



12 June 2024

Updated Earnings Guidance

The New Zealand Merino Company Limited (NZMC) has revised its earnings expectations to an EBIT loss in the range of \$1.5 to \$2.1 million for the year ending 30 June 2024. Previous guidance was for positive EBIT in the range of \$1.0 to \$1.6 million. At NPAT level, a loss in the range of \$3.2 to \$4.3 million is expected.

The global consumer slowdown and persistent high stock levels throughout the supply chain continue to impact trading conditions for our brand partners and NZMC. Clip volumes have also decreased, partly due to stock losses associated with Cyclone Gabrielle alongside many growers shifting their shearing cycles in response to rising costs and the overall reduction in New Zealand sheep numbers.

While NZMC remains confident that conditions will stabilise once the current excess inventory has worked through the supply chain, the company has completed a thorough strategic review to examine its efficiency and vulnerability to market fluctuations.

NZMC has established a profitability improvement workstream that will have an incremental impact over the next 12 months. NZMC will also commence several projects to drive both sales and efficiencies as it aims to strengthen the business for its next growth phase.

NZMC remains focused on delivering value through the supply chain from grower to brand partner. It will concentrate on expanding its globally recognised branded fibre positioning, and developing world-class ethical and regenerative integrity systems that support that positioning.

ENDS

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