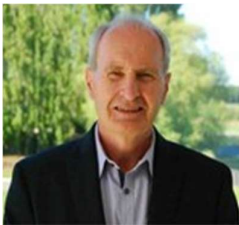


GROWER UPDATE

#131 - 25 September 2020



FROM JOHN McWHIRTER, CEO

WNZ Communication – CHANGE IN FOCUS & DIRECTION

The new and refreshed Wools of New Zealand

The New Zealand Wool industry has been in decline for a number of years, but this year global disruption caused by covid-19 has virtually bought the industry to its knees.

Here at WNZ the focus over the past six months has been on how to increase the demand for wool products and what would be the fastest way to do that. Success must take years not decades!

A dramatic shift in thinking was required to create a viable solution for the business to build value and to identify market opportunities beyond just selling wool as an ingredient, i.e. consumers buy bread not flour.

WNZ considered new and existing opportunities for raw fibre and determined that the most effective commercial opportunities lay within the existing market categories of wool products. This is due to the fact they have the potential to drive demand quickly when sound business plans are implemented and effectively executed. The problem with existing categories is that the existing suppliers are conflicted, they have no reason to drive wool over man-made fibres, so will move to the most profitable fibre first.

We determined that we needed to take control of the supply chain right through to the consumer. WNZ owns the World's best-known WOOL BRAND, so it should be used to drive value and WNZ is a marketing company that runs on low overheads.

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We are very excited to let you all know that WNZ has moved into the carpet sector. We see carpet as the greatest opportunity to move large volumes of wool fast.

We identified a gap in the market for good quality wool carpets at affordable prices and with our knowledge and global relationships identified a partner who can manufacture quality carpets at cost-effective prices over the long run. We have removed all of the supply chain cost by taking control starting with your wool and then selling the finished products into retail. Coupled this to the WNZ brand and our low operational cost and we have a low cost to serve model that can deliver quality branded carpet to all New Zealanders at prices they can afford.

While we will be selling carpet in the New Zealand market the real prize is in the global market where we intend to lift demand.

We are in the process of building a carpet marketing team and infrastructure, this is not a matter of we are going to do it, we have already done it! We have already secured a partnership with a major NZ construction company who have committed to using sustainable NZ products and placed their first order for 71 homes. This occurred because we have made carpet affordable, we knocked out solution dyed nylon. That's 8 tonne of plastic that will not be going into NZ landfill in 7 years.

We have a passion for strong wool, and we are determined to increase the demand for it, we have set ourselves a target 25,000 bales and our maths tell us this will impact on strong wool gates prices. You will no doubt have a number of questions regarding this news, so please feel free to contact me, but in the mean time we encourage you to keep sending us your wool as this allows us to fund this new initiative.

John McWhirter
CEO Wools of New Zealand

Mobile No 027 3323049

GROWER UPDATE

#131 - 25 September 2020



FROM JAMES PARSONS, CHAIR

WNZ / PWC Grower Discussion Update

We announced two weeks ago that we were in formal discussions with Primary Wool Cooperative to bring together much needed grower consolidation of the wool sector supply chain.

As an update we would like to let you know that constructive discussions are continuing, there is strong unity of purpose and a real spirit of collaboration. Collectively both parties represent a 3rd of the NZ strong wool clip. We believe that by bringing the two parties together we will be in a far stronger position to support the type of activities that will create greater demand for New Zealand wool as outlined in this grower update.

If you have any questions, please feel free to contact me.

James Parsons
Chair Wools of New Zealand

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