

A woman with blonde hair in two braids is shown in profile, looking down at a clump of raw wool she is holding in her hands. She is wearing a dark, textured jacket. The background is a vast, scenic landscape featuring rolling green hills, a small town, and a body of water under a cloudy sky.

CAVALIER SPECIAL MEETING OF SHAREHOLDERS

CAVALIER
CORPORATION

17 September 2020



Chairman, George Adams



CEO, Paul Alston



Director, Grant Biel



Director, Dianne Williams



Director, Alan Clarke



Director, John Rae

MEETING AGENDA

PRESENTATIONS

Address from the Chair, George Adams
Address from the Chief Executive Officer,
Paul Alston

SHAREHOLDER DISCUSSION

VOTING ON THE RESOLUTION

Approval of the sale and leaseback of the
Auckland Property

CLOSE OF THE SPECIAL MEETING



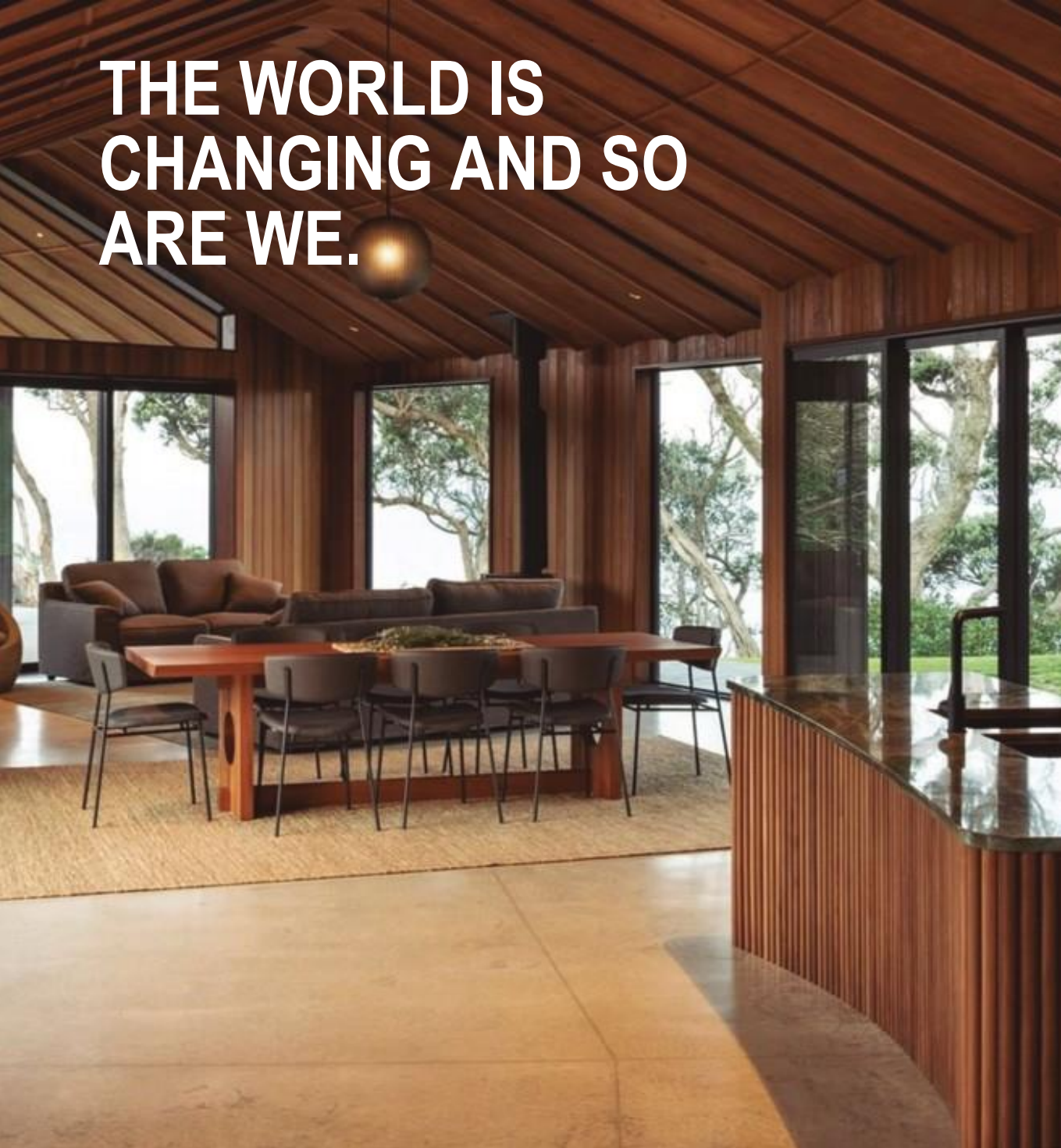
50+ YEARS OF HERITAGE AND EXPERTISE.

Cavalier Bremworth is one of the most respected New Zealand brands. Over decades, we have built a reputation as a champion for quality New Zealand wool carpets.

For the last 50+ years, we've been on a journey of exploration and have built up significant knowledge about the potential and performance of many different fibres from diverse sources for use in flooring.

We are considered world leaders in the design and manufacturer of woollen carpets, particularly high quality, felted carpets and woollen yarn.

We believe wool carpet is the optimum offer for customers. Not only is it the best fibre for design, innovation and performance on the floor, it's also 100% natural, biodegradable and renewable.

A photograph of a modern interior space, likely a restaurant or lounge. The ceiling is made of dark wood slats. Large windows on the right side offer a view of trees outside. In the foreground, there is a dining area with a wooden table and chairs. In the background, there is a seating area with a sofa and a coffee table. The overall aesthetic is warm and contemporary.

**THE WORLD IS
CHANGING AND SO
ARE WE.**

CONSUMER TASTES AND TRENDS CONTINUE TO EVOLVE.

Consumers are starting to reject plastic, particularly single-use plastics, in favour of multi-use or more sustainable alternatives.

Consumers are becoming more aware that plastic comes in many forms, including synthetic carpet, upholstery, curtains, clothing and more.

For many years, wool carpet was the preferred and only option for flooring. However, in the last few decades, more flooring choices have become available, particularly hard flooring and synthetic carpets made from plastic.

While Cavalier adapted, we believe wool remains the best option for quality flooring.



THE LONG-TERM DANGERS POSED BY PLASTICS ARE BECOMING CLEAR.

Plastic is a global problem and manufacturers need to be part of the solution.

The impact plastics have on human health is not yet fully understood, but early studies suggest that microplastics entering the body are a potential threat to human health.

The average kiwi home with synthetic carpet is similar to having 22,000 plastic bags on the floor*.

The flooring industry is significantly contributing to plastic production and it's obvious to us that change is needed.

Whilst recycling is a positive step towards repurposing plastic that already exists, stopping it at source has to be the best solution.

*by weight



OUR TIME IS NOW

Special Meeting September 2020



OUR VISION

To become a global leader in designing and creating desirable, sustainable, safe and high performing natural interior solutions.

WHAT DEFINES US

We believe that by embracing nature we can make a genuine difference to the wellbeing of people and the planet, without compromising the design and performance attributes our customers care about.



CREATING A BETTER PLACE IN THE WORLD.

- Transitioning out of synthetic carpets and focusing on all-wool and natural materials.
- Repositioning our brand and offer to better meet the needs of conscious consumers.
- Continuing to focus on doing what's right – for people and the planet.
- Seeking out partnerships and investment with other like-minded brands and products.
- Delivering better returns on investment for our shareholders as a result.

TRANSITIONING OUT OF SYNTHETICS.

We are evolving to better meet the needs of a changing world and changing consumer behaviour.

We have stopped ordering synthetic plastic yarn and are transitioning out of synthetic fibre products. This means we will significantly reduce our contribution to the worldwide plastic problem.

The selldown has been faster than anticipated, releasing a significant amount of cash to support our transformation.





BUILDING ON OUR HERITAGE

Cavalier Bremworth has a long-standing history of producing world leading wool carpets.

It's what we're known for. Premium quality carpet made from New Zealand wool, right here in New Zealand.

And this is where our focus will remain, creating and marketing valuable, natural interior products that are both sustainable and desirable, here and around the world. It's good for our business and it's good for you.



OUR GROWTH STRATEGY

THESE FOUR PATHWAYS WILL DRIVE OUR GROWTH:

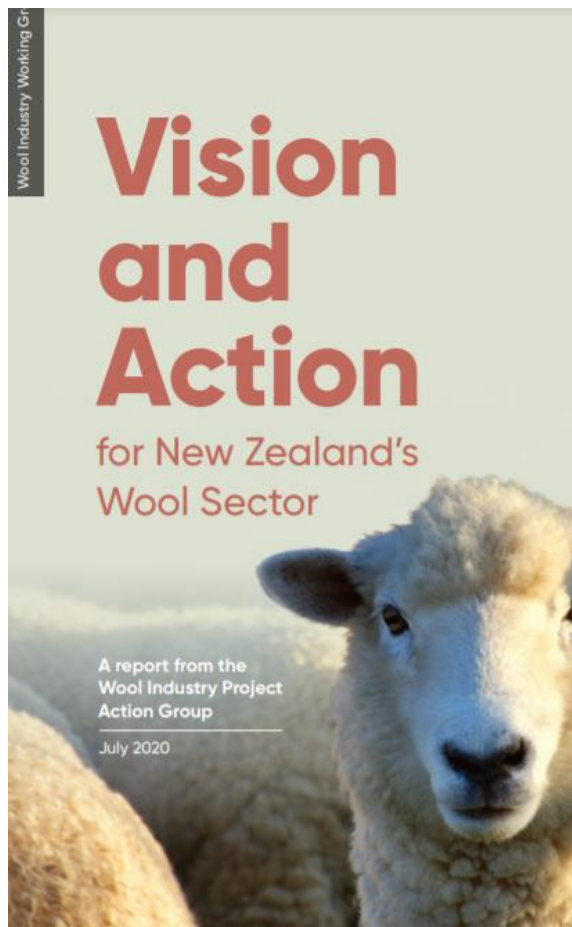
GROW THE WOOL FLOORING MARKET

GROW OUR SHARE OF THE MARKET

EXPAND OUR PRESENCE

INNOVATION AND FUTURE THINKING

A GROUNDWELL OF POSITIVITY



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10 JULY 2020

Govt releases plan to revitalise wool sector



HON DAMIEN O'CONNOR

Agriculture

lise New Zealand's strong wool sector and set it on a new, more sustainable and profitable
iled today by Agriculture Minister Damien O'Connor.

Otago Daily Times

Dunedin 10 | 2 Tuesday, 1 September 2020 Send us news & photos

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Monday, 3 August 2020

'Blown away' by response to wool petition

By Sally Rae

Farming > Other News



Carpet maker Cavalier has received praise for its decision to concentrate solely on wool and other natural fibres for its carpet making pictured, Cavalier's felting plant in Whangarei. PHOTO: CAVALIER

South Otago sheep and beef farmer Amy Blaikie has been "absolutely blown away" the response to her wool petition.

In June, Mrs Blaikie launched a petition calling on the House of Representatives to ensure all publicly funded buildings and KiwiBuild homes were built or refurbished with New Zealand wool carpet and insulation.

ased report - *Vision and Action for New Zealand's Wool Sector* - was developed by the Wool
T Action Group and sets out three recommendations to help the strong wool sector grow and

a market-focused investment case and strategic roadman for the strong wool sector

FARMERSWEEKLY

by Colin Williscraft



Wool Industry Project Action Group members, from left, Kate Acland, Steve Williamson, John Rodwell, Andy Cooper, Agriculture Minister Damien O'Connor, Paul Ensor and Grant Edwards aim to set the sector on a path to future growth.

Leadership of the strong wool industry is set for a shake-up if recommendations in a long-awaited report on how to revitalise it are acted on.

Kiwi wool filter company Lanaco supplies

Nasa

Catherine Harris - 11:10, Aug 04 2020



RURAL NEWS

NATIONAL WORLD OPINION AGRIBUSINESS MANAGEMENT FARM HEALTH MACHINERY & PRO

THE LATEST COVID-19 COVERAGE

Wednesday, 12 August 2020 07:55

Cavalier to ditch synthetics

Written by David Anderson

Carpet maker Cavalier is ditching synthetics in favour of wool and other natural fibres.

The listed company recently unveiled a new transformational strategy, saying it would transition away from the manufacture and supply of synthetic fibre carpets over the next 12 months and existing synthetic stocks would be sold down.

The company says the long-term dangers posed by plastics were becoming clear. It has cited



font size | Print

Piers Fuller - 05:00, Aug 23 2020

NEWS

PROPERTY

ON FARM STORY

PODCASTS



Founder of the Golden Shears Laurie Keats said the lack of demand for wool is a disaster for the country.

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Once a stalwart of our economy, the wool sector faces some tough decisions to ensure its survival. Piers Fuller reports.

For those lanolin-soaked old shearers who remember the glory days of the New Zealand wool industry, the collapse of our strong wonder fibre is something of a disaster.

For many modern economists, the writing is on the wall and it is time to face reality and produce something the world wants.

Unfortunately, what the world has wanted in recent decades has been cheap, petroleum-based synthetics.

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OUR GOALS AND AMBITIONS

NEAR TERM THE NEXT 12 MONTHS

Launch an exciting, high impact and creative advertising and marketing campaign.

Introduce new products to the lifestyle range making wool carpets accessible for more consumers.

Welcome new retailers to our distribution network, particularly in Australia.

Transition to an all-wool and natural fibres business model and cease manufacturing synthetic carpets by the end of 2020.

Audit environmental impact and set clear, measurable sustainability goals.

Streamline our operations around our new business model, and drive efficiencies.

Access funding to strengthen our capital structure and facilitate our transformation to an all-wool and natural fibres business.

MEDIUM TERM 12 TO 36 MONTHS

Continue to expand our retailer network.

Build on our marketing programme.

Continue to measure and drive our sustainability goals

Deliver a programme that encourages retailers to promote and sell Cavalier Bremworth wool carpets.

Expand our reach with key influencers.

OUR FINANCIAL JOURNEY

FY21 to FY23: Investment into resetting the business, commencing the new strategy and navigating the economic recovery post-COVID.

FY23: Return to profitable growth.

FY25: Full benefits of transformation strategy being realised, with increasing value and profitability.

- FY20/21 total sales revenue will reduce as Cavalier exits its non-wool carpet business and with impact of COVID-19.
- Investment costs, including restructuring of operations, will be incurred as manufacturing and sales base is adjusted to reflect the new sales focus.
- Increase in marketing spend and people costs, with investment in a number of initiatives to enhance Cavalier's market presence and strategy execution;
- Growing revenues expected from FY23 and FY24 onwards, as strategy bears fruit and sales of higher margin, higher value woollen carpets replace and eclipse the previous synthetic carpet sales, and as the economy recovers from COVID-19;
- FY25 onwards: Full benefits from the transformation are expected.

TRADING UPDATE

APRIL 2020

- Material impact from lockdown in NZ and restrictions in Australia
- Revenue dropped to almost zero, with some online sales

MAY/JUNE 2020

- Emergence from lockdown, with retail sales recommencing
- Good recovery, particularly strong in New Zealand which was ahead of prior year. Australia in line with prior year.
- Better mix of products being sold in both countries.

JULY/AUGUST 2020

- Continued strong performance in NZ, with some impact from Auckland restrictions.
- Softer performance in Australia due to restrictions in Victoria and NSW, however, better mix of higher margin carpets being sold.

Net debt reduced to approx. \$7m as at end August 2020, down from \$17.7m at end December 2019.

RECOVERY BEING DRIVEN BY:

- Pent up demand after lockdown
- People spending on renovations and new homes in lieu of other discretionary spend
- Retailers stocking up on synthetic carpets ahead of Cavalier's transition away from these fibres
- Increasing sales of wool and higher value products.

OUTLOOK

Outlook for the economy remains uncertain but all indications are that there will be a downturn in the near term as a result of COVID-19.

We believe the work we are doing to reposition Cavalier will allow us to navigate this environment and build on the trends we are seeing in the marketplace to deliver value for our shareholders.



BUSINESS OF THE MEETING

AUCKLAND PROPERTY SALE

Agreement with Kinleith Land & Infrastructure Limited for the sale and leaseback of Cavalier's Auckland Property for \$24.6 million (net proceeds of \$24.0 million).

Proceeds will be used to provide:

- additional liquidity and funding during the current uncertain and difficult operating environment;
- a sound financial footing to better capitalise on the expected eventual recovery in the carpet market;
- and the financial resources to undertake our strategic transformation to its all-wool and natural materials business model.



VOTING

To consider and, if thought fit, to pass the following ordinary resolution (which requires the approval of a simple majority of the votes of those shareholders entitled to vote and voting on the resolution):

That the sale and leaseback of the Auckland Property, details of which are set out in the Explanatory Statement, so as to enable the Company to execute its transformation to the all-wool and natural materials business model, while also providing it with the additional liquidity and funding, be approved.

Recommendation of the Board

The Board unanimously recommends the resolution to shareholders for approval and encourages all shareholders to vote in favour of the resolution.



PROXIES AND POSTAL VOTES

That the sale and leaseback of the Auckland Property, details of which are set out in the Explanatory Statement, so as to enable the Company to execute its transformation to the all-wool and natural materials business model, while also providing it with the additional liquidity and funding, be approved.

FOR	AGAINST	PROXY DISCRETION
30,104,098 95.26%	195,451 0.62%	1,302,438 4.12%

The Company has received 211 proxy and postal votes representing approx. 46% of total shares, with 95.26% of those in favour of the resolution.



CLOSE OF THE MEETING

