

# Impact assessment report

## Mizuno AW24/25 base layer campaign

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### 1.0 Executive summary

The purpose of this assessment is to estimate the economic impact of AWI's support for the Mizuno AW24/25 base layer campaign. The project supported the launch and promotion of wool-rich products in Japan, including the 365 Merino Wool T-shirt and an expanded Bratter wool base layer range. The core economic question is whether the additional wool demand generated by the project is sufficient to justify AWI's investment when valued at market wool prices.

The assessment applies a cautious EMI path based on market conditions for the project period, with modest forward escalation over the projection horizon. This provides a neutral valuation basis for estimating incremental wool demand without relying on a single year average or short-term market movements.

The monetised benefit is limited to incremental wool demand valued using the Eastern Market Indicator (EMI). Retail margins, paid-media replacement value, brand equity, consumer welfare and strategic relationship benefits are discussed separately but are not included in the BCR. This keeps the result focused on wool-demand value and avoids mixing partner-level commercial outcomes with woolgrower-level market value.

Measure	Central estimate
AWI project cost included in analysis	AUD 129,292 direct spend plus 15% overhead allowance
Initial wool volume supported	3,870 kg clean-equivalent wool input
Projection period	FY2024/25 to FY2029/30
Discount rate	5.0% discount rate
Present value of benefits	AUD 288,392
Present value of costs	AUD 148,686
Net present value	AUD 139,707
Benefit-cost ratio	1.94

On this basis, the central case BCR is estimated at 1.94. The project remains economically defensible under a conservative wool-demand valuation. The result should be read as a direct wool-demand return, with broader commercial effects considered separately rather than included in the quantified benefit stream.

### 2.0 Project context and economic rationale

The project was designed to support Mizuno's expansion of Merino wool into base layer and activewear products. is a continuation of earlier work with Mizuno noting that AWI's input and support contributed to the brand's decision to expand its wool offering into two additional categories. These were a 365 Merino Wool T-shirt for daily active and casual wear and a lighter version of the BreathThermo wool base layer range.

The commercial logic is strongest where wool is positioned as a performance fibre rather than only a seasonal cold-weather fibre. In this case, the product proposition was based on odour resistance, breathability, thermal regulation, comfort and easy care. This is consistent with the Japanese activewear market, where consumers tend to place a high value on quality, functional materials and product longevity.

#### 2.1 Japan and Mizuno market context

Japan is a mature apparel market, but the sports apparel segment remains a relevant channel for wool. For the purpose of this assessment, we treat Mizuno as a credible market access partner as it has technical credibility in sports apparel and the project was linked to actual wool-rich product expansion rather than only to generic awareness activity.

The project reported 115 million impressions and 2.7 million clicks. Those results are not monetised in the BCR. They are used as supporting evidence that the activity had meaningful consumer reach, but the economic calculation is anchored to wool usage rather than to media outputs.

## 2.2 Project data used in the assessment

Input	Value used	Basis
365 Merino Wool T-shirt wool use	1,250 kg	Upper range from project material, reflecting increased production
BreathThermo wool base layer wool use	2,620 kg	Project material maximum wool usage
Initial wool volume	3,870 kg	1,250 kg plus 2,620 kg
Digital outputs	115m impressions; 2.7m clicks	Project performance reporting
AWI direct cost	AUD 129,292	Project spend history
Overhead allowance	15% of direct cost	Evaluation allowance for internal project management

## 3.0 Method and valuation logic

The benefit-cost ratio is calculated from additional wool usage rather than retail revenue. This is the most appropriate basis for an AWI impact assessment because the objective is to estimate the benefit generated by the project. Retail sales, consumer awareness and brand exposure all matter, but they are further down the value chain and contain margins and costs that do not accrue directly to woolgrowers.

The calculation uses project-supported wool volume in the first period and then applies modest annual volume growth of 5% per annum. This growth assumption is deliberately conservative. It allows for product continuation and range development, but it does not assume a step-change in Mizuno wool volumes beyond the project-supported base.

### 3.1 Formula used

For each year, the gross benefit is calculated as:

Annual benefit = incremental wool volume (kg) x EMI for that period (AUD/kg clean)

The present value of each annual benefit is then calculated as:

Present value = annual benefit / (1 + discount rate) ^ t

The BCR is calculated as present value of benefits divided by present value of costs. A 5% real discount rate is used. Costs are treated as incurred at the start of the analysis, which is conservative because it does not discount the cost base.

### 3.2 Treatment of attribution

AWI's input and support contributed to Mizuno's decision to expand the wool offering. On that basis, the central case treats the project-supported wool volume as attributable to the collaboration. This does not mean AWI created all consumer demand for Mizuno products. It means the valuation is limited to the wool volume associated with the supported wool-rich range, rather than Mizuno's total apparel activity or total retail sales.

This attribution treatment is reasonable because the quantified benefit is narrow. No retail margin, advertising-equivalent value, brand premium, or consumer surplus has been added to the numerator. The result is therefore easier to defend and less exposed to over-attribution.

## 4.0 EMI path and price assumptions

The EMI path uses the project-period market setting as the starting point and then applies measured escalation over the projection period. This approach recognises that wool prices vary over time while avoiding undue reliance on short-term price movements. This methodology is suitable for a conservative impact assessment focused on incremental wool demand.

For FY2024/25, the model uses an EMI of 1,167 c/kg clean. For later years, the model applies modest nominal increases from 1,200 c/kg in FY2025/26 to 1,310 c/kg in FY2029/30. The path should be read as an evaluation assumption for benefit valuation, not as a formal wool market forecast.

Period	EMI used (c/kg clean)	AUD/kg clean	Rationale
FY2024/25	1,167	\$11.67	Project-period EMI assumption used as the starting point
FY2025/26	1,200	\$12.00	Modest near-term increase from the project-period base
FY2026/27	1,230	\$12.30	Gradual escalation over the forecast period
FY2027/28	1,260	\$12.60	Continued moderate price growth assumption
FY2028/29	1,285	\$12.85	Slight easing in the rate of increase over the outer years
FY2029/30	1,310	\$13.10	Longer-run valuation assumption within a conservative range

## 5.0 Economic results

The table below sets out the calculation year by year. Initial wool usage is 3,870 kg and is assumed to grow by 5% per annum. The EMI varies by year according to the price path set out in Section 4. Benefits are discounted at 5% to estimate present value.

Period	Wool volume kg	EMI c/kg	Annual benefit AUD	Discount factor	PV benefit AUD
FY2024/25	3,870	1,167	\$45,163	1.000	\$45,163
FY2025/26	4,064	1,200	\$48,762	0.952	\$46,440
FY2026/27	4,267	1,230	\$52,480	0.907	\$47,601
FY2027/28	4,480	1,260	\$56,448	0.864	\$48,762
FY2028/29	4,704	1,285	\$60,447	0.823	\$49,729
FY2029/30	4,939	1,310	\$64,704	0.784	\$50,697
Total					\$288,392

Present value of costs is AUD 148,686, made up of AUD 129,292 in direct AWI spend plus a 15% overhead allowance for project management and internal delivery. This produces an estimated NPV of AUD 139,707 and a BCR of 1.94.

Item	Value
Present value of benefits	AUD 288,392
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## 5.1 Sensitivity and interpretation

The result is most sensitive to wool volume persistence and the EMI path. If wool volumes were 20% lower across all years, the BCR would reduce to approximately 1.55. If the EMI path were 20% lower across all years, the BCR would also reduce to approximately 1.55. If both occurred at the same time, the BCR would reduce to approximately 1.24. This indicates that the project remains positive in the central case, but the case depends on continued product presence and a reasonable wool price environment.

Benefit area	Economic relevance	Treatment in this assessment
Retail margin	Additional wool product sales create margin for Mizuno and its retail channels. This increases the commercial incentive to continue the range and can support repeat orders for wool.	Discussed qualitatively only. Excluded from BCR to avoid mixing retail value with woolgrower value.
Media exposure	The campaign generated 115 million impressions and 2.7 million clicks. Equivalent paid reach would have commercial value.	Excluded from BCR because impressions are an intermediate output, not final wool demand.
Brand equity	Positioning Merino wool inside a performance sports brand improves the technical perception of wool and can reduce future consumer education costs.	Discussed qualitatively. No separate brand asset value is applied.
Consumer welfare	Consumers may receive value through comfort, odour resistance, temperature regulation and durability. These benefits can exceed the price paid	Excluded because consumer surplus cannot be estimated reliably from available data.

	by consumers.	
Strategic relationship	A stronger relationship with Mizuno creates a lower-cost route for future wool product development in Japan and potentially other markets.	Discussed as a strategic benefit, not monetised.

## 6.0 Broader economic effects not included in the BCR calculations

The BCR should be interpreted as a conservative wool-demand estimate. A number of economic benefits sit outside the calculation because they are either difficult to attribute cleanly or do not flow directly to woolgrowers as market wool value. They are still relevant to the overall assessment.

## 7.0 Conclusion

The Mizuno AW24/25 base layer campaign provides a positive economic return when assessed on incremental wool demand alone. For the purposes of this assessment, a measured EMI path was used and wider commercial benefits were excluded from the BCR, which keeps the central result focused on woolgrower-relevant market value.

The central BCR is estimated at 1.94. The result is supported by product-level wool usage, a credible partner, meaningful campaign reach and a valuation method focused on wool demand. Broader commercial effects strengthen the strategic case, but the core calculation remains grounded in incremental wool volume valued at period-relevant EMI assumptions.

## References

AWI/Mizuno project material

AWEX market reporting and EMI data available for the project period

Mizuno financial reporting

Japan sports apparel market information