADER  
IN DESIGNING AND CREATING DESIRABLE,  
SAFE, SUSTAINABLE AND HIGH-PERFORMING  
NATURAL INTERIOR SOLUTIONS***



**FY21 KEY  
MILESTONES**



## FY21 KEY MILESTONES

**July**  
2020

New purpose led strategic direction was announced.

**November**  
2020

Re-launched Bremworth brand.

**December**  
2020

Secured funding to execute the strategic plan.

Right sized the organisation.

**April**  
2021

Secured a \$1.9 million grant to support Bremworth's \$4.9m sustainability programme.

**May**  
2021

Celebrated last ever synthetic carpet production.

**June**  
2021

Commenced Let's Go Good Together marketing strategy.

Bremworth signed up to New Zealand Farm Assurance Programme.

Appointment of new CEO Greg Smith.

## **F Y 2 1 O P E R A T I N G E N V I R O N M E N T**

- Ongoing impact of COVID-19 lockdowns, particularly in Australia
- Global supply chain issues, particularly shipping capacity and port congestion
- Consumers investing in their homes, in lieu of travel and following lockdown
- Growing consumer awareness and sentiment towards natural products
- Increasing Government policy addressing sustainability and climate change

## **FY21 TRADING PERFORMANCE**

- Strong performance in NZ post March 2020 lockdown continued into FY21
- Softer performance in Australia, with some impact from supply chain challenges and lost trading days due to COVID-lockdowns
- Faster than anticipated sell down of synthetics in 1H21 and at a higher margin
- Growing demand for wool carpets and rugs in 2H21
- Revenue down 5% for wool buying business Elco Direct, but strong year on year improvement in margin



# FINANCIAL SNAPSHOT

<u>\$millions</u>	<u>FY21</u>	<u>FY20</u>
Revenue	111.6	118
EBITDA	4.9	(8.9)
Non-Trading Adjustments*	(1.3)	11.2
Normalised EBITDA	3.6	2.3
Net Profit/(Loss) After Tax	1.8	(21.5)
Normalised NPAT/(NLAT)	0.1	(3.5)
Cash/(Net Bank Debt)	22.5	(14.5)

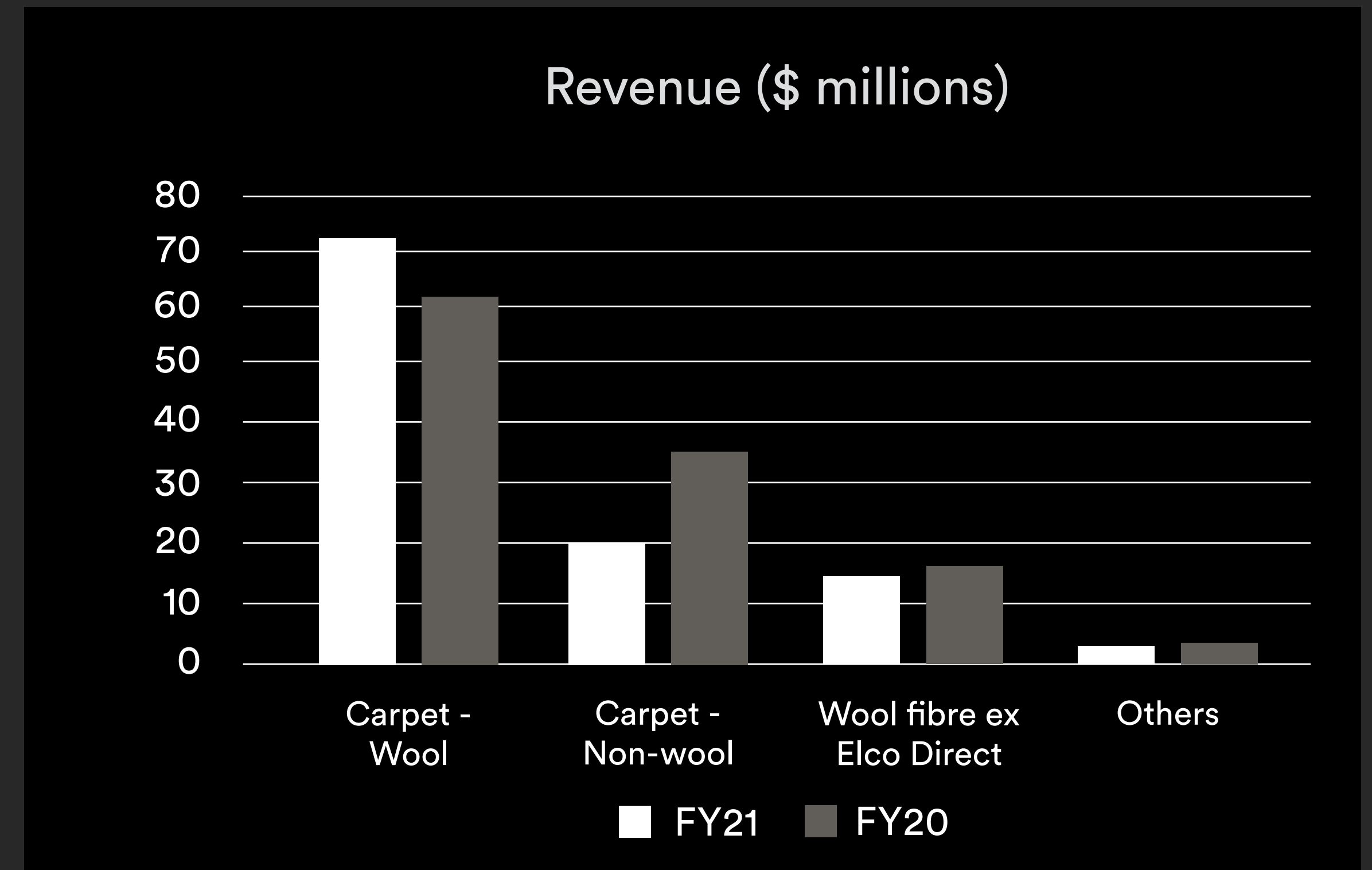
- FY21 results in line with expectations
- Return to profit with \$1.5m net profit after tax, up from \$21.5m loss in FY20
- All debt repaid and \$22.5m cash at 30 June 2021
- Strong cashflows of \$16.2m, up from \$6.8m prior year
- Robust balance sheet to execute the transformation strategy
- Prudent capital management and no dividend declared

\*Normalised is a non-GAAP measure of performance, with FY21 non-trading adjustments of \$1.3m comprising net gain on sale and leaseback of property of \$2.6m and restructuring costs of \$(1.3)m. See appendix slides for full reconciliations of GAAP to non-GAAP financial information.

# REVENUE

Total revenue of \$111.6m, down 5% versus FY20:

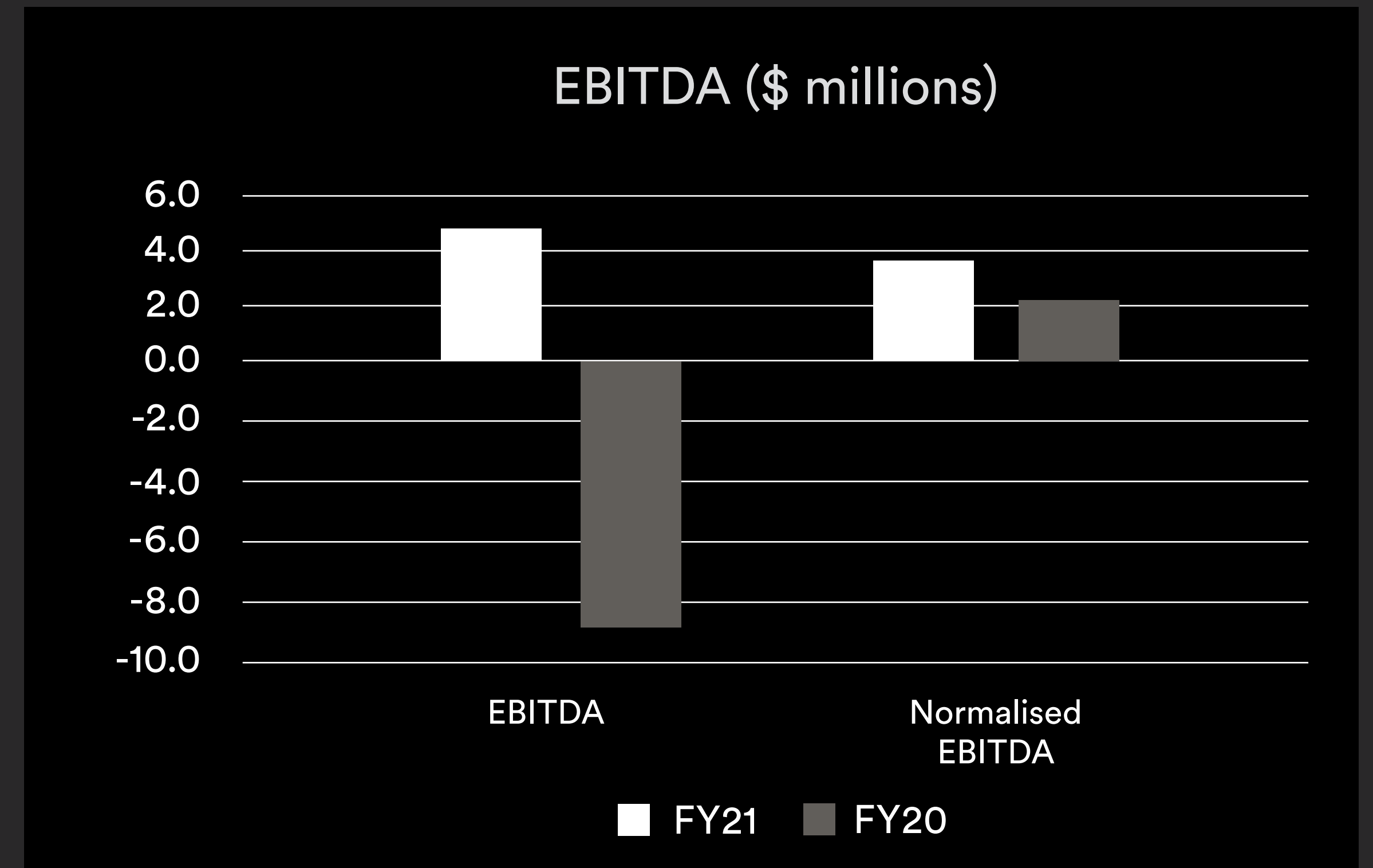
- due to the conscious decision to exit the synthetic carpet market
- offset by 17% increase in wool carpet sales in line with the company's strategic purpose-led plan, with improved sales mix underpinned by strong consumer demand for high quality wool carpets
- and a 5% decrease in revenue for Elco Direct





## EBITDA

- Increased EBITDA to \$4.9m, up from \$(8.9)m in FY20
- Normalised EBITDA up 55% to \$3.6m
- Investment into people and marketing as new strategy is executed with increase in operating expenses as planned
- Margin growth expected as sales of wool carpets escalate in line with strategy





# FINANCIAL POSITION

- Tight control over working capital continues
- Inventory reduction due to exit from synthetics and ahead of increase in woollen inventory levels
- Bank debt fully repaid and cash of \$22.5m at year end to undertake strategic transformation
- Operating cashflow up 138% to \$16.2m (FY20: \$6.8m)

<u>\$millions</u>	<u>FY21</u>	<u>FY20</u>
Trade and Other Receivables	12.5	12.6
Inventories	20.0	32.1
Trade and Other Payables	(21.0)	(16.1)
Working Capital	11.5	28.6
Bank Debt	0.0	(15.8)
Cash	22.5	1.3
Cash/(Net Bank Debt)	22.5	(14.5)







***GROW THE WOOL FLOORING MARKET.***

***GROW OUR SHARE OF THE MARKET.***

***EXPAND OUR PRESENCE.***

***DESIGN-LED INNOVATION.***





**PRIORITIES  
FOR FY22**

Let's Go Good Together



**P R I O R I T I E S  
F O R F Y 2 2**

- Create demand for Bremworth branded product
- Optimise operational efficiency and commercial excellence
- Super charge the digital business
- Prioritise innovation, sustainability and partnerships





**FY22  
OUTLOOK**

Let's Go Good Together



**F Y 2 2**  
**O U T L O O K**

- COVID-related challenges and supply chain headwinds expected to continue
- Increased consumer awareness of the health and wellbeing benefits of natural fibres
- Demand for NZ wool and wool soft flooring expected to increase
- Ongoing investment in demand creation, sustainability and technology





**A STRONG  
FOUNDATION  
FOR THE  
FUTURE**

Let's Go Good Together



## **A S T R O N G F O U N D A T I O N F O R T H E F U T U R E**

- Trusted iconic brand known for premium products
- New brand strategy aligned to changing consumer landscape and trends
- Industry leading people, quality and design
- Significant cash resources in place for execution of strategy



## **G O V E R N A N C E**

- Alan Clarke stepped down as Chair in July 2020 and as a director in December 2020
- George Adams appointed as Chair in July 2020
- Paul Izzard appointed as director in November 2020
- Founder Grant Biel to retire as director at 2021 Annual Meeting





Let's Go Good Together



# APPENDIX



# RECONCILIATION OF GAAP TO NORMALISED

Normalised is a non-GAAP (Generally Accepted Accounting Practice) measure that provides what the Directors believe to be a more meaningful view of the underlying financial performance of the Group.

<b>\$millions</b>	<b>FY21</b>	<b>FY20</b>
GAAP NPAT/(NLAT)	1,811	(21,451)
Reversal of abnormal items (after tax):		
Net gain on sale of property	(2,624)	0
Impairment of plant and equipment	0	5,095
Impairment of right-of-use assets	0	2,094
Transformation/Restructuring costs	915	854
Change in legislation regarding tax depreciation on buildings	0	(2,940)
Derecognition of deferred tax asset	0	12,891
Normalised NPAT/(NLAT)	103	(3,456)



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<b>\$millions</b>	<b>FY21</b>	<b>FY20</b>
EBITDA	4,926	(8,872)
Reversal of abnormal items (before tax):		
Net gain on sale of property	(2,624)	0
Impairment of plant and equipment	0	7,077
Impairment of right-of-use assets	0	2,909
Transformation/Restructuring costs	1,271	1,186
<b>Normalised EBITDA</b>	<b>3,573</b>	<b>2,300</b>



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