WOOL INDUSTRY CONSULTATIVE PANEL (WICP)
Date: 13 May 2026
Venue: Via Microsoft Teams and at Level 2, 345 George St Sydney.

The purpose of this forum is to ensure clear, two-way consultation between AWI and organisational representatives, through to growers. The meeting provides an opportunity for the AWI Board to receive and provide feedback on current/important issues and relevant topics from board meetings.

AWI Business Unit Update

AWI Chair, CEO and CFO gave the WICP the following updates.

- A summary of the company's YTD financial statement to the 31st March 2026 is as follows;

	YTD 25/26 '000's	Budget YTD 25/26 '000's
Total Income	49,469	46,365
Total Expenses	36,068	42,249
Net Profit	13,401	4,116

- On the back of higher levy income, total income is ahead of budget, whilst expenses are below, creating a favourable YTD result which is approx. $9M ahead of budget through the first 9 months of the financial year.
- The budget process for the 26/27 Financial Year has begun and at this early stage it looks positive for additional projects to be undertaken.
- AWTA tested wool volumes to the end of March are down 9.5% YOY, with the clip remaining firmly centred in the 17.5-19.5micron range.
- Since July 2025 prices are up 37-45% across all microns.
- The sportswear, first responders wear, woollen shoes and casual wear segments of the market continue to gain momentum and are filling the gaps created by a retreating suiting market.
- Cotton Australia recently hosted a futures partners' forum which Woolmark collaborated in. AWI input was provided on supply chain and improvements to sustainability.
- AWI continues to work with the MLP steering committee. A draft review has been received and is hopeful that the review process will be finalised within the next 3 months, with the information to be then rolled out.
- AWI continues to invest into research aligned with Woolmark+ to support environmental sustainability, animal health and welfare, climate resilience and access to premium markets.
- This FY AWI has delivered Wool Harvesting training to over 750 people as at the end of March 2026.
- The Australian Wool Traceability hub continues to strengthen with the PIC mandate now in effect, with adoption reaching 86% of the national wool clip.

Department Of Agriculture, Fisheries and Forestry

The recently released budget included positives for the Agricultural Industry relating to fuel security. The Federal Government is working closely with States and Territories to strengthen supply chains affected by issues in the Middle East with the focus on fuel and fertiliser.

Wool Poll feedback is still being assessed with a position paper to be released in the coming month.

WICP Feedback to AWI

Together with members of the WCG, the WICP have requested AWI to focus on the below areas over the next 12 months;

1. Improve communications particularly around information sent out to include a concise document as well as the more extensive document where appropriate.
2. Tailor information to particular service providers where possible.
3. Collaborate wherever possible with other RDC's to avoid duplication and unnecessary cost
4. Continue to build on current extension programs.

Generally, comments around the industry are positive with the industry at its most optimistic for a long time.

Nick Turner
WICP Independent Chair

AWI BUSINESS UNIT UPDATE 2026

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Australian Wool Innovation (AWI) is the not-for-profit industry owned Research and Development Corporation (RDC) working throughout the worldwide wool supply chain on behalf of Australian woolgrowers to increase their long-term profitability.

Internationally we are better known as Woolmark with offices globally in key wool markets. Woolmark focuses on fostering talent, developing new innovations, and helping businesses realise the benefits of Australian Merino wool. It is one of the world's most recognised brands.

AWI's stakeholders range from woolgrowers here in Australia to mills in Europe, China plus global fashion brands. We leverage that extensive network to gather important insights that we share with our primary stakeholder, the woolgrowers of Australia.

AWI directly communicates regularly with growers. This ranges from wool market reports posted online and sent out via text message, to our biannual magazine Beyond the Bale (hardcopy & online). In addition, we provide a monthly Woolgrower Newsletter and have a strong presence across social media including Facebook, LinkedIn, Instagram and YouTube.

This quarterly business unit update is created for AWI's Wool Industry Consultation Panel (WICP) and publicly available to all woolgrowers. It is designed to provide key stakeholders with a snapshot of AWI business units and insights into key projects.

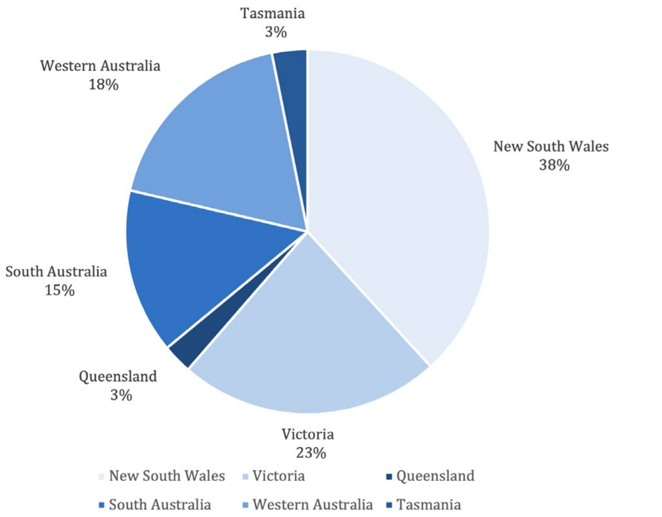
For more information on AWI activities, head to

WOOL.COM

BUSINESS INTELLIGENCE

Domestic Update

AWTA KTD March Update



- Australian wool tested volumes to end March are down 9.5% YoY, with declines recorded across all states.
- NSW (38%) and Victoria (23%) remain the dominant producing states and are the primary drivers of the national decline, with reductions of -9.8% and -11.2% respectively.
- South Australia (-11.7%) recorded the largest percentage fall, while WA (-5.5%) showed relative resilience but still contributed to the overall contraction.
- The reduction is broad-based, led by eastern states, which account for the majority of national production.

Micron Profile

- The micron profile remains relatively stable year-on-year, with only minor redistribution across categories.
- Slight increase in 18.6–19.5µ, while 17.6–18.5µ eased marginally, indicating small shifts within the core fleece range.
- Broader microns (>20µ) are slightly lower, suggesting a modest skew toward finer wool types.
- Overall, the clip remains firmly centred in the 17.5–19.5µ range.

Wool Pricing Update

- Wool prices have risen strongly through March into April, with a noticeable acceleration in recent weeks across EMI and WMI.
- The market is displaying a two-speed structure, with finer merino wools (18–20µ) leading gains, while broader and crossbred types have seen more moderate increases.
- Price strength is being driven primarily by tight supply conditions, particularly in the core micron categories.
- Auction conditions remain supportive, with high clearance rates and limited resistance at current price levels, reinforcing short-term price momentum.
- The share of older wool stocks has declined, indicating tightening near-term supply as backlogged wool is cleared.

Micron Price Guide

- Prices have increased 37%–45% across all micron categories since July, confirming a strong overall uplift.
- The 18–20μ segment has delivered the strongest performance, both in percentage and absolute terms, with 18μ showing the largest gain (+$7.12/kg).
- Finer wools (16.5–17μ) have also performed strongly, although with greater short-term volatility.
- Broader and crossbred types (30–32μ) recorded more moderate gains, reflecting lower price tension.
- Price growth has accelerated from January onwards, following a more gradual rise in the first half of the season.

Wool Auction Offering

- Auction supply remains lower year-on-year:
  - Offered: 1.24M bales (-3.2%)
  - Sold: 1.17M bales (-5.5%)
- Clearance rates have improved to 93.6% (up YoY), indicating strong buyer demand.
- Total value sold is A$2.085B (+28% YoY), reflecting higher prices despite reduced volumes.

Australian Wool Exports (ABS)

- Export volumes declined overall, with China maintaining dominance (88.5%) despite a -6% YoY reduction.
- India (-4%) and Italy (+1%) show relatively stable trends, while smaller markets (e.g. Czechia) remain volatile.
- Export values have increased across major markets, driven by higher wool prices offsetting lower volumes.
- China remains the key determinant of overall market conditions.

Alternative Fibre Context

- Wool price strength supported by:
  - Tight supply + improving demand (China stabilising)
- External factors:
  - Rising energy costs increasing synthetic fibre prices
- Result:
  - Wool's relative competitiveness stabilising
  - Market driven more by supply constraints than demand surge

AWPFC – May Update

- The Australian Wool Production Forecasting Committee's first forecast of shorn wool production for the 2026/27 season is 243.9 Mkg greasy, a 4.5% decrease on the 2025/26 forecast.
- The AWPFC's fourth forecast of shorn wool production for 2025/26 is 255.4 Mkg greasy, 8.8% lower than the 2024/25 season estimate.
- The number of sheep expected to be shorn in 2025/26 is 59.3 million, down 5.9%. Average cut per head is expected to be 4.31 kg greasy, down 3.1%.

International Update

China Macro-Economy Update

- China's economy showed resilience in Q1 2026 with GDP growth of 5% YoY, exceeding expectations despite energy price increases and supply chain disruption from the Iran conflict.
- Growth was driven by high-tech manufacturing and exports, supporting overall economic stability.

Wool market in China

- Retail sales rose 2.4% YoY, indicating moderate consumption recovery, with apparel sales up 9.3%, outperforming broader retail.
- Online retail continues to expand, growing 7.5% YoY, with clothing sales up 11.6%, highlighting ongoing digital channel strength.
- China's wool textile sector is showing strong recovery in early 2026, with total trade value up 16.9% YoY.
- Exports increased 18.9% YoY, led by:
- Wool tops (+43.8% volume)
- Wool yarn (+38.0%)
- Wool sweaters (+29.5%)
- In contrast, woven wool garments declined sharply (-33% volume), indicating structural demand shifts.
- Import volumes fell 8.3% YoY, but import prices rose 18.7%, reflecting tightening global supply.

Retail Market Update

- Retail and brand activity remains strong:
- Anta Sports revenue +13.3% YoY, with significant growth in emerging brands
- Expansion plans include 1,000 new stores in Southeast Asia by 2028
- Increasing globalisation of Chinese brands, highlighted by:
- ICICLE's Paris Fashion Week presence
- Kering investment, supporting international expansion.

Trade/Manufacturing Market Headlines – 48th Wool Salon of Zhangjiagang Industrial Association

- Industry sentiment indicates the wool market has entered a structural upcycle, driven by tight supply and recovering demand, with prices rising across both fine and coarse wool.
- Strong growth areas include outdoor wool apparel (+58%) and wool duvets, alongside broader product diversification.
- Supply constraints, low inventories, and rising demand are expected to support continued price strength, though growth may moderate over time.

Japan Key Developments

- The Iran crisis is driving significant cost pressures across Japan's textile industry, particularly through higher energy prices, with synthetic fibre producers increasing prices by 15–25%.
- Japan's reliance on Middle East oil (80–90% via Strait of Hormuz) is amplifying these impacts, affecting both industry costs and consumer expenses.
- Extreme heat conditions are becoming a key demand driver, with another hot summer expected, boosting interest in cooling and functional apparel.
- Fast Retailing (Uniqlo) continues strong growth and plans to transition to 100% non-mulesed wool by 2027, which may impact Australian wool demand.
- Rising greasy wool prices and yen depreciation are increasing yarn costs sharply (up to ~40%), putting pressure on manufacturers unable to pass costs through.
- Market demand is shifting toward lower wool blends (30–50%) and functional garments, while niche demand for natural fibres persists.
- Growth is focused on mid-layers, shirts, and performance apparel, with a broader trend toward casualisation and elevated everyday wear.

Korea Key Developments

- South Korea's textile and fashion industry is facing a sharp downturn, driven by geopolitical tensions and rising energy costs across its highly import-dependent value chain.
- Business sentiment has weakened significantly, with declining exports, profitability, and employment, and the sector now showing the weakest outlook among industries.
- Domestic demand remains fragile, with companies unable to pass rising costs onto consumers, resulting in short-term margin pressure.
- Major fashion groups reported weak 2025 performance (sales -4% to +3%, profits highly volatile), prompting aggressive restructuring and portfolio realignment.
- Growth focus is shifting toward international markets, particularly China.
- Consumer messaging is evolving from price to quality, emotional value, and brand differentiation, with themes like "timeless elegance" gaining traction.
- Supply chain shifts are evident, with manufacturers moving toward casual and sportswear segments in response to changing demand.
- Wool consumption declined 5–10% YoY, though a modest recovery is expected, supported by premium positioning and sustainability trends.
- New regulations (K-ESPR) will drive traceability, durability, and sustainability compliance, reshaping the industry from 2027 onward.

Central and Eastern Europe Key Developments

- The European apparel market is increasingly fragmented, with fashion under pressure while sports and performance segments show strong growth.
- Fashion demand remains highly unstable, driven by geopolitical uncertainty, reduced tourism, and weak consumer confidence, particularly in Italy and Germany.
- Consumer sentiment is deteriorating, making demand forecasting difficult and contributing to weaker fashion sell-through.
- A contrasting dynamic is emerging in the supply chain:
  - Brand purchasing activity is increasing, particularly for wool
  - Driven by fear of future price rises and higher logistics costs
- This has led to a surge in orders (e.g. Biella), though there is uncertainty whether this is sustained demand or short-term stockpiling.
- A structural shift in materials is underway:
  - Cashmere losing premium positioning due to lower-cost supply
  - Wool gaining momentum, especially in sports and technical applications
- Suppliers are shifting focus from fashion toward sportswear and workwear, where demand is more stable.
- Increasing convergence between luxury and performance, with brands expanding into sport, wellness, and technical categories.
- AI is emerging as a key retail enabler, improving sales (+13%) and reducing returns, and reshaping how consumers interact with brands.
- The market is shifting toward performance, stability, and value-driven growth models.

Western Europe Key Developments

- Escalating geopolitical tensions in Iran are driving higher global energy prices, increasing costs across oil, gas, transport, and fertilisers, and pushing inflation above 4%.
- Europe is particularly exposed, with weaker growth forecasts and declining consumer confidence, leading to reduced purchasing power and softer apparel demand.
- For wool, this creates short-term demand pressure, but also rising input costs across the value chain, while improving wool's relative competitiveness as synthetic fibre prices increase.
- The global luxury sector is entering a slowdown and normalisation phase, with weaker demand in key markets like China and the US.
- Major brands are shifting strategy from volume to value, prioritising profitability, quality, and capital efficiency.
- This supports wool's positioning as a premium, durable fibre, though short-term volumes may decline and sourcing becomes more selective.
- Increasing PFAS regulation in the UK and EU is reshaping material choices, driving a shift away from chemically intensive finishes.
- Wool is well positioned as a natural, low-chemical alternative, though greater traceability and processing transparency will be required.

United States of America Key Developments

- U.S. consumer sentiment declined sharply to 53.3 in March 2026, the lowest since late 2025, driven by the Iran conflict and rising inflation.
- Inflation increased to 3.3%, with energy prices surging (gasoline +21.2%), putting pressure on household spending.
- Supply chains are facing ongoing disruption due to tariff uncertainty, with new 10–15% tariffs and legal challenges creating instability.
- Brands are shifting from cost-driven to risk-driven sourcing, prioritising flexibility, speed, and nearshoring.
- Mexico is emerging as a key hub, particularly for wool-blend products, supporting faster and more responsive production.
- Retail conditions are stable but under pressure, with modest growth driven by inflation rather than volume.
- The market is becoming polarised, with value and premium segments outperforming mid-market.
- Rising costs in synthetics and growing interest in "plastic-free fashion" are strengthening wool's positioning as a natural, premium alternative.

India and Bangladesh Key Developments

- India's economic momentum has slowed entering Q4 FY26, with geopolitical tensions increasing input costs and weakening demand, leading to cautious consumer spending focused on essentials.
- Business confidence remains above neutral but has softened, reflecting a demand-constrained, margin-stressed environment.
- T&A exports declined 2.2% in FY26, with sharp drops to the US partly offset by diversification to other markets.
- Wool yarn demand remains supported by growth in knits, though rising wool costs are a concern.
- Competition from synthetic and regenerated fibres is intensifying.
- Domestically, retail remains resilient, with strong growth in digital commerce and stable premium segments.
- Bangladesh exports declined sharply, though knitwear remains more resilient, supported by trade advantages and policy reforms.

Vietnam Key Developments

- Vietnam's textile and garment sector remains a key growth driver, showing strong post-pandemic recovery with exports reaching US$46B in 2025 (+5.6% YoY).
- Despite early signs of order recovery, businesses remain cautious due to rising costs from U.S. tariffs and geopolitical tensions.
- The industry is targeting US$50B exports in 2026, supported by a shift toward higher-value, sustainable, and automated production.
- Q1 2026 exports grew 2.3% YoY, with continued momentum into March.
- Vietnam has become the largest apparel supplier to the U.S., with exports rising 3% YoY, reinforcing its global competitiveness.
- The U.S. remains the key market, followed by Japan, South Korea, China, and the EU.

FINANCE

The figures below are the figures for the month ending 31st March 2026.

Revenue

SOURCE	YTD 2025/26 '000's	YTD 2024/25 '000's	BUDGET YTD 2025/26 '000's	BUDGET 2025/26 '000's
Wool Levy	26,537	21,049	23,018	29,510
Government Contributions	14,267	12,331	14,455	14,455
Woolmark Licensing	4,100	4,163	4,143	5,524
Investment Income	2,132	2,501	1,448	1,930
Grants/Voluntary	713	574	2,616	3,488
Other Income	1,720	1,062	685	915
Total Income	**49,469**	**41,680**	**46,365**	**55,822**

Expenditure

SOURCE	YTD 2025/26 '000's	YTD 2024/25 '000's	BUDGET YTD 2025/26 '000's	BUDGET 2025/26 '000's
Demand Creation	20,081	24,528	23,656	31,070
Sustainable & Profitable Wool-growing	7,479	9,682	10,351	13,795
Support & Admin	8,508	8,865	8,262	10,954*
Total Income	**36,068**	**43,075**	**42,269**	**55,819**

*Includes A$1.9 of project related costs.

ON-FARM RESEARCH

Sustainable, Profitable Sheep Production

AWI investment focus - productivity and cost-efficiency for woolgrowers

- Prices have increased 37%–45% across all micron categories since July, confirming a strong overall uplift.
- The 18–20µ segment has delivered the strongest performance, both in percentage and absolute terms, with 18µ showing the largest gain (+$7.12/kg).
- Finer wools (16.5–17µ) have also performed strongly, although with greater short-term volatility.
- Broader and crossbred types (30 32µ) recorded more moderate gains, reflecting lower price tension.
- Price growth has accelerated from January onwards, following a more gradual rise in the first half of the season.

AWI is investing in a suite of on-farm research and development projects that directly support woolgrowers to lift productivity, reduce costs, and manage risk more effectively. These projects integrate genetics, nutrition, animal health, technology, and decision-support tools to deliver practical outcomes on-farm.

Investment Focus	Target	Reporting Data Source
Integrated R&D to improve woolgrower productivity, cost-efficiency, and resilience through practical tools and knowledge for decision-making and risk management.	Deliver integrated R&D projects that improve woolgrower productivity and risk management.	• Delivery of cross-disciplinary R&D projects that address more than one key production challenge (e.g. genetics + health + sustainability). • Number of research outcomes transitioned to extension/ adoption phases and or incorporated into AWI grower engagement programs.

Genetics and breeding

- The *Merino Lifetime Productivity (MLP) (ON-00318)* and *MLP Analysis (ON-00775)* projects are creating improved genetic benchmarking tools – better linking productivity, profitability, efficiency, reduced welfare risks from flys and worms into breeding decisions.
- A draft Economic Review of the Merino Lifetime Productivity Project has been received and is undergoing peer review. It is highlighting that the Fine Wool and Wool Production indexes are moderately to highly correlated with current markets and the Sustainable Merino and Merino Lamb indexes are lowly correlated as they value future traits that are not current profit drivers (meat eating quality, worm resistance). The report points to increasing the emphasis of adult fleece weight and micron in the wool indexes. The report also concludes that there are high and low performing sires across all six breeding philosophy /approaches and most are not significantly different to each other. Further information will be provided once the peer review process has been completed.
- A project co funded with the NSW Stud Trust is assessing the outcomes of the annual classing of the MLP progeny across five sites and comparing the costs associated with a range of ram breeding assessment philosophies/approaches. It is providing cost estimates on the use of genomics, ASBVs and repeat 2 year old hogget fleece assessments.
- *Australian Merino Sire Evaluation Association AMSEA (ON-00907)* continues to provide Site Reports, overall management, linkage and strengthening of the Merino Reference Flock with older age data and current genetics. A new project, *Validation of Genomic Breeding Values (ON-00956)* will assess the new genomic tools Flock Profile (flock benchmarking) and Genomic only Breeding Values (individual animal benchmarking) on two thousand 2026 drop AMSEA progeny. The DNA results taken at lamb tagging will be compared with their 1- and 2-year-old performance data.

Technology and Decision support tools

- *Sheep Liveweight and fleece weight estimation (ON-00925).* This MLA co-funded project is developing an in-paddock, off-animal prototype that uses 3D vision to estimate sheep liveweight by generating a model of a shorn animal's size and volume, alongside exploring sensor technologies to assess fleece weight. Early laboratory testing with RGB-D cameras on sheep models has demonstrated promising capability, with both machine learning and traditional image analysis approaches being evaluated to improve accuracy and robustness, and multiple hardware configurations under trial for field suitability. Parallel work on sensors to penetrate fleece and capture body surface data shows potential, though current solutions require further optimisation to address processing and filtering constraints before in-field deployment. Engagement with over 25 producers and consultants is informing system design, validating key assumptions, and supporting a clear pathway toward practical adoption and commercialisation.

AWI investment focus - research aligned with Woolmark+

Investment Focus	Target	Reporting Data Source
Research aligned with Woolmark+ to support environmental sustainability, animal health and welfare, climate resilience, and premium market access.	Deliver research aligned with Woolmark+ initiatives.	• Number of R&D projects initiated or completed that are aligned with Woolmark+ initiatives. • Number of new or refined tools, frameworks, or data sets that help woolgrowers implement nature-positive practices and improve animal wellbeing. • Integration of R&D outcomes into Woolmark+ programs.

AWI is investing in research that strengthens wool's position as a premium, sustainable fibre. Projects are aligned with Woolmark+ initiatives, supporting environmental sustainability, animal health and welfare, climate resilience, and continued access to premium markets.

Environmental sustainability and climate resilience

- *Feed Additives to Mitigate Methane (ON-00918)* and *Lower Emission Supplements (OF-00608)* are investigating the efficacy and delivery of combinations of sheep feed additives to improve methane abatement as well as productivity in grazing sheep.
- The MERiL 3.2 project "Validating and delivering market-ready feed additive solutions in sheep" is assessing closer to market ready feed additives that reduce methane and improve productivity outcomes. A decision was made on 10 March to postpone the planned 6-month grazing trial at UNE due to ongoing dry conditions and limited pasture growth in the trial paddocks. AWI is actively coordinating with UNE to develop an alternative plan that can successfully meet the main aims of the UNE sub-project.
- *Remote Sensing Natural Capital (ON-00910)* and *Piloting Nature Positive Farming (ON-00922, ON-00945)* are developing farm-scale tools and metrics that enable woolgrowers to measure and demonstrate environmental outcomes, aligned with global frameworks such as TNFD. Building industry's capacity to reliably assess and measure the nature positive farming metrics is the current focus. *ON-00910* is progressing well, with a technical held on 14 April to discuss progress on developing satellite-based ecological condition models to support farm-scale natural capital accounting, with the aim of replacing costly field-based assessments with scalable, consistent monitoring. Input from participating data providers and end users was sought to improve the models' scientific robustness, reliability, and readiness for broader application. ON-00945 is developing and testing a standardised manual and quality assurance framework to enable data providers to consistently and accurately generate Nature-Positive Farming (NPF) metrics for woolgrowers. The key output is a validated NPF manual and supporting materials that underpin reliable, scalable measurement and reporting of on-farm natural capital outcomes.

- *Biogenic Carbon Case Studies (ON-00946)* on Australian sheep farms are being funded to support the IWTO Biogenic Carbon Model, to better report carbon flows on farm – with the twin goals of more accurately accounting for wool's net carbon footprint and increasing market demand for wool. The data collection process is underway across three Australian case study farms, with the resulting datasets to be supplied to IWTO for analysis as part of the model validation process.
- *The Environmental Sustainability Extension Program (ON-00955)* is a two-year project designed to provide Australian woolgrowers with clear, consistent and practical sustainability guidance that supports environmental outcomes alongside profitable sheep production. AWI has engaged Enviro-dynamics to undertake an initial desktop review of existing environmental sustainability research and extension resources for the Australian sheep industry, and where relevant, other livestock and broadacre industries. The review includes desktop research and industry consultation to identify market failures, opportunities to refine or repurpose existing materials, collaboration opportunities, and development needs for wool-specific content.
- Two project reference group meetings have been held with participating members which includes RDC, NRM group and livestock advisor representation. At these meetings, participants have reviewed project progress and shared relevant environmental extension resources to inform Enviro-Dynamics' desktop review. Participants have also been invited to identify and recommend advisors to be interviewed in late April and May as part of the consultative process.
- Separately, AWI has commissioned a new project led by Pinion Advisory to develop simple and practical entry-level environmental sustainability content targeted at helping woolgrowers understand what to do next on farm, with a strong focus on productivity, profitability, and alignment with emerging market expectations and opportunities.

Animal health and welfare

- *Sterile Insect Technique (SIT) (ON-00831.* Following further discussions with the Steering Group, the project has clarified its future direction and funding requirements. Current results suggest eradication on Kangaroo Island is achievable, although a project extension will be required. The two-year 'pastoral area first' model has been identified as the preferred approach. Securing additional funding from all parties will be necessary, with internal approvals to be sought over the next two months and the group scheduled to meet again in July.
- Planning is also progressing beyond the research phase, with work underway to develop a sustainable business model to support long-term implementation. Key priorities include strengthening biosecurity measures to protect progress and maintaining strong producer engagement to support adoption and ongoing success.
- *Flystrike Multi insecticide Resistance (ON-00926).* This project is assessing insecticide resistance profiles of Lucilia cuprina on farms that previously submitted samples to NSW DPIRD, allowing analysis of resistance trends over time, refinement of the resistance model, and inclusion of imidacloprid and ivermectin data. Of 153 past submitters contacted, 88 properties expressed interest, resulting in more than 100 kits being dispatched, with some reissued due to sample issues. Early results show the highest resistance levels for dicyclanil, cyromazine and imidacloprid in NSW, ivermectin in Tasmania, and spinosad in Victoria, while the lowest resistance levels were recorded in Western Australia for dicyclanil, cyromazine, imidacloprid and spinosad, and in Queensland for ivermectin.
- *Merino Ewe Mortality (ON-00888).* The Merino ewe mortality project is progressing well, with Phase 1 completed, including a literature review, national producer survey and on-farm monitoring across several Australian regions, generating baseline data on mortality rates and causes that have been shared with industry through presentations, webinars and materials for MLA and AWI. Phase 2 on-farm intervention trials have also been completed, with producers testing management strategies to reduce ewe mortality, including calcium supplementation during lambing, vitamin ADE pre-lambing, and improved condition scoring and targeted feeding. Detailed farm data and veterinary post-mortem analyses have been collected, with preliminary analysis underway to assess the impact of these interventions alongside factors such as ewe age, litter size and stocking rate. Phase 3 has now commenced and will focus on economic analysis, with a data collection tool developed to capture farm inputs and costs, enabling a whole-of-business cost benefit assessment, with initial datasets received and detailed analysis planned for the next reporting period.

AWI investment focus - breeding tools for genetics, emissions reduction and business resilience

Investment Focus	Target	Reporting Data Source
Breeding tools to support sheep genetics, emissions reduction, and business resilience through improved woolgrower efficiency and adaptability.	Develop and disseminate breeding tools that enhance woolgrower resilience and efficiency.	• Completion of research outputs related to trait selection for parasite resistance or climate adaptability. • Completion of R&D outputs that contribute to the development and update of breeding indexes or tools for commercial woolgrower use. • Number of grower-facing activities (e.g. case studies, workshops, online resources) featuring these tools.

AWI continues to invest in genetic research and breeding tools that build the efficiency, adaptability, and resilience of Australia's sheep industry. These projects deliver practical outcomes for woolgrowers by targeting key traits, updating breeding indexes, and ensuring tools are widely accessible through extension and adoption activities.

Genetic tools and trait development

- A new project $11M global project *Breeding for Reduced Methane Emissions (ON-00958)* (AWI has committed $340K in 2027 to 2030) is seeking to reduce sheep methane production by selecting and breeding from low methane emitting sheep. The project is funded by $3M from the Global Methane Hub (Bezos Earth Fund, Bill and Melinda Gates Foundation, Bloomberg Philanthropies and Google), $3M from MLA's Meat Donor Company, $1.1M from Beef and Lamb Genetics NZ, $800K from AMSEA sire entrant fees (used to attract MLA MDC funds) and $340K (3%) from AWI.
- *Genetics of Foot Health (ON-00872)* has been extended another year to get more data given the low expression of foot rot in the past few drier southern seasons.
- *Flystrike Genomics Reference Project (ON-00866)* has released Project Breeding Values of Breech Stike to the participating research and ram breeder flocks with encouraging feedback. The aim is to progress to Research Breeding Values including more correlated visual traits by the end of 2026, then moving to ASBVs by 2028.

Wool Harvesting Initiatives

AWI investment focus – alternatives to traditional shearing

Investment Focus	Target	Reporting Data Source
Wool harvesting research to provide alternatives to traditional shearing and improve clip quality and preparation.	Advance the development of wool weakening technologies to improve shearing efficiency.	• Completion of in-vitro (lab-based) testing and analysis of wool weakening agents. • Progress on trials to evaluate safety, wool quality and feasibility of application. • Technical reporting delivered outlining efficacy, risks, and potential for commercial scalability. • Identification of commercial or research partners for future co-investment (if applicable.)

AWI investment focus – animal welfare assurance

Investment Focus	Target	Reporting Data Source
Animal welfare assurance as a core requirement in the development of alternative harvesting solutions.	Ensure wool weakening R&D incorporates robust animal welfare and safety assessments.	• Completion of welfare impact assessments as part of in-vivo trial protocols. • Independent ethics approval and ongoing oversight of animal testing procedures.

AWI is investing in innovative research to provide safe, welfare-focused alternatives to traditional shearing, addressing workforce challenges while improving clip preparation and quality. The program focuses on developing and trialling wool-weakening technologies that allow fibre to be removed more efficiently and humanely.

- *Bioharvesting Phase 2 (ON-00954).* The Bioharvesting project was selected to present at the Ideas to Impact session at evokeAG 2026 in Melbourne, where it was showcased to potential partners to support its pathway to commercialisation. The session facilitated connections with organisations able to contribute expertise, infrastructure and commercial capability, leading to several follow-up discussions that have identified promising collaborators. Adelaide University's Business Development team is developing a commercialisation plan, with the first draft to be delivered in July.
- The screening system (follicle cultures) is fully operational, enabling efficient assessment of candidate agents within a two-week cycle. Individual agents are progressing through testing, with a promising candidate expected to complete initial screening shortly.
- In parallel, in-house synthesis of a leading candidate is underway at low cost. Subject to successful culture testing, this will allow immediate progression to sheep trials.

Grow Demand and Fibre Advocacy

AWI investment focus – engagement with European policy makers

Investment Focus	Target	Reporting Data Source
Engagement with European policy makers and advocacy of wool's positive benefits	Influence impending textile legislation and amplify the ecological attributes of Australian Merino wool.	• Influence impending textile legislation and amplify the ecological attributes of Australian Merino wool.

AWI continues to invest in defending and promoting the eco-credentials and benefits of Australian wool.

Progressing LCA data

AWI has commissioned Kettlewell Consulting to update the manufacturing stage data for AWI's wool Life Cycle Assessment (LCA). Since the last dataset was collected in 2017, improvements in manufacturing efficiency, energy use and emissions management across wool processing are expected to result in an improved environmental profile for the manufacturing stage. Outreach to processors has commenced to seek their interest in participating in the project.

Dynamic breathability

AWI is continuing to work alongside North Carolina State University facilitating the final publication of the American Standard Test Method (ASTM) F3628 which remains under consideration by the ASTM technical committee. The new protocol simulates the sweating and non-sweating cycles typically experienced by cyclers, hikers and rock climbers, where body temperature fluctuates and comfort is critical. In particular, the protocol highlights the significant 'after-chill' experienced during the non-sweating cycles in all fabrics except wool. Project PF-00035 dynamic breathability thresholds" seeks to further progress the pathway from research to commercialisation, by establishing Woolmark certification thresholds for the dynamic breathability attributes. Part of this work will be assessing the extent to which wool's dynamic breathability attribute is reflected in wool blends. AWI has commissioned Chia Her to manufacture fabrics of different fibre composition for testing. The fabric manufacturing process is expected to be completed imminently.

WOOL HARVESTING

Shearing & Wool Handler Training 2025/26 year-to-date

Overview

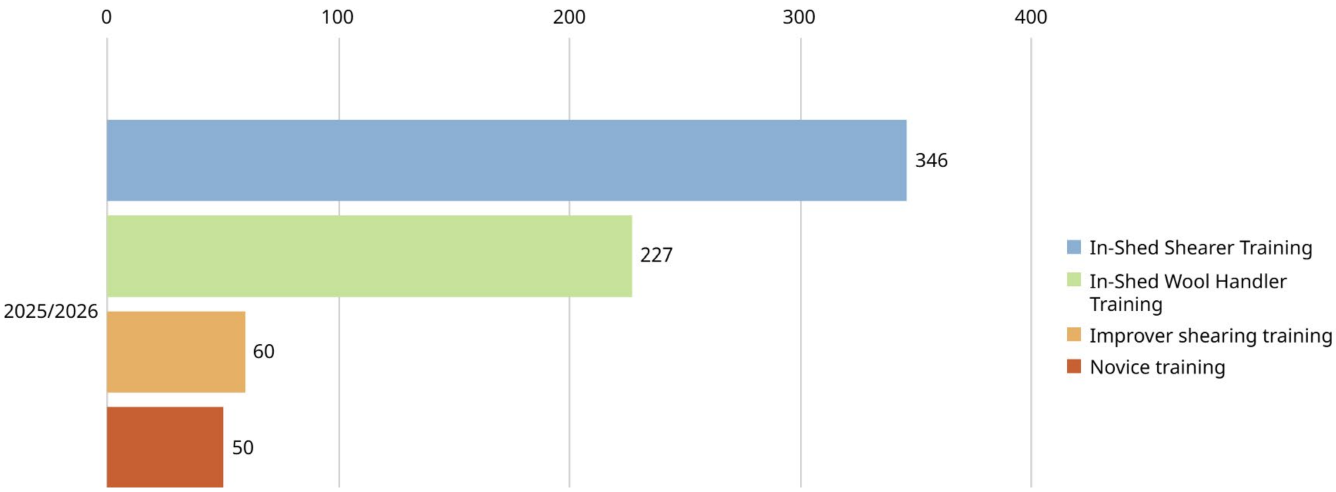
Wool Harvesting Training is in full swing. The last two months a busy time in all states with reasonable numbers to shear. The sheep numbers have dropped off, particularly in Western Australia & New South Wales, the shearing and the training will slow down as of late May, except for Queensland where the busy time for wool harvesting is in May – Aug.

Entrants, FY 2025/2026

Entrant Type	Target
Existing Worker	1,055
New Entrant	390

So far, this financial year AWI has delivered training to well over 750 people. Some people receive more than one day of training with follow up visits within shed shearer and in shed wool handling training. 37% of the people we train are new entrants, the majority of these are wool handlers. Most of the existing workers trained are shearers with AWI in shed training to improve their skills and the quality of the sheep shorn. Less Novice people trained with less opportunity with less demand for shearers therefore a smaller number of learner shearers required. There is however more demand for wool handlers, wool pressers, sheep crutcher's & we will be expanding the training reach to include these in next financial years planning and delivery.

AWI Training Days (2025/26 year to date)



AWI Training areas that are becoming more critical include – these are one-two days or short courses delivered by AWI contracted trainers.

- Animal Welfare Workshops (2 hours)
- Wool Pressing (1-2 days)
- Crutching (2 days)
- Shear & Gear workshop (1 day)

Animal Welfare Workshops (AWW)

- AWI & SCAA Training have collaborated to run animal welfare workshops for industry.
- AWI works closely with Elite Wool Industry Training (EWIT) in New Zealand, who are running the same animal welfare workshops, providing consistent and broader reach of wool harvesting workers, as we do have a lot come over in the early spring for Australia's peak shearing season (sept – Nov)
- The workshops, running in all states, have had financial support from, SCAA training, Inland Wool Brokers (NCWSB), Australia Council Wool Selling Brokers (ACWEP) all seeing the need to keep our industry well trained & supported with a practical, fee free workshop in a working shearing shed, for everyone not just shearers and wool hanlders.
- ANIMAL WELFARE state by state (Tasmania had 3 workshops late 2025)
- 389 participants trained this financial year – more planned (1025 trained last year)

EXTENSION

AWI Extension Networks

The AWI Extension Networks have been actively delivering information via face-to-face opportunities, webinars, newsletters and emails across Australia. Many collaborative events are scheduled for the next few months across Australia, and further opportunities are currently being negotiated.

Four of AWI's six AWI Extension Networks finish their current funded term at end of June 2026. AWI management is preparing funding applications for review by the AWI Board in upcoming meetings.

Several of the AWI Extension Networks' Producer Advisory Panels (PAP) have met in the last few months, with the remainder to meet in the coming months. These PAP Meetings are used to provide advice to inform the activities of AWI Extension in the 2026 calendar year, as well as strategic planning for 2026–27 financial year and beyond.

Wide-spread drought and water shortages

Whilst many major wool-growing regions across Australia received welcome rain late last year and earlier this year, many others missed out entirely or haven't had follow up rain to make use of what has fallen year to date.

Many falls during February–March also brought up a lot of late summer feed, rather than starting the autumn break. This feed has now mostly burnt off due to a combination of warm, windy days and little to no follow-up rain. The prolonged warm weather and lack of rain, particularly decent runoff rain, has meant that many regions are now facing drastic water and feed shortages, and stock turnoff has been high.

Demand from growers for information regarding feed budgeting, drought feeding, decision making about which sheep to prioritise retaining, and prioritising sheep on farm depending on their requirements, has been high.

Events hosted or attended by AWI Extension

- AWI Breeding Leadership 2026 (Clare, SA)
- AWI Extension SA Sticky Beak Day (Yallunda Flat, SA)
- AWI Extension SA Sticky Beak Day (Yantanabie, SA)
- AWI Extension SA Sticky Beak Day (Merriton, SA)
- AWI Extension SA Sticky Beak Day (Burra, SA)
- AWI Extension SA Sticky Beak Day (Wangolina, SA)
- AWI Extension NSW PAP Meeting (Sydney, NSW)
- MerinoLink Conference 2026 (Armidale, NSW)
- AWI Extension SA Sticky Beak Day (Ashville, SA)
- AWI Extension SA Sticky Beak Day (Geranium, SA)
- AWI Extension SA Sticky Beak Day (Wunkar, SA)
- AWI Feed Budgeting Masterclass (Forbes, NSW)
- Leading Sheep Ram selection workshop (Dirranbandi, QLD)
- AWI Extension WA PAP Meeting (Perth, WA)
- Leading Sheep Property tour – technology in use in the yards (Inglewood–Yelarbon area, QLD)
- AWI Feed Budgeting Masterclass (Narromine, NSW)
- Burra Field Day (Burra, SA)
- AWI Extension SA PAP Meeting (Adelaide, SA)
- Big Tech Big Ideas Field Day (Dubbo, NSW)
- Leading Sheep Forum (Longreach, QLD)
- SA Sheep Expo (Adelaide, SA)
- MLP A&RC Meeting (Sydney, NSW)
- BestWool/BestLamb & BetterBeef Coordinators Conference (Macedon, VIC)
- AWI Extension TAS PAP Meeting (Cressy, TAS)
- AWI Extension NSW webinar: Plan to lamb (online)
- Agfest (Carrick, TAS)
- UPCOMING: AWI Extension SA webinar: KI sheep blowfly sterile insect technique (SIT) project (online)
- UPCOMING: Campbell Town Show (Campbell Town, TAS)
- UPCOMING: AWI Feed Budgeting Masterclass (Gundagai, NSW)
- UPCOMING: AWI Extension VIC PAP Meeting (online)
- UPCOMING: MLP Site Seminar – Pingelly MLP site (Perth, WA)
- UPCOMING: BestWool/BestLamb Conference (Ballarat, VIC)
- UPCOMING: Cost of production workshop (Western Riverina, NSW – exact location TBC)
- UPCOMING: AWI Extension SA webinar: Weaning planning for 2026 (online)
- UPCOMING: MLP Site Seminar – MerinoLink & Macquarie MLP sites (Dubbo, NSW)
- UPCOMING: LambEx (Adelaide, SA)
- UPCOMING: AWI Extension NSW PAP Meeting (online)
- UPCOMING: Australian Sheep & Wool Show (Bendigo, VIC)
- UPCOMING: MLP Site Seminar – Balmoral MLP site (Balmoral, VIC)
- UPCOMING: MLP Site Seminar – New England MLP site (Armidale, NSW)
- UPCOMING: AWI webinar: Cost of production (online)

DEMAND CREATION UPDATE

RB Sellars Partnership 2026

RB Sellars is a long-established Australian workwear brand with deep penetration among woolgrowers and regional communities, where the brand is worn extensively as everyday apparel.

The RB Sellars partnership is progressing with product now available to shop.

The partnership includes:

- Woolmark certified Australian Merino wool product range including base layers, performance layers, polos and tees.
- Content creation spotlighting Australian woolgrower properties
- Paid digital campaign – Meta & Google
- Regional TVC campaign – 4 weeks
- Regional billboard campaign – 6 weeks
- PR strategy
- Digital, EDM and social amplification

Observed Demand Signals Overview

Industry Signals

Increased scrutiny of textile chemical treatments has led to increased discussion around Superwash wool treatments. Woolmark has developed a communication framework to ensure accurate information is available to staff, trade partners and media while supporting ongoing industry innovation in lower-impact processing technologies. Widespread legislation on PFAs in textiles underscores the importance of the Woolmark+ ambition to remove chemicals of concern whilst highlighting a strategic opportunity to amplify PFAS-free weather-resistant wools. Rising focus on climate and nature solutions underscores the importance of the Woolmark+ Australian Wool Insetting Program to deliver measurable on-farm outcomes and support brands in meeting evolving expectations.

Trade Engagement

Strong signals that industry messaging around wool performance is gaining traction following Functional Textiles Shanghai March show where there was a notable increased presence of wool performance fabrics, with Woolmark invited to speak on three industry panels despite not exhibiting. Reinforcing positive signals in Germany following the Enforce Tac show, Germany's leading trade fair for security and defence where 15 meetings were secured.

The Wool Lab AW27/28 theme ("Summit & Shelter") focuses on performance garments for cold and alpine environments, including base layers, fleece, laminated shells and outerwear reinforcing technical performance apparel as a key growth category for wool, particularly in outdoor and sports segments.

Brand engagement is tracking positively with new meetings secured with Inditex, On running, Nike and OTB (Marni, Diesel) in the next month. Brand drivers for engagement are sustainability, premiumisation and differentiated performance storytelling.

Supply Chain Capability / Adoption

Several wool performance suppliers are reporting strong forward demand, with some indicating that demand for specific technical wool fabrics is currently exceeding available supply. Overall, the high end or premium market has maintained stable or even a slightly increase with low-mid market dropping.

Product Innovation

14 in-progress product development projects, 13 supply-chain partners led, 1 brand-led. Enhanced performance blends and improved sustainability are key drivers.

Brand / Retail Adoption

Brand partner performance for AW25 has been consistently positive in most markets, with Saks Fifth Avenue a notable exception following their bankruptcy announcement. All other brand partners are reporting YoY growth driven by lightweight layers and performance categories.

Retail training continues to be on of Woolmark's most requested services with extensive education delivered to Australian retailers and product teams (Austin Group, RB Sellars) with further programs in pipeline (MJ Bale, APG, Uniqlo) to support sell-through.

Consumer Preference

A direct-to-consumer campaign is being developed to improve Woolmark brand awareness and increase willingness to pay amongst millennials to strengthen Woolmark's authority and commercial relevance globally and accelerate licensee adoption.

A/W2025 Brand & Retail Partnership Results (to date)

Partner	Live Period	Impressions	YoY Variance
TMALL, China	3-days	1.52B	+28%
Double 11, China (11 brands)	1-month	83M	+17%
Saks, USA	6-weeks	24M	-44%
Neiman Marcus, USA	6-weeks	24M	-
McMullen, USA	6-weeks	550k	+82%
Ajio Luxe, India	3-months	17.5M	+27%
TataCliq, India	3-months	4M	-
PORTS, China	4-months	107M	-
Tod's, Italy	3-months	9.6M	-
Ciele, USA	3-months	56M	-
Huckberry, USA	3-months	2.1M	+54%

SUSTAINABILITY

Pillar 1: Grow Demand and Fibre Advocacy

Investment Focus	Target	Reporting Data Source
Advocacy of wool's positive benefits.	Influence impending textile legislation and amplify the ecological attributes of Australian Merino wool	• Provide the science to level the playing field for wool compared with other apparel fibres via the Make the label count campaign

AWI's sustained engagement in the EU's Product Environmental Footprint (PEF) process—as a coalition member of the Make the Label Count campaign—has been instrumental in ensuring that concerns about the proposed environmental labelling for apparel products are heard. The PEF methodology favours synthetic fibres over natural ones like wool.

EU PEF & Make The Label Count Campaign

- Since 2021, the Make the Label Count (MTLC) campaign has been calling for fair and credible sustainability claims in the textiles sector, advocating for a level playing field across all fibre types. At the heart of this work is the Product Environmental Footprint (PEF) methodology, a tool used to calculate the environmental impact of a wide range of products, including textiles.
- The campaign's aim is to ensure that the PEF methodology—before it is introduced into the EU market for apparel and footwear—accurately reflects the environmental performance of all fibres. Natural fibres, such as wool, risk being unfairly rated due to methodological gaps, including incomplete accounting for the impacts of fossil fuel-based synthetic fibres (for example, microplastic pollution).
- PEF is mentioned in two major policy initiatives: the Green Claims Directive (now on hold) and the Ecodesign for Sustainable Products Regulation (ESPR) (already published). Both signal the European Commission's intention to use the PEF methodology as a basis for substantiating environmental claims. However, they also acknowledge the current limitations of the PEF system.
- Following sustained engagement, as a coalition member of the MTLC campaign and providing AWI's technical expertise to the IWTO's five-year participation in the PEF Technical Secretariat—the European Commission has acknowledged that PEF is not market-ready.
- Submissions were developed to respond to the Joint Research Center's (JRC) public consultation to inform the Ecodesign for Sustainable Products Rules (ESPR) for textiles. These rules will shape how textile products are assessed and compared in the EU on issues such as durability, recyclability, recycled content, environmental footprint and product information under the Digital Product Passport.

Pillar 2: Sustainable and Profitable Wool-Growing

Investment Focus	Target	Reporting Data Source
Generate engaging and educational Woolmark+ content creation; presence at key global events.	Drive awareness and engagement of Woolmark+ initiatives	• Initiatives launched • Brands engaged • Earned media clippings
Research aligned with Woolmark+ to support environmental sustainability, animal health and welfare, climate resilience, and premium market access.	Deliver research aligned with Woolmark+ initiatives	• Number of R&D projects initiated or completed that are aligned with Woolmark+ initiatives • Number of new or refined tools, frameworks, or data sets that help woolgrowers implement nature positive practices and improve animal wellbeing • Integration of R&D outcomes into Woolmark+ programs

The Woolmark+ roadmap is designed to empower woolgrowers and supply chain partners to accelerate the industry's transition to a nature positive future, building on existing successes while introducing new initiatives to safeguard the future of wool.

Woolmark+ Australian Wool Insetting Program

- The Woolmark+ Australian Wool Insetting Program is a three-year pilot initiative designed to develop an insetting framework for the Australian wool industry, enabling greenhouse gas (GHG) emissions reductions and removals to be retained within the wool textile value chain.
- The program aims to deliver measurable Climate and Nature Outcomes, enable both Brand Participants and Woolgrowers to report on these outcomes, and test the viability, functionality and scalability of insetting as a market mechanism. This approach is intended to support Woolgrowers in accessing new economic opportunities by responding to evolving market demands over time.
- The Program will then work with woolgrowers to compile historical emissions data to establish a program baseline and develop Farm Environment Plans.
- Identifying priority emissions reduction and removal activities that can be integrated into the farm business. This will include activities across flock, pasture and grazing, inputs and efficiency and plantings and conservation.
- Woolgrowers are currently being onboarded to the program and brand participation onboarding is being finalised.

TRACEABILITY

The Australian Wool Traceability Hub has continued to strengthen national traceability capability and expand integration with key industry systems.

Key achievements include:

- The Property Identification Code (PIC) mandate is now in effect, with adoption reaching 86% of the national wool clip (including full uptake across grower lots and interlots).
- The PIC validation process is now live, using automated checks and integration with the NLIS database. This is an important first step in leveraging MLA NLIS data.
- Early testing identified that around 7% of traceability requests contained missing or invalid PICs, but this is steadily improving as uptake increases.
- New quality scheme certificate functionality has been built into AWTH to reduce friction in the domestic supply chain.
- Engagement continues with Textile Exchange, including progress on discussions to reduce documentation requirements for transaction certificates.
- Industry engagement is ongoing, including correspondence with the NCWSBA to encourage increased uptake of data flowing into AWTH to strengthen commercial traceability outcomes.

Next steps over the coming month include:

- Continued participation in AWSS pilot programs, including API development and testing for Certificate of Compliance.
- Progressing a farm-to-mill e-bale ID pilot.
- Finalising build and audit steps for the Certificate of Origin capability.
- Scoping AWTH's role in Woolmark programs requiring traceability, such as the Insetting project and Nature Positive Farming.
- AWTH has been successful in collating data for traceability use. It is now critical to demonstrate practical value through:
- Testing traceability readiness in a real-world scenario, including a simulated biosecurity incursion response aligned with the AUSVETPLAN framework.
- Show a reduction in duplication of paperwork over time by streamlining traceability and certificate requirements across systems.
- Improving certificate functionality to support smoother broker/exporter workflows.
- Increasing adoption of AWTH traceability reports to better support commercial wool movement.

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