

AWI BUSINESS UNIT UPDATE

NOVEMBER 2026

awi

WOOLMARK

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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

COMMUNIQUE

WOOL INDUSTRY CONSULTATIVE PANEL (WICP)

AWI Business Unit Update

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 Chair, CEO and CFO gave the WICP the following updates. A summary of the company's 2027 1st Quarter financial results (30th Sept 2026) are shown below;

	Actuals 30th September 26 '000's	Budget 30th September 2026 '000's
Total Income	11,988	9,127
Total Expenses	18,023	18,995
Net Profit	-6,035	-9,868

- Results for the first quarter of the 2027 FY show a loss but remain ahead of budget. It needs to be noted that no government contributions are received by AWI in the 1st quarter. Government contributions of approximately $13M were received in October 2026.
- Budgeted income for 2027 FY was based off an EMI of AUD 1680c.
- Processors have been running down stock reserves over the last 6-9 months in an attempt to stay out of the market at current prices.
- Both the AWI Chair and CEO have spent significant amounts of time engaging with key processors and brands over the last 3 months to strengthen relationships and listen to the market.
- Wool is noted as a discretionary product however polyester prices have increased as well due to the Iran conflict. Substitutability can be mitigated by continually highlighting wool's fibre quality, animal welfare, human rights, carbon accounting and sustainability/regenerative agriculture. Further work is required on human rights and carbon accounting.
- Work is ongoing to continue promoting wool as a smart fibre, and Woolmark testing standards will be required to evolve.
- Discussions around forward wool contracts continue to occur, and it's recognised that AWI needs to lead these discussions but requires support from all stakeholders in the supply chain.

Marketing Insights – AWI Director Georgia Hack

- The evolution of social media has impacted marketing campaigns and consumer interactions, and disruptions are ongoing due to the artificial intelligence age.
- It was highlighted that most AI bots find information from branded websites, google searches and online publications. It was acknowledged that the connection to culture is essential for brands and is moving in wool's favour due to Gen Z consumers demanding sustainable and natural fibres.
- AWI's ambition is for Woolmark to become the world's most valuable textile brand and the Return to Real campaign reinforces Woolmark as the mark for quality in consumers' minds.

Research Insights – AWI Research Managers, Mark Scott and Carolina Diaz

- Significant investment into flystrike R & D continues, however it's noted that success remains difficult to measure.
- Wool harvesting alternatives continue to attract investment with 2 projects currently being undertaken.

Department Of Agriculture, Fisheries and Forestry

DAFF provided an update on Woolpoll, noting that the previous instrument was repealed, requiring new polling arrangements to be established under the new legislative framework. Due to extensive consultation requirements the new Woolpoll instrument will not be in place for the 2027 Woolpoll meaning that the current levy rate of 1.5% does not expire and will remain in place unless changed in accordance with the legislation.

Nick Turner
WICP Independent Chair



BUSINESS INTELLIGENCE

DOMESTIC UPDATE

Wool Production

AWTA KTD 2026/27 season Jul-Sep	State Share	2026/27	2025/26	tonnes diff.	% diff.
New South Wales	43%	23,692	25,232	-1540	-7.0%
Victoria	20%	11,259	10,768	491	4.1%
Queensland	4%	2,117	2,706	-589	-19.7%
South Australia	15%	8,402	7,046	1356	15.2%
Western Australia	14%	7,737	7,498	239	-3.8%
Tasmania	5%	2,533	2,842	-309	-9.8%
TOTAL	100%	55,740	56,092	-352	-2.8%

Australian wool production for the first three months of the new season is modestly below 2025/26, but does not indicate a sharp deterioration. The national decline is concentrated in NSW and QLD, which fell by 2,129 tonnes combined. Vic and SA offset 1,847 tonnes of that decline.

WA slight decline of 239 tonnes is a potential signal of a slowdown in moving out of sheep, however the coming months will paint a more concise picture.

The more important signal is a broadening fibre profile and strong state divergence, with the majority of the reduction being in the <18.5 micron categories.

Micron	2026/27	2025/26	Change
< 18.5	19,790	22,795	-13.2%
18.6–20.5	20,425	20,085	1.7%
20.6–24.5	7,998	6,324	26.5%
>24.6	7,527	6,888	9.3%

Wool Price

The wool market experienced a more cautious tone in the weeks leading up to the Nanjing Wool Market Conference, with the EMI falling 21 cents to close at 1,857 A¢/kg. In US dollar terms the EMI fell a more substantial 34 cents to 1,325 US¢/kg, as the Australian dollar weakened by around one US cent to 71.24 US cents, cushioning the decline in local currency.

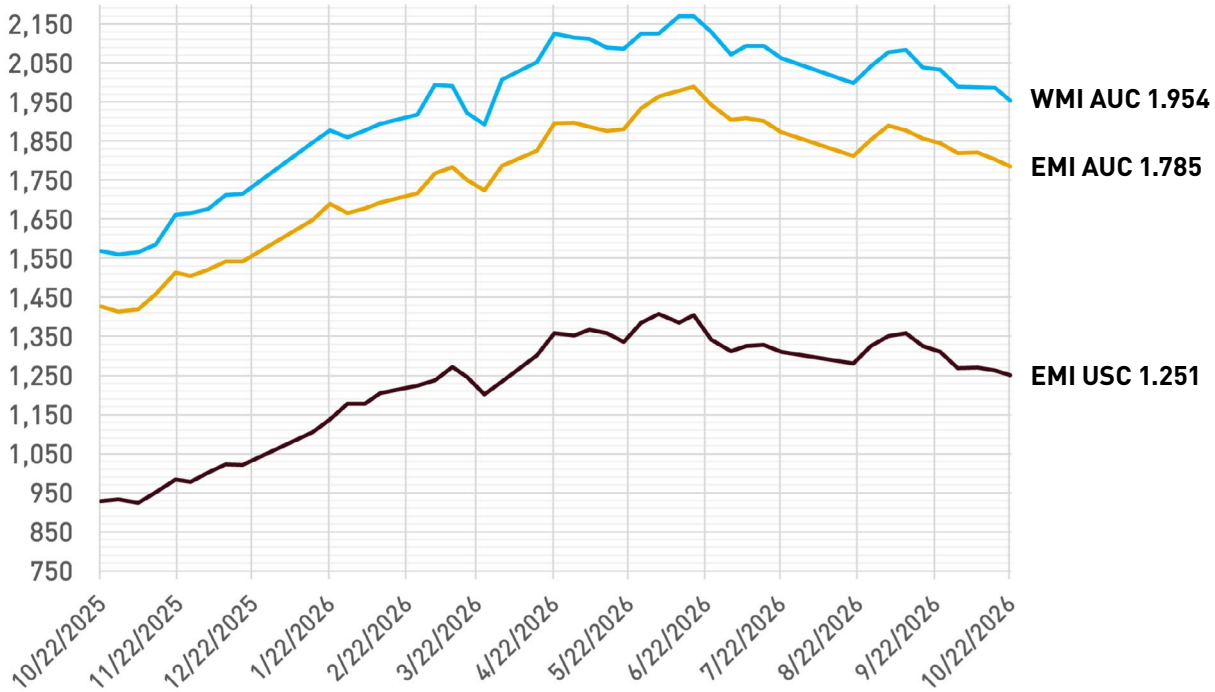
Recent trade feedback points to reduced urgency from Chinese indent buyers and greater resistance to elevated raw wool and top prices. However, renewed appetite for from European and Indian mills may temper further price weakening.

As at the end of Week 17, the wool market has continued to ease despite a substantially smaller national offering, suggesting global markets are still seeking a price level at which normal trade can resume. Buyer selectivity and increasing grower seller resistance were the key factors shaping the market.

Premium European style and specification sale lots remained comparatively well supported, particularly certified clips, while non-Euro superfine types and standard top making wools are bearing the brunt of the depreciating levels.

Low inventories across the supply chain, constrained raw wool supply and wool's compelling natural fibre story provide underlying support for the market. However, macroeconomic uncertainty and cost of living pressures continue to drive resistance to higher prices, while the potential for rising interest rates in key markets remains a concern.

12-month Market Indicators
22nd October 2026



INTERNATIONAL UPDATE

CHINA

Export Market

The key export destinations for wool textile raw materials and products remained relatively stable. Exports to major markets including the EU, ASEAN, the US, and Japan accounted for 62.5% of total exports, up 1.1% from the same period last year.

Import Market

- From January to July, imports of wool textile raw materials and products reached USD 2.66 billion (RMB 18.4 billion), up 33.4% YoY.
- Imports of wool and pre-processed wool reached USD 650 million, up 48.8% YoY. Import volume totalled 180,000 tonnes, up 4.8%, while the average import price reached USD 8.74/kg, representing a 41.9% YoY increase.
- Wool import volumes from Australia saw a slight decline, mainly due to reduced local supply. However, Australian wool export prices continued to strengthen amid tighter supply and sustained market demand.

Retail Market Update

- From January to August 2026, the total retail sales of consumer goods reached RMB 32,756.9 billion, up by 1.1% year on year. The total retail sales of clothes, shoes, hats and textiles reached RMB 961.5 billion, up by 5.1% year on year.
- China's shoppers stayed cautious. In August, China's retail sales rose 0.4% YoY, below July's 0.6% pace, hit by an 18.5% plunge in vehicle sales. Strip out cars and sales grew 2.5% in August, matching July's pace. Total sales of clothing also saw slight decrease of 0.5%. Factory output picked up to 5.2% growth as AI-linked exports and integrated circuits demand kept assembly lines busy.
- From January to August 2026, China's online retail sales of goods were RMB 8,419.5 billion, up by 4.3%; among the online retail sales of goods, those of food, clothing, and daily necessities increased by 15.9%, 4.9%, and 1.1%, respectively.

JAPAN

Key Developments in the Market

Japan's number of births has risen for first time in 11 years during the first semester of 2025. The 0.8% increase could signal a bottoming out of the rapid decline in births that has continued since the COVID-19 pandemic.

Japan's central bank has raised its main interest rate to a fresh 31-year high -from 1% to 1.25%- to curb rising prices. The announcement came a couple of days after the US Federal Reserve raised its rate for the first time in 3 years. Japan's main interest rate stood at minus 0.1% in 2024.

Japan's apparel industry has seen a 5.3% revenue increase for the 5th straight year in FY2025. M&A activity and active business expansions were key drivers behind the continued post-pandemic rebound, despite headwinds from rising material costs and consumer price sensitivity.

Key Insights from Suppliers and Industry Stakeholders

We see growing demand for functional materials that combine wool's comfort with the performance characteristics of synthetic fibres, with increasing interest from leading synthetic manufacturers who seek to differentiate.

We are also witnessing significant interest for lightweight wool materials with open structures and transparency. Interest is particularly high for warp knits, mesh, piqué and leno fabrics, especially from luxury brands and sports brands. However, strength, abrasion resistance, wash durability and bursting strength remain essential requirements. Creating high-performance fine yarns will be key for commercial adoption.

The decline in excess inventory across Japanese wool suppliers has resulted in healthier orders levels this season, especially for woollen coat fabrics. However, this appears to be mainly inventory-replenishment demand rather than growth driven by new trends or consumer popularity. Further monitoring is required to determine whether the recovery will continue.

With the new EU traceability requirements in mind, Japanese suppliers engaged in international business are actively deepening their understanding of the RWS certification, certified-material management and of the wool supply chain from raw material to finished product.

SOUTH KOREA

Key Developments in the Market

Sales and operating profits of major Korean fashion groups such as Samsung C&T Fashion, LF, Handsome and Kolon improved significantly during the first two quarters of 2026. They are once again expanding their imported brands business as a key growth strategy. Facing sluggish market growth and more polarized consumer spending, they are looking to established global brands, rather than relying solely on their own labels.

Korea's mass market brands are shifting toward quality and functionality. Competition is becoming more intense as both local and global brands expand their presence. Fast-growing local leaders are focusing not only on competitive pricing and fast deliveries, but also on better quality, functionality, material innovation, premium products, and differentiated brand experiences, presenting significant new opportunities for merino wool.

Global companies increasingly view Korea not only as an important sales market but also as a test market for new products and retail strategies, due to its fast-changing fashion trends and high expectations for quality, design, and shopping experience.

The boundaries between casualwear, fashion and sportswear are becoming blurred in the market. Some of Korea's most successful contemporary designer brands are preparing to launch their own sportswear lines, reflecting growing consumer demand for clothing that combines style, comfort and technical performance. This is creating new opportunities for materials that can deliver both functionality and a premium aesthetic – a strong match for merino wool.

CENTRAL AND EASTERN EUROPE

PETA Campaign and Short-Term Impact on Partner Relations

The recent PETA protests against wool during Fashion Week have generated significant visibility across the European fashion media, creating a level of attention around wool that is now being felt directly across the industry.

While the immediate reaction has created some uncertainty, we currently consider this to be a temporary stand-by phase rather than a fundamental change in partner sentiment towards wool. We will continue to monitor the situation closely and maintain an open dialogue with our partners, providing them with the facts and evidence needed to make informed decisions.

European Apparel Market Overview & Consumer Insights

The European apparel market remains challenging, with weak consumer demand, continued price sensitivity and strong pressure from low-cost imports. In Q1 2026, EU clothing turnover declined by 4.2% year-on-year, while clothing production fell by 5.1%. However, the market is becoming increasingly polarised, with significant differences across segments and consumer propositions.

The continued convergence between performance, outdoor and everyday wear, including the growing Gorpcore trend, is creating opportunities for technically differentiated products.

Undifferentiated casualwear and mass-market fashion remain under significant pressure from ultra-fast fashion, marketplaces and increasingly value-conscious consumers.

European Regulations and Market Opportunities

The EU ban on the destruction of unsold apparel by large companies entered into force in July 2026, while textiles remain a priority under the ESPR. The Digital Product Passport framework is also progressing towards implementation, with the textile delegated act currently planned for Q4 2027.

These developments are expected to increasingly influence product development, sourcing and supply-chain decisions, particularly around durability, transparency and measurable environmental performance.

European Wool Supply Chain & Price Outlook

Feedback from the European wool supply chain remains broadly positive, with mills and manufacturers reporting healthy order pipelines and relatively constructive expectations for the coming seasons compared to previous season they are about 5-7% over in terms of orders

However, price inflation is emerging as a key concern across the supply chain.

Conversations with mills, manufacturers and industry partners indicate a broad expectation of approximately 10% increases in fabric price lists for the coming seasons, driven primarily by the combined impact of raw material costs and energy/manufacturing costs.

WESTERN EUROPE

Making Product Value Tangible

Across Western Europe, value is becoming harder to assume and more important to demonstrate. Consumers remain willing to spend, but are increasingly looking for clearer justification around quality, longevity, provenance and performance, while regulation is raising expectations around how those attributes and claims are evidenced.

For wool, this creates an opportunity to move beyond premium positioning alone and demonstrate why that premium has value.

Consumer: Product substance is becoming part of the value proposition

In the UK, we are seeing a stronger emphasis on product substance over overt brand signalling, particularly in premium menswear. Fabric, craftsmanship, provenance, longevity and functional attributes are becoming more central to how value is communicated and justified. Retailers placing greater emphasis on explaining why a garment is worth its price, both online and in-store.

Market: Consumers are still spending, but competition for value remains

The Netherlands is showing continued resilience in apparel spending, suggesting that consumers have not withdrawn from fashion despite wider economic pressure.

Across Western Europe, regulatory change is moving product value from a marketing proposition towards something that increasingly needs to be evidenced at product level.

Recent developments across the region show this shift moving into implementation:

- **France:** from 1 September 2026, the ultra-fast-fashion malus can reach 50% of a product's price, capped at €12 in 2026, targeting models characterised by very high product volumes and weak incentives for repair.
- **Netherlands:** from 2026, textile producers must report the volumes of textiles they reuse and recycle under Extended Producer Responsibility, moving circularity requirements further into operational reporting.
- **United Kingdom / EU market access:** businesses are preparing for Digital Product Passports and more structured product information requirements, with compliance extending beyond simply adding a QR code.

Together, these developments point to a market where durability, composition, provenance and environmental credentials increasingly require proof rather than assertion.

AMERICAS

Trade & Manufacturing

- Tariff fluctuations continue, most recent updates being 50% tariffs on selected Canadian products and 25% tariffs on certain Brazilian goods. The U.S.-Mexico-Canada Agreement (USMCA) is still under serious strain but negotiations have not ended.
- North Carolina State University has been chosen to lead a 10-year Department of War initiative aimed at modernizing textile manufacturing in the United States to support the defense industry. The US military is required by law to buy American-made goods, though specific exceptions and waivers are allowed for some foreign purchases. Woolmark Americas will keep an eye on this initiative for any benefits for Australian wool.

Retail Landscape

- July retail sales were down 0.6% MoM and 5% higher YoY. The softer discretionary spending fits the broader consumer picture of still being willing to spend, but affordability pressures leading to greater selectivity around discretionary purchases.
- Nike is no longer a blue-chip stock and will be removed from the S&P 100 after nearly 18 years on September 21, 2026. Nike reported flat revenues for its full 2026 fiscal year and beat analyst revenue expectations for its fiscal fourth quarter, which puts Nike in a better position than it was a few years ago.
- Lululemon sales dropped 12%, with women's legging sales declining 20% in the second quarter. Bad publicity on the PFAS lawsuit against Lululemon continues with a recurring theme from consumers being frustrated over paying a premium price for "toxic" synthetic garments.

Consumer sentiment

- U.S. consumer sentiment in August 2026 reading came in at 51.7 based on the University of Michigan Consumer Sentiment Index (MCSI), down from 55.2 in July. U.S. consumer sentiment stays relatively the same with main concerns being the increase in cost-of-living, gas prices, and inflation but in August, concern has broadened beyond household budgets into a weaker outlook for business conditions and employment.
- The public mood entering the November 3, 2026 midterms are broadly anxious, economically focused, and distrustful of political information. Affordability is the dominant concern with 46% of registered voters say a candidate's position on cost of living will be their single most important

INDIA

India's economy remains relatively resilient, with real GDP growth of 7.8% YoY in Q1 FY2026-27. The national unemployment rate was 5.0% in August. Consumer inflation rose to 4.82% in August, mainly due to rising food prices, which is pressuring discretionary household spending. Apparel retail growth is estimated at around 12-13%, according to the CRISIL report.

India remains a structurally attractive growth market, but the apparel opportunity is splitting between high-volume value fashion and a premium/quality-led segment.

FINANCE

The figures below are the figures for the month ending 30th September 2026.

REVENUE

SOURCE	YTD 2026/27 '000's	YTD 2025/26 '000's	Budget YTD 2026/27 '000's	Budget 2026/27 '000's
Wool Levy	9,214	6,160	6,496	41,814
Government Contributions	0	0	0	13,680
Woolmark Licensing	1,278	1,471	1,216	4,866
Investment Income	1,022	718	829	3,316
Other Income	474	428	586	2,341
Total Income	**11,988**	**8,777**	**9,127**	**66,017**

EXPENDITURE

SOURCE	YTD 2026/27 '000's	YTD 2025/26 '000's	Budget YTD 2026/27 '000's	Budget 2026/27 '000's
Demand Creation	11,195	7,795	13,326	38,950
Sustainable & Profitable Wool-growing	3,106	1,903	2,220	17,065
Support & Admin	3,722	3,353	3,449	12,152*
Total Income	**18,023**	**13,051**	**18,995**	**68,167**

*Includes A$2.5m of project related costs.

ON-FARM RESEARCH

SUSTAINABLE, PROFITABLE SHEEP PRODUCTION

AWI investment focus - productivity and cost-efficiency for woolgrowers

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.

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.

Genetics and breeding

ON-00318 Merino Lifetime Productivity

Ongoing MLP Communication

Communication of the MLP and MLP Add On outcomes continue. They include:

- Release of MLP factsheets targeted at ram breeders and buyers (Nov)
- Release of MLP Seminar video and powerpoints on MLP webiste (Nov)
- Presentations — to ram breeders and buyers (3 Webinars planned for Oct/Nov SA Extension Network and Tasmania presentation in December)
- 4 page article in September Beyond the Bale
- 2 page article in Merino Superior Sires No 32
- 26 scientific papers for the Animal Production Science on-line special MLP edition and 4 papers are planned for AAABG Geelong March 2027
- On going work to assist MERINOSELECT updates and promotion 2027–28

Genetic R&D priorities post MLP

There are a range of R&D priorities planned to extract the full benefit of the MLP and MLP Add on data sets. They include:

- Finish the full set of parameters, publish, and place them on the MLP website.
- A new custom current profit index to highlight the trade-offs of the animal health and welfare traits that will be available to ram breeders
- More defined values for the efficiency and welfare traits in indexes. Can curvilinear pricing be utilized where once a trait is at a sufficient level, additional gains are valued at a lower rate.
- Further genomic R&D and analysis to better predict adult fleece weight and lifetime profitability very early in life.
- Assist with new RBVs and ASBVs for methane, feed intake, survival, indexes, flystrike, foot rot, visual traits, classing.

- Assist with adding linkage, adult traits and the new traits to Australian Sheep Genomic Values (ASGVs) and Flock Profile.
- Compare differences between the MLP Sites's early life and reproduction non genetic effects with those used in MERINOSELECT. Default adjustments are used in MERINOSELECT yet the 5 MLP sites had variable adjustment results for birth types and rear types and reproduction status of breeding ewes.
- Optimising phenotype and genotype costs with rate of genetic gain across breeding objectives.
- Monitoring on-farm adoption of MLP outcomes
- Technical support for the AMSEA validation of genomic breeding values

Enterprise resilience

Merino enterprise as a complement to cropping (ON-01014)

AWI is progressing a project to assess the contribution of Merino sheep to whole-farm profitability, diversification and resilience within cropping businesses. Mixed-farming case studies will explore how producers integrate Merinos into their farming systems and the factors influencing their value. Identification of suitable case-study growers is underway, with contracting progressing. The next phase will develop the case studies and supporting analysis into practical information for growers considering the role of Merinos in their businesses.

Wool versus alternative farming enterprises (ON-01013)

AWI has approved a project to assess the long-term profitability and competitiveness of wool enterprises relative to alternative farming systems. Drawing on historical benchmarking data, the analysis will examine productivity and profitability drivers, changes in flock structure, and differences between average and top-performing businesses. The project aims to provide an independent evidence base to support woolgrowers' enterprise decisions and industry planning, with delivery scheduled for July 2027.

TEKFARM (ON-00974)

AWI's 12-month partnership with Farmers2Founders, has moved into advisor engagement, with invitations issued in October and interested advisors responding ahead of a planned information session. The project aims to support up to 12 woolgrowing properties to select, deploy and evaluate practical technologies. Planned activities include at least 10 technology deployments, data collection and at least two peer-learning or demonstration events. Participating properties and technology deployments are still being finalised.

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 consolidating evidence on methane-reduction options for grazing sheep. Following the August review meeting in Western Australia, the focus is on findings across feed additives and delivery systems, including intake consistency, productivity trade-offs, cost and barriers to adoption. Evidence synthesis and practical recommendations are priorities as the National Sheep Methane Program progresses towards completion in mid-2027.

Remote Sensing Natural Capital (ON-00910): La Trobe University has delivered the final project outputs, including an Ecological Condition Estimator that combines satellite data, machine learning and field observations to provide modelled whole-farm estimates of ecosystem condition.

Biogenic Carbon Case Studies (ON-00946): Three Australian farm case studies are progressing to support testing and validation of the IWTO Biogenic Carbon Model. Data collection has taken longer than expected because of the volume of information and farmer time required. The latest reporting targets completion of the case studies by the end of 2026.

Biogenic carbon flux measurement in sheep production systems (ON-00966): The Agrimix and Integrity Ag project is progressing at Achill Station to test a measure-model-verify approach combining flux-tower measurements, soil sampling and ecosystem modelling. Soil-coring activity has taken place, and coordination with the GX Lab/NSW Low Carbon Landscape project offers an opportunity to avoid duplicate sampling and strengthen the shared evidence base. Validation remains ongoing. Lower-cost modelling and supply-chain insetting benefits remain project objectives rather than established outcomes.

Land management for resilient wool production (ON-00973): Completed the project plan and literature search. The work then will consolidate evidence on grazing management, ecosystem services and recognition of environmental benefits in wool supply chains.

Development of a livestock sector ACCU method (ON-00987): AWI is supporting MLA's method-development work to ensure practical woolgrower circumstances and grazing-sheep evidence are considered. Work planning and technical assessment arrangements are progressing.

Sheep Sustainability Framework (ON-00995): AWI continues to support the Sheep Sustainability Framework (SSF) alongside Meat & Livestock Australia, with Sheep Producers Australia and WoolProducers Australia providing industry leadership. The Framework brings together evidence on the sustainability of Australia's sheepmeat and wool industries, helping identify progress, emerging challenges and priorities for further work.

Preparation of the 2026 Annual Report is nearing completion. The report will provide an updated industry picture across animal care, the environment and climate, people and communities, and financial resilience.

The framework strategy remains focused on stakeholder engagement, stronger data collection and reporting, and responsiveness to industry needs. The SSF reports industry-level performance; it does not certify individual farms or impose reporting requirements on individual businesses. WICP members will receive a copy of the Annual Report when released.

Animal health and welfare

Supporting woolgrowers Tranistioning to Non-Mulesed (ON-00959)

- The Transition to Non-Mulesed (TNM) project has successfully delivered three StrateFly workshops through the AmpliFly advisory network. A total of 59 producers attended across Boorowa (21), Dubbo (14) and Ballarat (24), supporting growers to explore transition pathways and management strategies for non-mulesed production.

- Post-workshop feedback was very positive, with 53 survey responses received. Of these, 98% (52 respondents) reported learning something new. Average ratings were 8.9 out of 10 for workshop satisfaction, 9 out of 10 for likelihood of recommending the workshop, and 8.7 out of 10 for value to participants' sheep businesses.
- Producers reported positive post-workshop knowledge and confidence outcomes. Understanding of what is involved in moving to a non-mulesed enterprise averaged 8.4 out of 10, while confidence in developing and implementing transition and management practices averaged 7.9 out of 10. Participants rated the extent to which the workshops provided the confidence, skills and tools to support transition at 8 out of 10.
- Written feedback described the workshops as well delivered, relevant and supported by useful resources. Producers also valued the opportunity to engage with like-minded individuals and share experiences. Survey findings are self-reported and reflect immediate post-workshop perceptions, intentions and outcomes, rather than independently verified changes in on-farm practices.
- A Visual Scores Masterclass has also been developed within the project to train growers to assess sheep for traits associated with natural resistance to flystrike. Combining theory with practical, hands-on assessment, the masterclass is helping TNM participants refine their visual scoring skills and identify animals with favourable traits to support a non-mulesed enterprise.

Flystrike Multi Insecticide Resistance (ON-00926)

- The project led by NSW DPIRD aimed to measure changes in resistance to dicyclanil, cyromazine, imidacloprid, ivermectin and spinosad on previously tested properties, and relate those changes to insecticide use and sheep management.
- Preliminary results have demonstrated continuing increases and geographic spread in sheep blowfly insecticide resistance, reinforcing the need to strengthen flystrike resistance management. Resistance profiles were completed for 63 fly strains, with management histories obtained from 50 repeat submitters.
- High-level dicyclanil and cyromazine resistance was detected in additional areas of NSW and Victoria. Imidacloprid showed the greatest deterioration, with significantly reduced susceptibility in 78.4% of the 37 strains compared with 2022–24 results.
- Increases occurred despite many properties reporting no recent neonicotinoid use, supporting concerns about cross-resistance with dicyclanil. Reduced susceptibility to ivermectin and spinosad was also observed, although the report does not classify this as confirmed resistance causing field control failure.
- The findings raise particular concerns about the resistance-management benefits of mixtures containing dicyclanil-ivermectin or cyromazine-spinosad. Modelling identified similar effective protection periods for both components as a critical requirement: once the shorter-acting component loses efficacy, the remaining active effectively operates alone and continues selecting for resistance.
- Existing resistance and differences in component persistence may therefore limit the protection these mixtures provide against resistance development. The project did not establish through long-term comparative field trials that the commercial mixtures delay resistance more effectively than single-active products or rotation.
- Recommendations for industry include using these findings to update resistance management guidelines for chemical mixtures and cross-resistance, ideally supported by property-level resistance testing, targeted chemical use and, importantly, a greater emphasis on non-chemical flystrike prevention strategies.

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.

Australian Merino Sire Evaluation Association (AMSEA) continues to play a very important and cost-effective role in the Genetics Program.

AMSEA is involved across many of the Genetics Program projects and provides important ram breeder involvement and support for the Genetics Program RD&E.

- ON-00860 Flystrike Genomics project coordination (Completed June 2026)
- ON00318 project management and Site hosts, involvement in the Industry Steering Committee, Analysis and Reporting Committee and promotion of MLP outcomes.
- On going review of progress in ON 775 Genetic Analysis of MLP and Flystrike Genomic Analysis
- ON-00855 AMSEA Link Sire Funding 2023–2026
- ON-00907 AMSEA Admin Management and Reporting 2024-27
- ON-00956 Validation of Genomic Breeding Values 2026–2028
- ON-00958 Breeding for Lower Methane Emissions 2026–2029

AMSEA also plays an important role in providing older 2 year old data to the Merino genomic reference population which then lead to more accurate and stable MERINOSELECT ASBVs and genomic only breeding values. It is far cheaper than MLA's prime lamb reference population, but it may need some incentives in the future to keep commercial woolgrowers hosting Sites.

AMSEA commenced in 1987 and turns 40 early next year.



WOOL HARVESTING

AWI SHEARER AND WOOL HANDLER TRAINING PROGRAM

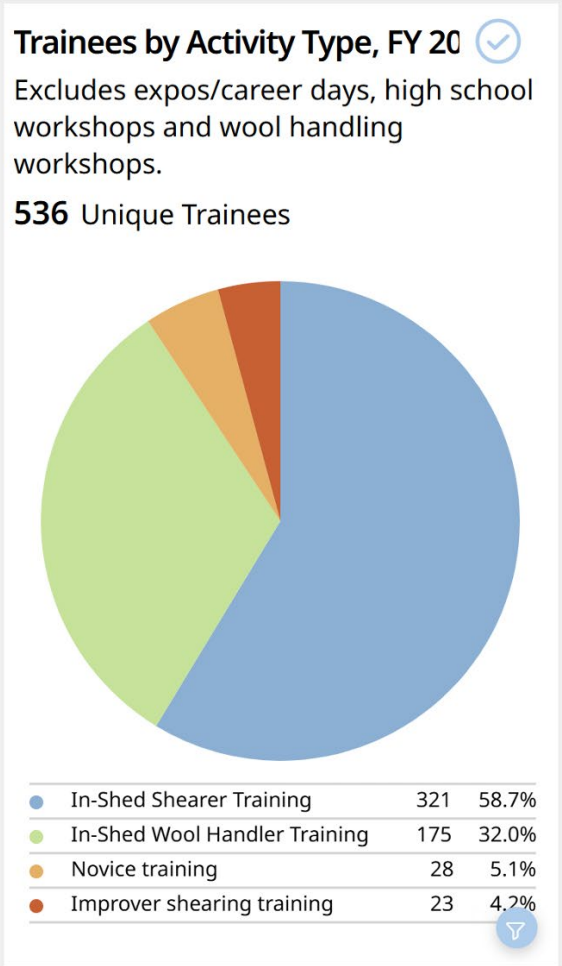
2026-27 TF Year-to-date

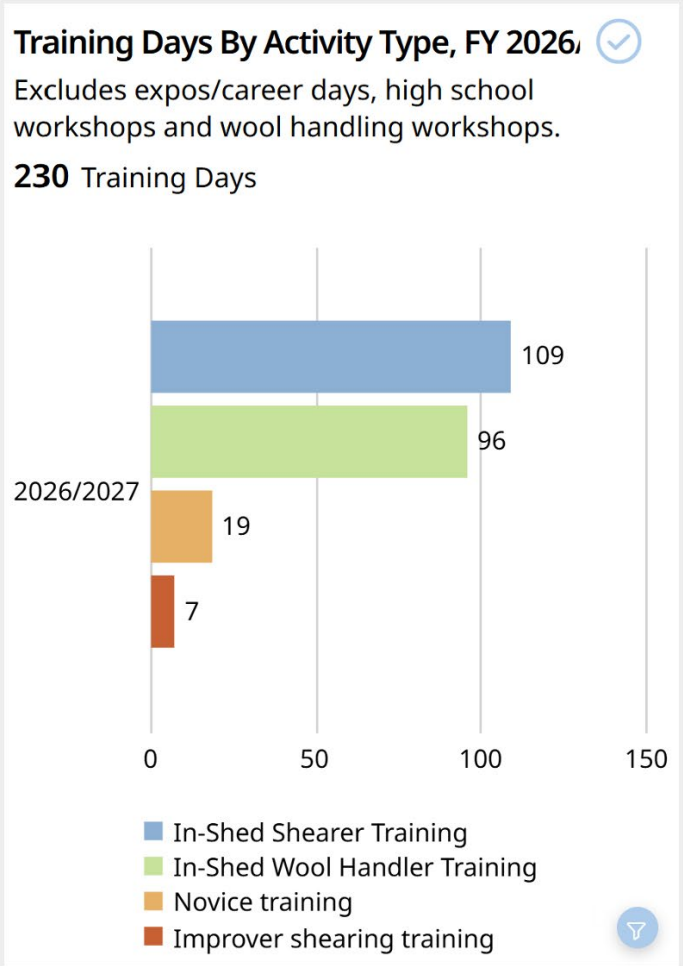
Strong demand for training in the September & October period, we have been busy with both in shed training for existing shearers and new entrant wool handlers. This demand will continue until the middle of December, we have been particularly busy with training back packers, as wool handlers and wool pressers, in wool harvesting teams, in all states.

Program Delivery

- 230 training days delivered across Australia.
- 536 shearers and wool handlers trained during the financial year to date
- 68.5% Existing workers with 367 participants.
- 31.5% New entrants with 169 participants (nearly 100% of these are new entrant wool handlers)

AWI SWHT Breakup of training type and number of days with most of the training with "in shed training", very little novice training as less opportunity for learner shearers to obtain a shearing stand fulltime.





Animal Welfare Workshops

The practical animal welfare workshops, that AWI is delivering across shearing sheds in Australia, offering free training in the workplace, have had traction and are a key focus for the next 12 months and with 23533 participants now trained. Starting to get towards the last 20-25% of the wool harvesting workforce, potentially all trained by the end of the financial year. See the state by state break up below with the most participants in NSW.



AWI INVESTMENT FOCUS – ALTERNATIVES TO TRADITIONAL SHEARING

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)

- Commercial-in-confidence discussions are underway with the bioharvesting research team about testing a novel approach to weakening fibres. This offers a rapid and relatively inexpensive option for early development, using established commercial services to supply materials for initial testing.
- The approach has an established pathway to animal use, and testing and further development can be undertaken in-house once the materials have been supplied. No commercialisation barriers have been identified at this stage, although efficacy and suitability for the intended application still need to be demonstrated.
- Current in vitro and in vivo testing of multiple weakening agents will continue in parallel.

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.	• Engage with and influence policymakers, via the Make the Label Count campaign, to level the playing field for wool compared with other apparel fibres.

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

Progressing Life Cycle Assessment

AWI is progressing the update of manufacturing-stage data underpinning wool's Life Cycle Assessment. Processor engagement and data-collection arrangements have advanced, with confidentiality agreements prepared and circulated and a secure data-storage location established. The work is intended to capture changes in processing efficiency, energy use and emissions management since the previous dataset was collected in 2017. In parallel, AWI is reviewing technical guidance on the interpretation and use of its wool LCA dataset to support consistent application by reporting platforms.

Dynamic breathability

Dynamic Breathability Thresholds (PF-00035) is progressing testing of wool and wool-blend fabrics to inform potential Woolmark certification thresholds. Testing at North Carolina State University's Textile Protection and Comfort Centre has commenced using the modified cyclic method. Work is also progressing to establish additional commercial testing capability at SGS, where the apparatus has been installed and testing protocols and commercial arrangements are being refined. The proposed revision to ASTM F3628 remains subject to the ASTM committee approval process.

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 have been delivered across Australia, and further opportunities are being actively sought and negotiated.

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 2027 calendar year and strategic planning for the years beyond.

The impact of seasonal conditions on demand for information

Recent rain has fallen in most regions, including those who had missed out most of the year to date (for example, the NSW New England region). Harvest is underway in a lot of areas and haymaking continues.

Large areas of western Victoria are continuing to report a lack of decent runoff rain resulting in continued water shortages.

Demand for feed budgeting information remains high, even in areas that have received good rain. Most are citing concern for the dry outlook, wanting to fine tune their productivity, and reducing costs of inputs by improving effectiveness as the main reasons for their interest in the topic.

Widespread occurrences of flystrike and internal parasites have been reported with the recent warm weather and rain.

Reported lamb marking results across Australia were generally very good this year, mostly attributed to vastly improved feed availability and the mild winter in 2026.

Growers are looking forward now to weaning, with many saying they're having the best spring in memory and feeling confident about weaning and joining this year and early next, whilst others are looking at the huge bulk of feed they have with not enough stocking rate to keep on top of it and the dry forecast with some concern the feed will dry off much more quickly than they would like.

Events hosted or attended by AWI Extension

- AWI StrateFly (Ballarat, VIC)
- AWI Extension VIC Producer Advisory Panel (PAP) Meeting (Ballarat, VIC)
- AWI Extension SA webinar – Learning more from your lambing (Online)
- RAMping Up Repro (Kendenup, WA)
- RAMping Up Repro (Nyngan, NSW)
- AWI Extension TAS Optimising livestock health and nutrition workshop 1 (Runnymede, TAS)
- AWI Extension SA PAP Meeting (online)
- RAMping Up Repro for Murdoch University (Perth, WA)
- AWI SimpliFly for Adelaide University (Roseworthy, SA)
- AWI Extension TAS Optimising livestock health and nutrition workshop 1 (Bridport, TAS)
- Living without Luci workshop (Kangaroo Island, SA)
- AWI Winning With Weaners (Gundagai, NSW)
- AWI Extension TAS Optimising livestock health and nutrition workshop 2 (Runnymede, TAS)
- AWI Feed Budgeting Masterclass (Dunedoo, NSW)
- AWI Visual Scores Masterclass – pilot workshop (Forbes, NSW)
- AWI Extension QLD/Leading Sheep PAP Meeting (online)
- AWI Visual Scores Masterclass – pilot workshop (Woolgarlo, NSW)
- AWI Extension SA MLP webinar series – Results for ram buyers | Webinar 1: MLP Economic analysis (online)
- UPCOMING: SALC SA Livestock Advisor Update (Adelaide, SA)
- UPCOMING: AWI Extension TAS Optimising livestock health and nutrition workshop 1 (Cressy, TAS)
- UPCOMING: AWI Picking Performer Ewes + weaning update (Armidale, NSW)
- UPCOMING: AWI Extension SA MLP webinar series – Results for ram buyers | Webinar 2: MLP Classing and selection (online)
- UPCOMING: AWI Visual Scores Masterclass – pilot workshop (Mortlake, VIC)
- UPCOMING: AWI Extension TAS Optimising livestock health and nutrition workshop 2 (Bridport, TAS)
- UPCOMING: AWI Extension SA MLP webinar series – Results for ram buyers | Webinar 3: MLP Overall outcomes (online)
- UPCOMING: AWI Extension TAS Optimising livestock health and nutrition workshop 2 (Cressy, TAS)
- UPCOMING: AWI and MLA parasite webinar series (online)
- UPCOMING: Peter Westblade Training Weekend – Jimembuen (Dalgety, NSW)
- UPCOMING: MLP Results Seminar – Tasmania (Campbell Town, TAS)
- UPCOMING: AWI Extension NSW PAP Meeting (Sydney, NSW)
- UPCOMING: AWI Extension SA Sticky Beak Days (Various – exact locations TBC, SA)
- UPCOMING: AWI Breeding Leadership 2027 (Clare, SA)
- UPCOMING: AWI Extension TAS PAP Meeting (Campbell Town, TAS)
- UPCOMING: AWI webinar: Cost of production (online)
- UPCOMING: Rotary Youth in Ag (RYAG) Sheep 2027 (Walcha, NSW)
- UPCOMING: AWI Extension SA PAP Meeting (Adelaide, SA)
- UPCOMING: SA Sheep Expo 2027 (Adelaide, SA)

DEMAND CREATION

Woolmark's demand-creation activity is focused on strengthening consumer preference for wool and helping brands turn that interest into products. Since August, there are encouraging signals in performance apparel, outdoor clothing and next-to-skin products, alongside opportunities in recovery wear, swimwear and protective workwear.

These signals need to be considered alongside ongoing commercial challenges. Brands continue to identify wool's price as a barrier to broader use, particularly in heavier garments. The priority is to demonstrate wool's performance and value while making it easier for manufacturers and brands to adopt.

Consumer interest in natural fibres

Woolmark-commissioned Ipsos research across the United States, France, Germany, Italy and China found:

- 82% of respondents would choose natural fibres over synthetic alternatives when price, style and fit were equal.
- 65% preferred Merino wool to polyester.
- 67% said they would pay more for clothing made mainly from natural fibres.
- 71% considered independent certification or verification of fibre content and quality important.

These findings provide a strong basis for communicating wool's quality, performance and natural origins. They reflect stated consumer preferences, rather than confirmed purchasing behaviour.

Research reported in the Tmall Sports White Paper also points to opportunities in China's outdoor market. Merino wool outdoor-apparel sales value on Tmall grew 103% year on year, while buyer numbers increased 139%. Consumers also reported willingness to pay a premium for wool base layers, outdoor trousers and fleece jackets.

These results relate to a specific platform and category, but indicate potential when product performance, consumer education and trusted certification work together.

One completed US retail partnership reported a 7% year-on-year increase in wool sales value, while unit sales declined 2.6%. This distinction matters: stronger sales value does not necessarily mean more wool products sold. Both value and volume need to be assessed when considering commercial results.

Commercial partnerships and product adoption

Woolmark's collaboration strategy is attracting a strong network of premium performance partners across priority categories, including Tracksmith and UNNA in running, The North Face Korea, Anta in outerwear and base layers, Rossignol in ski, and Bond-eye in swimwear. Partnerships are increasingly being structured around performance science, visible Woolmark certification and premium category positioning.

The completed Huckberry partnership in the United States provides one of the clearest recent commercial signals of Woolmark impact. Woolmark invested $120,000, and achieved a 7% year-on-year increase in the value of wool sales to USD 9.1 million, at a time when Huckberry reported declines across most other categories.

Woolmark has established a new internal Innovation Committee, made up of global technical experts who will surface and deliver a stream of innovations to drive wool demand opportunities across 5 core areas of innovation: Lightweight, Natural Performance & Wellness, Scalable Blends, Advanced Performance Systems and Responsible Processing and Traceability. This new structure will improve global collaboration and focus resources.

Woolmark is currently working with supply-chain partners to develop lightweight fabrics, knitted sportswear, performance blends and recovery-wear applications. Over the reported 12-month period, 55 product-innovation and development projects were undertaken, with a 64% commercialisation rate among completed projects.

Woolmark released a new Merino wool base-layer prototype collection for brands, aiding innovation and sourcing for global brands, including 23 styles supported by technical information and supplier to drive continued growth and innovation in next to skin products.

Building wool's relevance and trust amongst consumers.

The *Return to Real* campaign has launched across Italy, France, Germany and China markets.

Campaign objectives:

1. Reinforcing wool's position as the world's greatest natural fibre operating at the intersection of performance & luxury.
2. Building brand / fibre awareness and consideration with new and current consumers.
3. Reinforcing to our customers (brands) that we continue to invest in the awareness and consideration of wool and the Woolmark brand with their customers (our consumers).
4. Support the work our staff continue to do every-day championing wool as the world's greatest fibre and Woolmark as a trusted mark of quality.
5. Evolve from 'Wear Wool Not Fossil Fuel' campaign which was a comparative statement (very relevant at the time) to a more emotional and culturally relevant campaign based on clear functional & scientific proof points that wool owns.

The campaign provides a shared platform for consumer communication, retail activity and commercial partnerships. Its effectiveness will be assessed through measures including awareness, understanding, trust, willingness to pay and product adoption.



Media investment for year 1 will be concentrated in priority launch locations, including Paris, Milan, Germany and China, with activation sequenced to relevant market and retail opportunities. In China, a locally developed Tmall campaign featuring model and celebrity He Sui will translate the global positioning into culturally relevant consideration and purchase activity.

In the United States, targeted activity will run in Portland alongside the Functional Fabric Fair powered by PERFORMANCE DAYS. This will connect the consumer platform with an influential international trade audience and the headquarters of major sports brands, including Nike, adidas and On Running. Australian media activity is planned for April 2027 to align with the autumn/winter retail season.

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).
- AWI, alongside other MTLC coalition members, signed a letter to the European Commission asking for the EU to regulate microplastics for textiles, recommending an information requirement on the Digital Product Passport when a garment has more than 50% synthetics that it will shed microplastics.
- MTLC is contributing to technical consultations with the European Commission and its Joint Research Centre (JRC) regarding the implementation of the Ecodesign for Sustainable Products Regulation (ESPR).

Product environmental footprinty category riules (PEFCR) update

- Household Textiles: IWTO has joined the new Technical Secretariat for developing PEF rules for household textiles, to ensure the relevant wool expertise and data are considered. Consultation is expected to commence in November 2026, with completion targeted for June 2028.
- Apparel and Footwear: The Technical Secretariat that developed the PEF rules for apparel and footwear is nearing completion. Its final task is publication of guidance on the datasets brands should use when calculating Product Environmental Footprint results. Current guidance identifies the AWI wool LCA dataset as the preferred dataset for wool, supporting more consistent and robust calculations.

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 includes 13 different initiatives 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 current phase of the Program is focused on on-farm project implementation with applications for Environmental Planting and Emissions Intensity Reductions projects received from participating woolgrowers.





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