

GALE PACIFIC LIMITED

(ASX: GAP)

ASX and Media Release

17 May 2023

GALE Pacific FY23 Earnings Guidance Update

Gale Pacific Limited (the Company) expects profit before tax for the 2023 financial year to be in the range of **\$4.2 million** and **\$5.2 million**. Second half profit before tax is expected to be between **\$3.6 million** and **\$4.6 million**, reflecting an anticipated revenue decline of approximately 15% compared to the second half of FY22.

The updated guidance compares to previous guidance which stated that second half and full year 2023 revenue and profit before tax were expected to be comparable to the second half and full year of FY22.

Further to the update in February, macroeconomic factors, including the continued rising interest rate and inflationary consumer price environment across the Company's core markets of the United States and Australia, have adversely affected consumer spending patterns across home improvement categories while larger than anticipated on-hand inventory destocking and working capital improvement initiatives across key customers resultant from improved global supply chain capacity adversely impacted the Company's second half result.

These macro factors, combined with historically unseasonably cool and wet weather patterns across the western, southwestern, and southeastern portions of the United States, the Company's largest US markets, and continued elevated retail shelf pricing due to input cost increases incurred over several years has resulted in year-over-year unit sell-through decline which negatively impacted the second half result to a greater degree than forecasted.

The Company's initiatives to better match production capacity to demand, more tightly manage working capital and draw down existing, on-hand inventories are progressing as anticipated throughout the second half with material improvement in international shipping rates and capacity anticipated to benefit results in the 2024 financial year.

GALE will release full year 2023 results pre-market on the morning of 22 August 2023 with an investor call to follow at 10:30am AEDT the same day.

Authorised by the GALE Pacific Board of Directors

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ABOUT GALE PACIFIC

GALE Pacific is a market-leading manufacturer of technical fabrics used for consumer and commercial applications around the world. Founded in Melbourne, Australia, in 1951, today, GALE has operations in Australia, New Zealand, the United States, China, and Dubai and employs more than 600 people worldwide. GALE's products are sold across Australia, New Zealand, Asia, the Americas, Europe, the Middle East, and a growing number of additional markets.

GALE's products are recognised around the world for their innovative technology, quality, durability, and reliability. The Company's consumer products, marketed under the Coolaroo® brand, include outdoor roller shades, shade sails, shade and garden fabrics, shade structures and pet products. They can be found at market-leading major retailers, both in-store and online, around the world.

The Company's commercial products, marketed under the GALE Pacific Commercial® brand, include knitted, coated, and advanced polymer fabrics used in a growing number of applications across the agricultural, horticultural, aquacultural, architectural, construction, mining, and packaging industries.

GALE's core strategy is to accelerate its growth as a world-class global fabrics technology business through product innovation, category expansion, expanded distribution in existing and new markets, and improved operational efficiency and flexibility.

GALE Pacific Limited's shares are listed on the Australian Securities Exchange (code: GAP).

For further information, please contact:

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