GALE PACIFIC

2026
Annual Report

Contents

All financial data in this report are represented in Australian Dollars (AU$) unless otherwise noted.

About GALE Pacific

For 75 years, GALE Pacific has led the way in high-performance shade solutions, combining innovation, manufacturing excellence and category leadership to enrich lives through shade. Through its Coolaroo® and GALE Commercial® brands, the Company delivers trusted solutions that create more comfortable, protected and connected outdoor spaces. Backed by decades of technical textile expertise and customer insight, GALE Pacific continues to shape the future of shade through intelligent, sustainable solutions that deliver lasting performance.

GALE COMMERCIAL

GALE Commercial® delivers trusted shade, protection and containment solutions for commercial, industrial and agricultural applications. Driven by engineering expertise and underpinned by proven compliance and technical support, our solutions are relied upon where durability, safety and performance matter most.

PRODUCT CATEGORIES

- Architectural Shade Fabric
- Horticultural Knitted Fabric
- Commercial Netting
- Agricultural Shade and Protection
- All-Weather Advertising Banners
- Coated Polyfabrics
- Food-Grade Coated Non-Wovens

Coolaroo®

Coolaroo® is a market-leading outdoor living brand that makes shade simple. Combining innovative design, sun protection and trusted performance, Coolaroo delivers easy-to-shop solutions that help consumers create comfortable outdoor spaces with confidence.

PRODUCT CATEGORIES

- Roller Shades
- Shade Sails
- Shade Fabric
- Pergolas and Gazebos
- Umbrellas
- Garden Covers and Grow Bags
- Pet Beds
- Synthetic Turf

Our goal is to deliver complete shade solutions for every customer, everywhere

Purpose

To enrich lives through shade

Vision

To make shade as fundamental to outdoor life as sunlight

Strategic Pillars & KPIs

Culture

- Strong safety performance
- High employee engagement
- Continuous improvement mindset
- Employer of choice

Innovation

- End-user driven
- "First choice" for consumers
- Solution focused
- Growing brand awareness and customer satisfaction

Growth

- Channel growth in existing markets
- Increased product and digital partnerships
- Climate appropriate geographic success
- Efficient operating model and sustainable profits

Financial outcomes

Margin expansion | EBITDA growth | Free cash flow improvement

Results at a glance

Lower revenue, but **stronger margin**, much **stronger cash**, and a move to **net cash**.

Revenue	EBITDA	EBITDA Margin
$155.5m	$12.3m	7.9%
▼ 9.6%	▲ 2.5%	▲ 0.9 ppt
vs $172.0m FY25	vs $12.0m FY25	vs 7.0 % FY25

Operating Cash Flow	Net Cash / (Debt)	Net Loss After Tax
$21.4m	$4.9m	$(2.9)m
▲ +$21.3m	⇄ to net cash	▲ Loss down $2.3m
vs $0.1m FY25	$13.8m swing; from $8.9m net debt	vs $(5.2)m FY25

Basic EPS	Inventory	Working Capital / Sales	Total Dividend	FX Expense
(1.03)c	$42.7m	33.4%	Nil	$3.0m
vs (1.82)c	down $8.6m	vs 35.5%	vs Nil	largely non-cash

Business overview

Regional performance

Australia & New Zealand

Total revenue $76.4m ▼ -4% vs PCP

Retail

Commercial

Margin expansion despite softer retail demand.

EBITDA / Margin

$11.5m

15.1% ▲ 3.2 ppt

Americas

Total revenue $64.3m ▼ -15% vs PCP

Retail

Commercial

Cost discipline lifted margin on lower volumes.

EBITDA / Margin

$13.1m

20.4% ▲ 0.8 ppt

Developing Markets

Total revenue $14.8m ▼ -12% vs PCP

Retail

Commercial

Middle East conflict weighed on trading conditions.

EBITDA / Margin

$4.1m

27.7% ▼ 13.4 ppt

FY26 $M   PCP $M

Chairman & CEO's Letter

David Allman Chairman
Troy Mortleman Chief Executive Officer

Dear Shareholders,

While FY26 did not deliver the level of profitability we expect from the business, the year delivered meaningful improvement in earnings quality, cash generation and financial position.

Revenue of $155.5 million was below the prior year's $172.0 million. Despite the decline in revenue, EBITDA increased to $12.3 million from $12.0 million, while the net loss after tax narrowed to $2.9 million from $5.2 million in FY25. Cash generation was a standout feature of the year, with operating cash flow before lease payments improving to $21.4 million from $0.1 million in the prior year. This enabled the Company to finish FY26 with net cash of $4.9 million, compared with net debt of $8.9 million at the beginning of the year.

Throughout FY26, we took deliberate action to improve financial flexibility, simplify the operating model and establish a clearer strategic direction across the organisation. Faced with continued market uncertainty, lower revenue across parts of the business and geopolitical disruption in key regions, these priorities helped strengthen the Company's financial position while creating a more focused and efficient business. While considerable work remains to restore profitability and improve returns for shareholders, we have made meaningful progress and enter FY27 from a much improved position.

Conditions remained challenging throughout much of the year. Consumer demand in the United States remained subdued, with tariffs continuing to weigh on our largest market, while conflict in the Middle East disrupted a region that had been generating positive momentum.

During the year we also established greater organisational alignment through a clearly defined strategy, priorities and direction. Together with the actions taken to improve the Company's financial position and simplify the operating model, this has positioned GALE Pacific to pursue future opportunities with greater confidence.

A Materially Stronger Balance Sheet

The clearest evidence of progress during FY26 is reflected in the Company's financial position.

The improvement in cash generation and financial strength was achieved through tighter working capital management, lower inventory levels, greater efficiency and strong cost control.

Throughout the year, priority was placed on converting earnings into cash. Inventory levels were reduced and working capital efficiency improved across the Group.

Early in the year we completed the renegotiation of our banking facilities with HSBC, restoring appropriate headroom and flexibility to the Group's funding.

The quality of earnings also improved during the year, with EBITDA margin increasing to 7.9% from 7.0% in FY25. This reflects the benefits of a simpler operating model, greater efficiency and tighter cost discipline despite lower revenue.

The Board did not declare a dividend for FY26. This decision reflects our view that the most responsible use of capital during the year was to preserve financial flexibility and support the continued improvement of the Company's financial position.
We remain committed to reinstating shareholder returns as sustainable earnings and cash flow are re-established.

A Simpler and More Focused Business

A key theme of FY26 was creating a simpler and more focused business.

The business had developed complexity and cost structures that were no longer aligned with market conditions. During FY26 we took deliberate action to simplify the organisation, reduce costs, sharpen accountability and create greater clarity around our strategic priorities.

The centrepiece was the reset of our Americas business, where we reduced the workforce by approximately a quarter, streamlined administrative and management layers, and refocused the organisation squarely on sales, marketing and distribution. These initiatives delivered $3.1 million of cash savings in FY26 and approximately $3.7 million of recurring annualised savings, while creating a leaner and more accountable operating model.

Across the Group, operating expenses were materially lower than the prior year, reflecting the removal of duplication, greater efficiency and a more effective operating model.

The Board and management also strengthened accountability and decision-making across the Group by aligning teams behind a common set of priorities and a shared vision for the future.

While we are pleased with the progress achieved, building a simpler, more focused and more effective business remains an ongoing priority.

Progress Across Our Markets

In Australia and New Zealand, the business again demonstrated the strength of its market positions. Grain storage coated-fabric volumes moderated from the exceptional levels achieved in FY25 but remained well above long-term averages and were supported by our long-standing relationship with GrainCorp. Our retail partnership with Bunnings continued to perform, and we renewed a long-term commercial manufacturing contract with Visy. Regional earnings increased through improved margins and disciplined cost management, representing a solid outcome in a challenging market.

In the Americas, underlying demand across our key markets proved more resilient than headline conditions might suggest. During the year we deliberately changed the way inventory was supplied into major retail customers, aligning fulfillment more closely with consumer sell-through and reducing excess channel inventory. While this decision affected short-term revenue, it improved channel health, supported cash generation and enhanced customer relationships.

Our commercial architectural shade business remained robust and we launched e-commerce capability on our own US platforms with the first sales achieved during the year.

In Developing Markets, our first priority throughout the Middle East conflict was the safety of our employees and their families in the region. While the conflict constrained sales and contributed to cost volatility, demand improved as conditions stabilised towards the end of the second half. Europe delivered growth through established partners, and momentum continued to build across Asia.

Across the Group, however, lower revenue remains a challenge. While we have substantially improved the cost structure and financial position, restoring profitability and achieving sustainable revenue growth remain our key priorities.

Foundations for Growth

The work completed during FY26 has established a solid foundation for the next phase of the Company's development.

We continued to make progress diversifying manufacturing capability beyond China. During the year we completed a pilot production run of fabric used in our outdoor roller shades, our highest-volume export to the United States, with a long-standing partner in Thailand. Detailed planning is now underway for low-volume saleable production in FY27.

These initiatives reduce concentration risk, improve supply chain resilience and provide greater flexibility as tariffs and global trade conditions continue to evolve.

The Group's Microsoft Dynamics 365 platform is now fully operational and is helping improve efficiency, visibility and decision-making across the business.

We also launched our largest-ever consumer insights program in the US to better understand customer needs and shape future product and category opportunities. We harmonised our global digital presence and introduced new websites and e-commerce capability.

At the centre of our strategy is a stronger focus on demand generation, informed by deeper customer and consumer understanding and designed to make our products easier to discover, choose and use.

FY26 also marked GALE Pacific's 75th year. Since its founding in Melbourne in 1951, the Company has grown into a global manufacturer of technical fabrics with leading positions in multiple markets. We are proud of that heritage and remain firmly focused on the opportunities ahead.

Outlook

We enter FY27 with improved financial flexibility, a stronger balance sheet and a simpler, more focused operating model.

The work of FY26 was largely about improving the Company. The focus of FY27 is translating that progress into sustainable growth, improved earnings and restored profitability.

A key objective for FY27 is to restore profitability while maintaining the disciplined approach to capital allocation and cash generation established during FY26.

We see opportunities to expand across our core markets by leveraging the brands, expertise and customer relationships developed in our Australian and New Zealand business. Our growth strategy is built on scaling proven business models across larger international markets.

In Retail, our largest growth opportunity lies in the Americas, where we are seeking to replicate the category breadth and customer reach of our Australian and New Zealand business across a market many times larger. We already have established retail partnerships and routes to market across the region, providing a strong platform from which to expand category participation and accelerate growth.

In Commercial, we will build on our established positions in shade, agriculture and horticulture while expanding category participation and market presence across the Americas and Middle East.

Supporting these ambitions are the improvements made during FY26. A stronger balance sheet, improved cash generation, manufacturing diversification initiatives and a simpler operating model provide the flexibility required to pursue sustainable growth while maintaining disciplined capital allocation.

At the same time, we remain realistic about the challenges ahead. Consumer demand in the United States remains uncertain, geopolitical risks continue to create volatility and market conditions remain difficult to predict.

Accordingly, we will maintain the approach that defined FY26 while increasing our focus on growth and profitability.

Thank You

Our sincere thanks go to the people of GALE Pacific, whose commitment, professionalism and dedication made this progress possible. We also thank our customers, suppliers and business partners for their continued support, our fellow Directors for their guidance and counsel, and our shareholders for their patience and confidence throughout this period.

FY26 was a year of strengthening the business. We improved financial flexibility, simplified the operating model and aligned the organisation behind a clear strategy and set of priorities. With the business significantly stronger than it was twelve months ago, our focus now turns to delivering sustainable growth, restored profitability and long-term value creation for shareholders.

D. T. Allman

David Allman
Chairman

Troy Mortleman
Chief Executive Officer

Board of Directors

David Allman

B.SC.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR SINCE NOVEMBER 2009

David was Managing Director of McPherson's Limited from 1995 to 2009 and prior to that was Managing Director of Cascade Group Limited for seven years. Before this David held senior positions with Elders IXL Limited and Castlemaine Tooheys Limited. David holds a degree in engineering and prior to obtaining general management positions held managerial roles in production management, finance and marketing. During the last three years David has been Chairman of Catalyst Education Pty Ltd and Chairman of Direct Couriers Group Pty Ltd.

David is a member of the Remuneration & Nomination and Audit and Risk Committees.

Donna McMaster

GAICD

NON-EXECUTIVE DIRECTOR SINCE MARCH 2018

Donna has extensive experience in senior executive and strategic roles within public and private retail companies, with a proven track record in retail, brand and product development, marketing and communications.

Donna serves on multiple Boards and is currently Chair & Non-Executive Director of Dandenong Market Pty Ltd (DMPL) and serves as a Member of the DMPL Audit and Risk Committee as well as Non-Executive Director of Blooms The Chemist (BTC) where she is also a Member of the BTC Remuneration Committee.

Donna is a member of the Company's Remuneration & Nomination Committee.

Peter Landos

B.ECON., CA

NON-EXECUTIVE DIRECTOR SINCE MAY 2014

Peter is the Chief Operating Officer of the Thorney Investment Group of Companies. Peter has extensive business and corporate experience specialising in advising boards and management in mergers and acquisitions, divestments, business restructurings and capital markets.

Peter is a non-executive director of Adacel Technologies Limited (ASX: ADA) and a non-executive director of various entities within the 20 Cashews Pty Ltd group, including Australian Community Media and View Media Group.

Peter is the Chairman of the Audit and Risk Committee and is a member of the Company's Remuneration & Nomination Committee.

Tom Stianos

B.APP.SC., FAICD

NON-EXECUTIVE DIRECTOR SINCE OCTOBER 2017

Tom has extensive experience as a non-executive director of listed companies, including many years as Managing Director. Tom is currently Chairman of Soco Limited, Chairman of Xref Limited, and Chairman of Escient. Tom was previously chairman of Empired Limited, a non-executive director of Inabox Group, CEO of SMS Management & Technology, and Director of the Australian Information Industry Association.

Tom is the Chairman of the Remuneration & Nomination Committee and is a member of the Company's and Audit and Risk Committee.

Environmental, social, and governance

Environmental commitment

GALE Pacific is committed to reducing its environmental impact and improving the sustainability of its operations across the value chain. During FY26, the Group continued to invest in renewable energy, circular manufacturing initiatives and operational efficiency programs. These initiatives contributed to lower greenhouse gas emissions across the Group's global operations while supporting long-term business resilience.

Key initiatives include:

- **Closed loop manufacturing:**
  GALE Pacific continues to advance circular manufacturing initiatives across its operations. The Group's LANDMARK™ grain cover recycling program supports the recovery and re-use of end-of-life materials, reducing waste and promoting resource efficiency. During FY26, the program recovered more than 20 tonnes of end-of-life grain covers, representing the equivalent of over 60,000 square metres of product diverted from waste and returned to the production cycle as recycled raw material. The technical and operational insights generated through this initiative continue to inform the broader integration of recycled raw materials into manufacturing processes across the Group's global operations, advancing the Group's commitment to resource efficiency and waste minimisation.
- **Renewable energy and energy efficiency:**
  The solar energy system at the Ningbo manufacturing facility generated 1,919.8 MWh of renewable electricity during FY26, supplying 22.6% of the site's electricity requirements. The system delivered an estimated reduction of 1,109.0 tCO_2e during the year and remains an important component of the Group's efforts to reduce emissions associated with purchased electricity.
- **Electrification of mobile equipment:**
  GALE Pacific continues to progressively transition mobile equipment from diesel and LPG-powered units to electric alternatives where operationally and commercially practical. This ongoing program supports the reduction of direct greenhouse gas emissions and aligns with the Group's broader commitment to improving environmental performance across its global manufacturing and distribution footprint.
- **Supporting sustainable agricultural outcomes:**
  GALE Pacific's horticultural and agricultural solutions are engineered to deliver durability, reliability and environmental benefit. Widely used across Australia and international agricultural markets, these products assist growers to optimise crop yield, protect crops from environmental stressors and improve the efficiency of agricultural production systems.

Greenhouse gas reporting framework

GALE Pacific measures and reports greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol, a globally recognised framework for greenhouse gas accounting. The Group's GHG inventory includes operations in Australia, China, the United States and Dubai.

Scope 1 emissions represent direct greenhouse gas emissions generated from sources controlled by the Group, including fuel consumption from stationary and mobile equipment and fugitive refrigerant emissions. Scope 2 emissions represent indirect greenhouse gas emissions associated with purchased electricity consumed within the Group's operations.

The Group's environmental reporting currently focuses on Scope 1 and Scope 2 emissions, representing the emissions categories where management has established consistent and reliable global data collection processes. FY26 represents the Group's third year of greenhouse gas emissions reporting, and management continued to enhance reporting processes, governance and data quality throughout the year. Following a review of historical emissions calculations, certain FY25 comparative emissions data has been revised to improve the accuracy and reliability of reported information. These enhancements support greater consistency across reporting locations and provide a stronger foundation for monitoring environmental performance over time.

The Group continues to monitor developments in climate-related disclosure requirements and emerging sustainability reporting standards that may become relevant to its operations over time.

FY26 greenhouse gas emissions

The table below summarises the Group's Scope 1 and Scope 2 greenhouse gas emissions for FY26, together with the updated FY25 comparative information.

Scope	Activity type	FY26 (tCO_2e)	FY25 (tCO_2e)
Scope 1	Mobile combustion	60.5	122.9
Scope 1	Fugitive emissions	1,774.9	1,772.4
Total Scope 1		**1,835.4**	**1,895.3**
Scope 2	Purchased electricity (location-based)	6,480.6	7,827.5
Total Scope 2		**6,480.6**	**7,827.5**
Total gross GHG emissions		**8,316.0**	**9,722.8**

Note: The FY25 comparative figures reflect the updated emissions calculations described in the Greenhouse Gas Reporting Framework above.

Total gross GHG emissions decreased by 14.5% in FY26, from 9,722.8 tCO_2e to 8,316.0 tCO_2e. The reduction was driven primarily by lower Scope 2 emissions associated with purchased electricity, which decreased by 17.2%. Scope 1 emissions decreased by 3.2%.

Across the Group's three reporting periods, total gross GHG emissions have decreased from 10,663.1 tCO_2e in FY24 to 8,316.0 tCO_2e in FY26, representing a reduction of 22.0%. The FY24 emissions profile included 475.6 tCO_2e from stationary combustion associated with diesel generator use in China during power supply interruptions.

The results achieved during FY26 reflect the combined impact of the Group's renewable energy, operational efficiency and circular manufacturing initiatives. As GALE Pacific continues to strengthen its environmental reporting capability, the Group remains focused on reducing emissions, improving resource efficiency and delivering product solutions that support more sustainable outcomes for customers and the communities in which it operates.

Social responsibility

At GALE Pacific, our purpose-led strategy is built on the pillars of Culture, Innovation and Growth, recognising that sustainable business performance is driven by our people. Guided by our Values, we are committed to creating a workplace where employees can contribute in a safe, respectful and inclusive environment. Through continued investment in employee wellbeing, capability development and engagement, we strengthen our ability to innovate, support our customers and create long-term value for stakeholders.

Safety remains a core operational priority and an important element of the Group's risk management framework. During FY26, the Group continued to strengthen its safety culture through leadership engagement, proactive risk identification and a focus on both physical and psychological wellbeing. These initiatives contributed to continued improvements in safety performance, with the Group's Total Recordable Injury Frequency Rate reducing by approximately 40% over the past six years. This reflects a sustained commitment to safer workplaces and employee wellbeing across the Group's global operations.

The Group continues to invest in leadership and capability development through global learning initiatives designed to strengthen leadership effectiveness, build commercial capability and support long-term organisational growth. Across our global operations, collaboration between cross-regional and cross-cultural teams helps leverage diverse perspectives, improve knowledge sharing and support the successful execution of strategic initiatives. Diversity of thought, experience and background remains an important contributor to the Group's ongoing success.

Our commitment to the communities in which we operate extends beyond the workplace. Through ongoing partnerships with organisations such as Cancer Council Australia and the Skin Cancer Foundation Corporate Council, together with support for charities and community initiatives across our operating regions, employees contributed to fundraising, volunteering and community engagement activities during FY26. These initiatives reflect the Group's commitment to making a positive contribution to the communities in which we operate.

Governance

With 75 years of operating history, GALE Pacific recognises that strong governance is fundamental to delivering sustainable long-term value for shareholders and other stakeholders. The Board and Executive Leadership Team maintain oversight of the Group's governance framework, risk management processes and strategic priorities.

Environmental, Social and Governance (ESG) considerations are integrated into the Group's broader governance and risk management framework. During FY26, the Group continued to strengthen ESG reporting processes, governance and data quality, supporting greater transparency and consistency across its global operations.

GALE Pacific maintains a range of policies and procedures designed to promote responsible business practices, ethical conduct, workplace safety and regulatory compliance. These include the Group's Code of Conduct, Ethical Sourcing Policy, Modern Slavery Statement, Diversity and Inclusion Policy, Whistleblower Policy and Risk Management Framework.

GALE Pacific remains committed to continuously improving its ESG practices and reporting capabilities, supporting responsible decision-making and long-term value creation.

Executive Leadership Team

Troy Mortleman

Chief Executive Officer

Troy joined GALE Pacific in January 2020 as the General Manager of Australia, New Zealand & Developing Markets. He was appointed Chief Executive Officer in August 2024. Over the 14 years prior, he built an impressive career at previously NZX-listed Methven Ltd (MVN) as the Chief Operating Officer of Methven Australia. Troy held various senior roles of increasing responsibility in sales and general management and has experience across both retail and commercial channels of distribution for both consumer and commercial durables categories. Troy has a proven track record of concurrently building growing businesses while developing and leading high-functioning teams. Troy holds a Master of Business Administration from Deakin University and is a Graduate Member of the Australian Institute of Company Directors.

Dexter Clarke

Chief Financial Officer

Dexter is an accomplished senior executive with over two decades of experience leading financial strategy and transformation across diverse industries including aerospace, automotive, insurance and manufacturing. As Chief Financial Officer of GALE Pacific, Dexter brings a proven track record of driving profitability, operational excellence, and strategic growth in both domestic and international markets. Prior to joining GALE Pacific, Dexter held CFO roles at Quickstep, Motorserve, Cox Automotive Australia and Futuris Automotive, where he led growth projects, major restructuring initiatives, M&A transactions, and digital transformations. His global experience includes establishing businesses in China, the USA, and Thailand, and leading teams across Europe, the USA, China, and Southeast Asia. Dexter is a Certified Practicing Accountant and holds a Bachelor of Business in Accounting.

Marty Gatt

General Manager Operations

Marty is a senior executive with more than 20 years of experience leading strategy, operations and business transformation across technology, retail, consulting and industrial sectors. As General Manager Operations at GALE Pacific, he leads the company's global operations, driving strategic initiatives, operational excellence and transformation to support performance and long-term growth. Marty has a strong track record of improving operational performance, leading complex change programs and building high-performing teams. His career includes working for some of the largest publicly listed businesses in the UK and Australia, consulting with KPMG, working with a technology start-up in the UK, and leading operations across Asia. Marty holds a Bachelor of Business and is an alumnus of Columbia Business School in New York.

James Pickering

General Manager Australia & New Zealand

As General Manager for ANZ, James leads a key region for Gale Pacific. He brings over 25 years of senior commercial leadership experience, deep expertise in manufacture-to-supply business models and a proven track record of building high-performing teams that deliver sustainable growth and market share. Throughout his career, James has successfully built consumer brands and created meaningful value & growth in collaboration with customers and business partners. Most recently, James served as General Manager Asia Pacific for Mayborn Group, where he established and sustained joint business plans with major retailers across the region. He has also held senior sales and global marketing leadership roles with consumer giants GlaxoSmithKline and Reckitts. James holds a BA (Hons) degree in Business & Marketing from Middlesex University, UK.

Lisa Hill

General Manager People & Capability

As General Manager, People & Capability at GALE Pacific and a member of the Executive Leadership Team, Lisa is a seasoned HR and Safety leader with more than 15 years of experience. She joined GALE Pacific in 2020 as HR Manager ANZ and expanded her remit in 2022 to include Developing Markets. Today, she oversees HR and Health, Safety & Environment (HSE) functions globally, bringing deep expertise in industrial relations, talent management, employee engagement, and organisational change. Lisa built her career with BlueScope, Australia's largest steel manufacturer, and Simplot, a global leader in the food industry. She holds a Graduate Certificate in Corporate Management from Deakin University and a Master's degree from the University of East Anglia, UK.

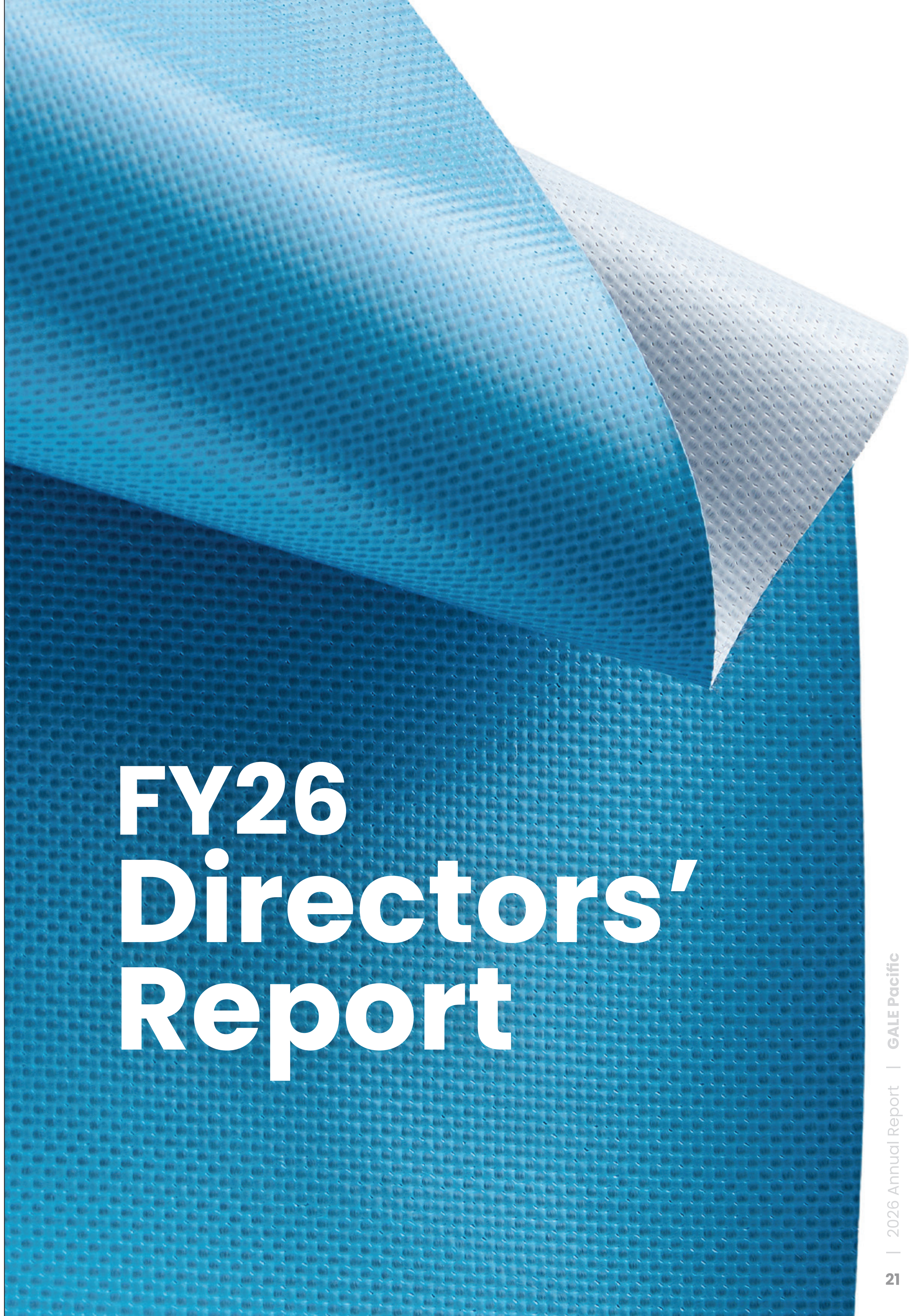
Dan Marshall

Global Vice President Innovation & Marketing

Dan brings more than two decades of experience helping top branded manufacturers grow through stronger product pipelines, new category development, channel expansion, e-commerce acceleration, and retailer activation. His career spans senior leadership roles across Fortune 500 and middle-market companies in consumer durables, industrial, automotive, and marine businesses. This includes Honeywell, Scepter, Goodyear, Ames True Temper, 3M/Aearo, and Thomson/RCA. Dan has led businesses through growth, turnaround, and transition phases, driving commercial success, innovation, and organizational transformation. He has personally been awarded over 25 patents and successfully launched hundreds of new products. Dan holds an MBA from Indiana University and a B.S. in Engineering from Penn State University.

Our customers

amazon
Arizona Sun Supply inc.
BUNNINGS
TRIVANTAGE ORDER. DONE. GOOD CALL.
GrainCorp
COSTCO WHOLESALE
SANGTHONG CREATION
Kingspan
THE HOME DEPOT
VISY FOR A BETTER WORLD
Bartlett Industrial Textile Product Manufacturing
LOWE'S
Marhaba TENTS & UMBRELLAS
RONA
MITRE 10
PriceSmart
sam's club
Superior RECREATIONAL PRODUCTS
USASHADE & Fabric Structures
Walmart
TAKASHO PRO
Sauleda
GIOVANARDI TEXTILE EXPERIENCE
MENARDS
chewy
SelectBlinds



FY26 Directors' Report

Gale Pacific Limited
Directors' report
30 June 2026

The directors present their report, together with the consolidated financial statements, of Gale Pacific Limited (referred to hereafter as the 'Company' or 'Parent entity') and its controlled entities (together the 'Group') for the year ended 30 June 2026 and the independent Auditor's report thereon.

Principal activities
During the financial year, the principal activities of the Group consisted of the manufacture, marketing, sale and distribution of branded shading, screening and technical fabric products for residential, commercial, agricultural and industrial applications in domestic and international markets.

Review of operations
For the year ended 30 June 2026, the Group reported revenue of $155,497k (FY25: $171,988k) and a net loss after tax of $2,945k (FY25: loss after tax of $5,184k). The Group's financial position strengthened during the year, with net-cash (cash and cash equivalents less borrowings) of $4,929k as at 30 June 2026 compared to net-debt (borrowings less cash and cash equivalents) of $8,860k as at 30 June 2025.

During FY26, the Group operated in an environment of elevated geopolitical and economic uncertainty. Significant changes to United States trade policy and tariffs affecting products manufactured in China, together with conflict in the Middle East, impacted a number of the Group's markets. The conflict adversely affected trading activity in the Middle East region and contributed to higher oil and commodity prices during the year, creating additional cost pressures across parts of the Group's supply chain.

In response to these conditions, management continued to focus on operational efficiency, working capital management, diversification of manufacturing and supply arrangements, and initiatives aimed at strengthening the Group's long-term competitiveness and resilience.

Despite these challenges, the Group continued to execute its strategic priorities while maintaining focus on customer service, product innovation and operational performance.

Principal Uncertainties
The Group continues to operate in a dynamic global environment and is exposed to a range of external factors that have affected, and may continue to influence, future financial performance and operating results. Key uncertainties include:

- Changes in global trade policy, including tariffs, trade restrictions and other measures that may impact product costs, supply chain arrangements and competitive market dynamics.
- Geopolitical instability, including conflict in the Middle East, which adversely affected customer demand, supply chains, freight markets and commodity prices during FY26 and continues to create uncertainty across a number of the Group's markets.
- Foreign exchange volatility, particularly in relation to the Group's manufacturing, sourcing and sales activities across multiple jurisdictions.
- Changes in consumer confidence, housing activity and discretionary spending patterns in key markets.
- Supply chain disruption, freight availability and input cost inflation, including fluctuations in energy and raw material costs.
- Competitive pressures across the Group's key markets, product categories and distribution channels.

Management continues to actively monitor these factors and implement initiatives designed to improve operational resilience, diversify supply arrangements, strengthen customer relationships and support the Group's long-term strategic objectives.

Gale Pacific Limited
Directors' report
30 June 2026

Changes in state of affairs
During the financial year, the Group completed amendments to its banking facilities, establishing a revised funding framework aligned to the Group's operating requirements and strategic objectives. The revised facilities are repayable on demand and are discussed further in note 17 of the financial report.

The Group also continued to respond to significant changes in the global trade environment, including United States tariff measures affecting products manufactured in China. During the year, the Group received refunds of certain previously imposed tariffs and continued to implement supply chain and sourcing initiatives designed to strengthen operational resilience, competitiveness and manufacturing flexibility.

Other than the matters referred to above, there were no significant changes in the state of affairs of the Group during the financial year.

Sources of Funding and Capital Structure
The Group funds its operations through a combination of internally generated operating cash flows and external financing facilities.

The Board regularly reviews the Group's capital structure to ensure it remains appropriate for the Group's operational requirements, financial position and long-term strategic objectives. This includes maintaining financial flexibility, supporting investment in growth opportunities and ensuring the Group remains appropriately funded to meet its obligations and strategic priorities.

Further details of the Group's financing arrangements are provided in note 17 of the financial report.

Risks & Opportunities
The Group operates in a dynamic global environment and is exposed to a range of strategic, operational and financial risks and opportunities. The Board and management regularly assess these matters and implement actions designed to support long-term value creation, operational resilience and sustainable growth.

Prospects & business opportunities
Key business opportunities include:
- Continued growth and innovation across the Group's core product categories.
- Expansion of customer relationships and market penetration in key geographies.
- Further optimisation of manufacturing, sourcing and supply chain operations.
- Continued development of digital and e-commerce capabilities to support customer engagement and market access.
- Leveraging the Group's technical product expertise to address evolving customer requirements across residential, commercial, agricultural and industrial markets.

Business risks
Key business risks include:

Strategic Risks
- Changes in global trade policy, including tariffs and trade restrictions.
- Competitive pressures across the Group's key markets and product categories.
- Execution risks associated with strategic initiatives and operational transformation programs.
- Changes in customer preferences, purchasing patterns and market demand.

Operational Risks
- Health, safety and wellbeing risks affecting employees, customers and contractors.
- Cyber security, technology and data privacy risks.
- Supply chain disruption, including geopolitical events, freight availability and input cost volatility.
- Product quality, product safety and regulatory compliance risks.
- Business interruption risks, including loss of critical infrastructure and operational disruption.
- Human rights and modern slavery risks within the Group's operations and supply chain.
- Adverse weather conditions that may affect customer demand across certain product categories and markets.

Financial risks
- Foreign exchange, interest rate and commodity price fluctuations.
- Liquidity and funding risks.
- Credit and counterparty risks.

Events subsequent to balance date

Other than the matters disclosed elsewhere in this report, no matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Gale Pacific Limited
Directors' report
30 June 2026

Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations under Commonwealth or State legislation. The Directors believe that the Group has appropriate systems in place for the management of environmental requirements and are not aware of any material breaches of those requirements during the financial year.

The Group remains committed to integrating environmental, social and governance (ESG) considerations into its strategy, operations and decision-making processes. Oversight of ESG initiatives is provided through the Group's governance framework, with executive leadership and Board involvement in monitoring progress against key ESG objectives.

The Group continues to maintain and report its Scope 1 and Scope 2 greenhouse gas emissions inventory and has embedded emissions reporting within its annual reporting processes. Greenhouse gas emissions are measured in accordance with the Greenhouse Gas Protocol, with appropriate estimates applied where necessary.

Dividends

Dividends paid to members during the financial year were as follows:

	2026
Final Dividend for the year ended 30 June 2025	Nil
Interim Dividend for the 6 months ended 31 Dec 2025	Nil

There were no dividends recommended or declared in respect of the year ended 30 June 2026.

Gale Pacific Limited
Directors' report
30 June 2026

Directors' shareholdings

The following table sets out each Director's relevant interest in shares of the Company as at the date of this report.
There were no options or performance rights granted to directors as at the reporting date.

Directors	Fully Paid Ordinary Shares
D Allman	5,000,000
P Landos	-
D McMaster	250,000
T Stianos	600,000

Directors' meetings

The table below sets out the attendance by Directors during the financial year.

	Board of Directors' Meetings		Audit and Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
Directors	No of Meetings Eligible to Attend	Attended	No of Meetings Eligible to Attend	Attended	No of Meetings Eligible to Attend	Attended
D Allman	11	11	3	3	1	1
P Landos	11	11	3	3	1	1
D McMaster	11	11	n/a	3*	1	1
T Stianos	11	11	3	3	1	1

As at the date of this report, the Company has an Audit and Risk Committee, and a Remuneration & Nomination Committee of the Board of Directors.

The members of the Audit and Risk Committee are Peter Landos (Chair), David Allman and Tom Stianos.

The members of the Remuneration and Nomination Committee are Tom Stianos (Chair), David Allman, Peter Landos and Donna McMaster.

*D McMaster was not a member of the Audit and Risk Committee during the year and was therefore not formally eligible to attend its meetings. She attended all three meetings by invitation in her capacity as a Director.

Company Secretary

Sophie Karzis (B. Juris, LLB) is a qualified lawyer with over 20 years' experience as a corporate and commercial lawyer and Company Secretary and General Counsel for a number of private and public companies. Sophie is the principal of Legal Counsel, a corporate law practice with a focus on equity capital markets, mergers and acquisitions, corporate governance for ASX-listed entities, as well as the more general aspects of corporate and commercial law. Sophie holds a bachelor's degree in law and jurisprudence from Monash University.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Remuneration report (Audited)

The Directors present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2026. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for the Group's Directors and Executive Key Management Personnel (KMP).

The Remuneration & Nomination Committee reviews the remuneration packages of all Directors and Executive KMPs on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed with due regard to performance and other relevant factors, and advice is sought from external advisors in relation to their structure.

The Group's remuneration policy is based on the following principles:

- Provide competitive rewards to attract high quality executives;
- Provide equity incentives that align the interests of senior executives with those of the Group and its shareholders; and
- Ensure that rewards are aligned to relevant employment market conditions.

Key Management Personnel of the Group Who Held Office During the Financial Year

Name	Position	Term as KMP
D Allman	Chairman Non Executive Director	Full financial year
P Landos	Non Executive Director	Full financial year
D McMaster	Non Executive Director	Full financial year
T Stianos	Non Executive Director	Full financial year
T Mortleman	Chief Executive Officer	Full financial year
D Clarke	Chief Financial Officer	Full financial year
A Boccelli	Global Vice President Supply Chain (Effective 3 July 2025, Adam Boccelli was appointed to the position of General Manager, Americas region. This role is not considered a KMP role. Adam Boccelli resigned on 6 March 2026.)	Until 2 July 2025

Key Management Personnel of the Group Who Held Office During the Previous Financial Year

Name	Position	Term as KMP
D Allman	Chairman Non Executive Director	Full financial year
P Landos	Non Executive Director	Full financial year
D McMaster	Non Executive Director	Full financial year
T Stianos	Non Executive Director	Full financial year
T Mortleman	Chief Executive Officer - Effective 14 August 2024 (T Mortleman was the General Manager ANZ / Vice President Developing Markets until 13 August 2024)	Full financial year
D Clarke	Chief Financial Officer	Appointed 31 March 2025
A Boccelli	Global Vice President Supply Chain	Full financial year
JP Marcantonio	CEO and Managing Director	Ceased 13 August 2024
S Smith	Chief Financial Officer	Ceased 13 September 2024
C Gibson	Vice President/General Manager of the Americas	Ceased 14 February 2025
E Brown	Global Vice President, Information Technology	Ceased 4 October 2024
M Russell	Global Chief Human Resources Manager	Ceased 13 August 2024
A Bagawandas	A Bagawandas was appointed as Interim Chief Financial Officer from 13 September 2024 to 31 March 2025.	13 September 2024 to 31 March 2025

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Relationship between the remuneration policy and Company performance

The table below summarizes information about the Group's earnings and movements for the five years to 30 June 2026:

	30 June 2026	30 June 2025	30 June 2024	30 June 2023	30 June 2022
Sales ('000s)	155,497	171,988	173,976	187,564	205,543
Net profit/(loss) before tax ('000s)	(2,462)	(3,956)	(1,392)	5,310	10,952
Net profit/(loss) after tax ('000s)	(2,945)	(5,184)	(332)	3,696	7,617
Share price at start of year	9.0 cents	13.0 cents	18.0 cents	29.0 cents	41.0 cents
Share price at end of year	7.5 cents	9.0 cents	13.0 cents	18.0 cents	29.0 cents
Interim dividend	Nil	Nil	Nil	1.00 cent	1.00 cent
Final dividend	Nil	Nil	Nil	Nil	1.00 cent
Basic earnings/(loss) per share	(1.03) cents	(1.82) cents	(0.12) cents	1.34 cents	2.76 cents
Diluted earnings/(loss) per share	(1.03) cents	(1.82) cents	(0.12) cents	1.30 cents	2.69 cents

Remuneration Practices

The Group policy for determining the nature and amount of emoluments of Board members and KMP is as follows.

The remuneration structure for KMP is based on a range of factors including the individual's experience, responsibilities, performance and the overall performance of the Group. The contracts of service between the Group and KMP are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, KMP are paid employee benefit entitlements accrued to date of retirement. Payment of bonuses, and other incentive payments are made at the discretion of the Remuneration & Nomination Committee to KMP of the Group based predominantly on an objective review of the Group's financial performance, the individuals' achievement of stated financial and non-financial targets and any other factors the Committee deems relevant.

Non-executive directors receive a fee for being Directors of the Company and do not participate in performance based remuneration.

Remuneration Structure
In accordance with best practice corporate governance, the structure of Non-executive directors and executive KMP remuneration is separate and distinct.

Non-executive directors remuneration
The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of relevant experience and skill, whilst incurring costs which are acceptable to shareholders.

The Company's Constitution and the Australian Securities Exchange Listing Rules specify that the aggregate remuneration of Non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The last determination was at the Annual General Meeting held on 25 October 2019 when shareholders approved the Company's constitution which provides for an aggregate remuneration of $600,000 per annum. The amount of the aggregate remuneration and the manner in which it is apportioned is reviewed periodically. The Board considers fees paid to Non-executive directors of comparable companies when undertaking this review process.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Executive KMP remuneration
The Group aims to reward executive KMPs with a level and mix of remuneration commensurate with their position and responsibilities within the Group. The objective of the remuneration policy is:
- Reward executives for Group and individual performance;
- Align the interests of the executives with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

In determining the level and make up of executive KMP remuneration, the Remuneration & Nomination Committee reviews reports detailing market levels of remuneration for comparable roles. Remuneration consists of fixed and variable elements.

The Executive KMP remuneration packages contain the following key elements:
- Primary benefits – salary/fees;
- Cash bonuses (STI)- One-year short term performance cash bonus payments are awarded in accordance with the Company's remuneration policy. The performance criteria include profit before tax and operating cashflow.
- Share based payments (LTI), if the performance criteria and any Board discretion are satisfied, this entitles an executive KMP to be awarded performance rights over shares in the Company at no cost to them. Shares are issued subsequent to all vesting conditions being met.

Cash bonus (STI)
The Group's executive KMP have a target STI opportunity which is a percentage of fixed remuneration paid in cash as shown below:

	Cash payout	
	Target	**Target at 150%**
CEO	50%	75%
Other executive KMPs	40%	60%

The CEO's STI target opportunity provides for a potential payout of up to 50% of the CEO's fixed basic annual remuneration, payable in cash. This is subject to the key performance indicator ("KPI") metrics being achieved. In addition, the CEO's STI maximum opportunity provides for a potential payout of up to 75% of the CEO's fixed basic annual remuneration, if 150% of the target is achieved.

The other executive KMP's STI target opportunity provides for a potential payout of up to 40% of the individual's fixed basic annual remuneration, payable in cash. This is subject to the key performance indicator ("KPI") metrics being achieved. In addition, the individual's STI maximum opportunity provides for a potential payout of up to 60% of the individual's fixed basic annual remuneration, if 150% of the target is achieved.

The STI targets are based on the budgeted Group profit before tax, Group operating cashflow and individual performance rating.

When achievements fall in between the targets, payout will be scaled on a linear basis.

STI payment under the FY26 program is contingent upon the Group achieving a positive net profit after tax for the financial year, after the full accrual of all STI- related expenses. In the event this threshold is not met, no STI payments will be made, irrespective of individual or business unit performance outcomes.

STI outcomes are assessed following the end of the financial year and, subject to approval by the Remuneration & Nomination Committee, are paid within three months of year end.

The Group STI thresholds required under the STI framework were not achieved for FY26. Consequently, no STI awards were payable to executive KMPs.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Share-based payments (LTI)
The Group maintains a performance rights plan in which executive KMP participate. Performance rights granted to the CEO are subject to shareholder approval. The plan is designed to align executive reward with shareholder outcomes through the achievement of earnings per share performance hurdles.

The number of performance rights on issue as at 30 June 2026 for KMP was 2,659,000.

2,659,000 of these performance rights were granted on 20 December 2024 are subject to the continuation of employment to 30 September 2027 and satisfying the relevant performance hurdles measured at 30 June 2027.

No new performance rights were granted during the financial year. During the financial year 559,000 performance rights lapsed due to not meeting the diluted EPS performance condition as at 30 June 2026 and a further 1,694,000 performance rights were forfeited due to not meeting the continuous employment criteria as at 30 June 2026.

Each performance right has $nil exercise price and entitles the holder to one (1) ordinary share in Gale Pacific Limited and is subject to satisfying the relevant performance hurdles based on improvements in the Group's diluted earnings per share over a three year period.

Executive Employment Agreement:

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts with executives:

Chief Executive Officer

T Mortleman was appointed Chief Executive Officer effective 14 August 2024 and is employed under an ongoing employment agreement that may be terminated by either party upon notice. Under the terms of the present contract, as disclosed to the ASX on 14 August 2024:

- The CEO receives fixed remuneration of $475,000 per annum, inclusive of superannuation effective 13 August 2024 reviewed annually. There was no change to the fixed remuneration following the annual review in August 2025.
- The CEO target STI opportunity is 50% of fixed remuneration
- The CEO is eligible to participate in the LTI plan on terms determined by the Board, subject to receiving any required shareholder approval.

Other executives are employed under individual ongoing employment agreements that set out the terms and conditions of their employment.

Termination Provisions

The executive KMP termination provisions are as follows:

	Resignation	Termination for cause	Disability	Death or termination other than cause or disability
CEO notice period (by company or executive)	6 Months	None	None	None
Other executives notice period (by company or executive) – Australia	3 Months	None	None	None

Employment and service agreements
Executives serve under terms and conditions contained in a standard executive employment agreement, that allows for termination under certain conditions with three months' notice. The agreements include restraints of trade on the employee as well as confidentiality and intellectual property agreements.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Remuneration of Key Management Personnel:

	Short Term Benefits				Long Term Benefits		Performance	Termination Benefits	Total	Performance Related	
	Salary & Fees $	Other[2] $	Non Monetary $	Employee entitlements $	Superannuation / 401k $	Employee entitlements $	Rights $	$	$	Total %	Rights %
2026											
Non-Executive Directors[1]											
D Allman	120,248	-	-	-	19,752	-	-	-	140,000	-	-
P Landos*	85,179	-	-	-	10,221	-	-	-	95,400	-	-
T Stianos	90,289	-	-	-	5,111	-	-	-	95,400	-	-
D McMaster	76,250	-	-	-	9,150	-	-	-	85,400	-	-
Key Management Personnel [1]											
T Mortleman	445,000	-	-	18,827	30,000	14,493	-	-	508,320	-	-
D Clarke	320,000	-	-	12,307	30,000	553	-	-	362,860	-	-
A Boccelli	3,641	9	242	-	150	-	-	-	4,042		
Total	**1,140,607**	**9**	**242**	**31,134**	**104,384**	**15,046**	**-**	**-**	**1,291,422**		

* The Director's Fees payable to P Landos are paid directly to Thorney Investment Group.
[1] See KMP table in the previous section for further details relating to the period of employment.
[2] Telephone charges

	Short Term Benefits				Long Term Benefits		Performance	Termination Benefits	Total	Performance Related	
	Salary & Fees $	Other[2] $	Non Monetary $	Employee entitlements $	Superannuation / 401k $	Employee entitlements $	Rights $	$	$	Total %	Rights %
2025											
Non-Executive Directors[1]											
D Allman	117,756	-	-	-	19,752	-	-	-	137,508	-	-
P Landos*	86,728	-	-	-	7,375	-	-	-	94,103	-	-
T Stianos	87,124	-	-	-	10,019	-	-	-	97,143	-	-
D McMaster	77,169	-	-	-	8,874	-	-	-	86,043	-	-
Key Management Personnel [1]											
T Mortleman	432,625	-	-	26,881	29,932	-	(11,001)	-	478,437	(2)%	(2)%
D Clarke	81,231	-	-	6,138	7,483	-	-	-	94,852	-	-
A Boccelli	465,577	1,854	46,090	3,935	22,637	-	(20,355)	-	519,738	(4)%	(4)%
A Bagawandas	149,964	-	-	10,211	16,401	-	-	-	176,576	-	-
JP Marcantonio	171,234	-	13,419	-	8,562	-	(121,658)	729,418	800,975	(15)%	(15)%
S Smith	123,569	-	2,211	-	4,837	-	(23,441)	-	107,176	(22)%	(22)%
C Gibson	357,938	-	26,010	-	13,635	-	(26,375)	-	371,208	(7)%	(7)%
M Russell	77,534	-	10,553	-	2,566	-	(22,586)	185,279	253,346	(9)%	(9)%
E Brown	144,670	618	10,983	-	4,262	-	(19,621)	92,829	233,741	(8)%	(8)%
Total	**2,373,119**	**2,472**	**109,266**	**47,165**	**156,335**	**-**	**(245,037)**	**1,007,526**	**3,450,846**		

* The Director's Fees payable to P Landos are paid directly to Thorney Investment Group.
[1] See KMP table in the previous section for further details relating to the period of employment.
[2] Telephone charges

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Key Management Personnel Equity Holdings:

Fully Paid Ordinary Shares

	Balance at the start of the year No.	Granted as Compensation No.	Received on vesting of performance rights No.	Other[1] Movements No.	Balance at the end of the year No.
2026					
Non-Executive Directors					
D Allman	4,500,000	-	-	500,000	5,000,000
T Stianos	600,000	-	-	-	600,000
D McMaster	50,000	-	-	200,000	250,000
Key Management Personnel					
T Mortleman	152,000	-	-	158,000	310,000
D Clarke	100,000	-	-	-	100,000

	Balance at the start of the year No.	Granted as Compensation No.	Received on vesting of performance rights No.	Other[1] Movements No.	Balance at the end of the year No.
2025					
Non-Executive Directors					
D Allman	4,500,000	-	-	-	4,500,000
T Stianos	600,000	-	-	-	600,000
D McMaster	50,000	-	-	-	50,000
Key Management Personnel					
T Mortleman	-	-	152,000	-	152,000
D Clarke	-	-	-	100,000	100,000
J P Marcantonio [2]	7,907,482	-	-	-	7,907,482
A Bagawandas [3]	-	-	250,000	-	250,000

[1] Includes shares traded on the stock market
[2] For J P Marcantonio, balance as at 30 June 2025 reflects the balance of shares held at the date terminated.
[3] Balance at 30 June 2025 reflects the balance of shares held when A Bagawandas ceased to be a KMP.

Share Based Compensation

Each performance right entitles the holder to one ordinary share in the Company in the event that the performance rights are exercised. Performance rights carry no rights to dividends and no voting rights.

The performance rights granted on 18 December 2023 to the KMP are subject to the continuation of employment to 30 September 2026 and satisfying the relevant performance hurdles based on improvements in the Group's diluted earnings per share over the three-year period from 1 July 2023 to 30 June 2026. None of these performance rights will vest as the performance conditions of the vestiture has not been met.

The proportion of performance rights that vest will be determined based on the achievement of the relevant EPS hurdle, ranging from 0% vesting where EPS is less than 3.0 cents to 100% vesting where EPS reaches 3.3 cents, subject to the continuous employment condition. As the EPS conditions have not been met in FY26, the performance rights have lapsed.

The performance rights granted on 20 December 2024 to the executive KMP are subject to the continuation of employment to 30 September 2027 and satisfying the relevant performance hurdles based on improvements in the Group's diluted earnings per share over the three-year period from 1 July 2024 to 30 June 2027. None of these performance rights can vest until 30 September 2027 and are subject to satisfying the relevant performance hurdles.

In addition to the continuous three-year employment requirement, the proportion of performance rights that vest will be determined based on the achievement of the relevant EPS performance hurdle. Vesting ranges from 0% where EPS for the year ended 30 June 2027 is less than 3.5 cents, to 100% where EPS for the year ended 30 June 2027 is 4.0 cents. Performance rights vest proportionately for EPS outcomes between these thresholds.

No new performance rights were granted to executive KMPs in this financial year.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Key Management Personnel Performance Rights:
Granted and Vested During the Year

	Vested Number	Granted Number	Grant Date	Value Per Right at Grant Date	Terms and Conditions for Each Grant			
					Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
2026								
Non-Executive Directors	Nil	Nil						
Executive KMPs	Nil	Nil						

	Vested Number	Granted Number	Grant Date	Value Per Right at Grant Date	Terms and Conditions for Each Grant			
					Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
2025								
Non-Executive Directors	Nil	Nil						
Executive KMPs	152,000	4,874,000	20/12/24	0.11	Nil	31/12/27	01/10/27	01/10/27

Key Management Personnel Performance Rights:
Movements During the Year

	Balance at the start of the year No.	Granted No.	Exercised No.	Lapsed/ Forfeited No.	Balance at the end of the year No.	Value of Lapsed / Forfeited Rights $
2026						
Non-Executive Directors						
None	-	-	-	-	-	-
Key Management Personnel[1]						
T Mortleman	3,218,000	-	-	(559,000)	2,659,000	89,105
A Boccelli[2]	1,694,000	-	-	(1,694,000)	-	250,045
Total	**4,912,000**	**-**	**-**	**(2,253,000)**	**2,659,000**	**339,150**

[1] See KMP table in the previous section for further details relating to the period of employment.
[2] Forfeited on 6 March 2026.

	Balance at the start of the year No.	Granted No.	Exercised No.	Lapsed/ Forfeited No.	Balance at the end of the year No.	Value of Lapsed / Forfeited Rights $
2025						
Non-Executive Directors						
None	-	-	-	-	-	-
Key Management Personnel[1]						
J P Marcantonio	3,152,000	-	-	(3,152,000)	-	504,320
T Mortleman	1,355,000	2,659,000	(152,000)	(644,000)	3,218,000	103,040
S Smith	1,421,000	-	-	(1,421,000)	-	227,360
A Boccelli	1,369,000	1,028,000	-	(703,000)	1,694,000	112,480
C Gibson	1,352,000	1,187,000	-	(2,539,000)	-	406,240
M Russell	1,537,000	-	-	(1,537,000)	-	245,920
E Brown	642,000	-	-	(642,000)	-	102,720
Total	**10,828,000**	**4,874,000**	**(152,000)**	**(10,638,000)**	**4,912,000**	**1,702,080**

[1] See KMP table in the previous section for further details relating to the period of employment.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2026

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.
During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided by the auditor during this financial year.

Officers of the Company who are former partners of Ernst & Young
There are no officers of the Company who are former partners of Ernst & Young.

Rounding of amounts
The Company is of a kind referred to in Class Order 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding'. Amounts in this report have been rounded in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is on the following page and forms part of the director's report.

Auditor
Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of Directors on 26 August 2026.

David Allman
Chairman

26 August 2026
Melbourne

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Shape the future
with confidence

Auditor's Independence Declaration to the Directors of Gale Pacific Limited

As lead auditor for the audit of the financial report of Gale Pacific Limited for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Gale Pacific Limited and the entities it controlled during the financial year.

Ernst & Young

Amy Hudson
Partner
26 August 2026

Gale Pacific Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Revenue			
Revenue from contracts with customers	4	155,497	171,988
Other income	5	210	716
Expenses			
Raw materials and consumables used		(71,066)	(79,059)
Employee benefits expense	6	(35,714)	(40,127)
Depreciation and amortisation expense	6	(11,367)	(11,860)
Marketing and advertising		(2,889)	(2,751)
Occupancy costs	6	(2,338)	(3,040)
Transport, warehouse and related costs	6	(9,462)	(10,556)
IT Expenses		(4,121)	(8,103)
Other expenses		(17,783)	(17,061)
Finance costs	6	(3,429)	(4,103)
Loss before income tax expense		(2,462)	(3,956)
Income tax expense	7	(483)	(1,228)
Loss after income tax expense for the year attributable to the owners of Gale Pacific Limited		(2,945)	(5,184)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax	23	306	(219)
Foreign currency translation	23	228	491
Other comprehensive income for the year, net of tax		534	272
Total comprehensive loss for the year attributable to the owners of Gale Pacific Limited		(2,411)	(4,912)
		Cents	Cents
Basic loss per share	8	(1.03)	(1.82)
Diluted loss per share	8	(1.03)	(1.82)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Gale Pacific Limited
Consolidated statement of financial position
As at 30 June 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Assets			
Current assets			
Cash and cash equivalents	9	19,692	18,603
Trade and other receivables	10	30,129	32,958
Inventories	11	42,685	51,259
Derivative financial instrument - hedges	26	28	-
Income tax receivable	7	441	482
Prepayments		2,511	3,071
Total current assets		95,486	106,373
Non-current assets			
Property, plant and equipment	12	23,600	26,329
Intangibles	13	12,092	14,899
Right-of-use assets	15	18,464	23,947
Deferred tax assets	7	3,472	4,094
Total non-current assets		57,628	69,269
Total assets		153,114	175,642
Liabilities			
Current liabilities			
Trade and other payables	16	21,000	23,122
Borrowings	17	14,763	27,463
Lease liabilities	20	7,607	6,952
Derivative financial instrument - hedges	26	-	388
Current tax liabilities	7	189	290
Employee benefits	18	5,028	4,839
Provisions	19	1,277	302
Total current liabilities		49,864	63,356
Non-current liabilities			
Lease liabilities	21	15,227	21,839
Deferred tax liabilities	7	175	193
Employee benefits		134	129
Total non-current liabilities		15,536	22,161
Total liabilities		65,400	85,517
Net assets		87,714	90,125
Equity			
Issued capital	22	63,403	63,403
Reserves	23	11,469	11,052
Retained profits		12,842	15,670
Total equity		87,714	90,125

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Gale Pacific Limited
Consolidated statement of changes in equity
For the year ended 30 June 2026

Consolidated	Issued Capital $'000	Reserves (Note 23) $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2024	63,403	10,917	20,982	95,302
Loss after income tax expense for the year	-	-	(5,184)	(5,184)
Other comprehensive income for the year, net of tax	-	272	-	272
Total comprehensive income/(loss) for the year	-	272	(5,184)	(4,912)
Share-based payments (note 32)	-	(265)	-	(265)
Transfer to Enterprise Reserve Fund	-	128	(128)	-
Balance at 30 June 2025	63,403	11,052	15,670	90,125

Consolidated	Issued Capital $'000	Reserves (Note 23) $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2025	63,403	11,052	15,670	90,125
Loss after income tax expense for the year	-	-	(2,945)	(2,945)
Other comprehensive income for the year, net of tax	-	534	-	534
Total comprehensive income/(loss) for the year	-	534	(2,945)	(2,411)
Transfer to Enterprise Reserve Fund	-	(117)	117	-
Balance at 30 June 2026	63,403	11,469	12,842	87,714

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Gale Pacific Limited
Consolidated statement of cash flows
For the year ended 30 June 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Cash flows from operating activities			
Loss before income tax expense for the year		(2,462)	(3,956)
Adjustments for:			
Depreciation and amortisation		11,367	11,860
Share-based payments		-	(265)
Write-off of assets		964	720
Foreign currency loss/(gain)		1,983	(454)
Interest Income		(57)	(67)
Interest and other finance costs		3,486	4,170
		15,281	12,008
Change in operating assets and liabilities:			
Decrease in trade and other receivables		2,633	2,549
Decrease/(increase) in inventories		7,383	(4,485)
Decrease in prepayments		474	1,104
Decrease in trade and other payables		(1,916)	(5,828)
Increase in derivative liabilities		-	109
Increase/(decrease) in employee benefits		262	(48)
Increase in other provisions		975	73
		25,092	5,482
Interest Income		57	67
Interest and other finance costs paid		(3,486)	(4,170)
Income taxes paid		(295)	(1,304)
Net cash from operating activities		21,368	75
Cash flows from investing activities			
Payments for property, plant and equipment	12	(859)	(1,855)
Payments for intangibles	13	(46)	(1,298)
Proceeds from disposal of property, plant and equipment		172	48
Net cash used in investing activities		(733)	(3,105)
Cash flows from financing activities			
Repayment of leases	25	(7,010)	(5,705)
(Repayment)/proceeds of borrowings	25	(12,184)	(2,054)
Net cash used in financing activities		(19,194)	(7,759)
Net increase/(decrease) in cash and cash equivalents		1,441	(10,789)
Cash and cash equivalents at the beginning of the financial year		18,603	29,169
Effects of exchange rate changes on cash and cash equivalents		(352)	223
Cash and cash equivalents at the end of the financial year	9	19,692	18,603

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 1. General information

The consolidated financial report covers Gale Pacific Limited ('Company' or 'parent entity') and its controlled entities (collectively the 'Group'). The consolidated financial statements are presented in Australian dollars, which is Gale Pacific Limited's functional and presentation currency.

Gale Pacific Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

145 Woodlands Drive
Braeside, VIC 3195
Australia

A description of the nature of the Group's operations is included in the directors' report, which is not part of the financial statements.

The Group's principal activities are the marketing, sales, manufacture and distribution of branded screening, architectural shading, commercial agricultural / horticultural fabric products to domestic and global markets.

The financial statements were authorised for issue in accordance with a resolution of directors on 26 August 2026. The directors have the power to amend and reissue the financial statements.

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 1. General information (continued)

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will continue to operate and meet its obligations as and when they fall due.

During the year ended 30 June 2026, the Group completed amendments to its banking facilities. The amended facilities are repayable on demand and do not include financial covenant requirements. The facilities remain subject to borrowing-base and availability requirements, as applicable. The terms of these facilities are further described in note 17.

At 30 June 2026, the Group had cash and cash equivalents of $19,692k (2025: $18,603k) and borrowings of $14,763k (2025: $27,463k), resulting in a net cash position of approximately $4,929k (2025: net debt $8,860k).

The Directors have considered the Group's cash flow forecasts, funding arrangements and strategic plans which extends beyond a period of twelve months from the date of approval of these financial statements. The forecasts indicate that the Group is expected to maintain sufficient liquidity to meet its obligations as and when they fall due.

In forming their assessment, the Directors have considered forecast trading performance, working capital requirements, facility availability, the on-demand nature of the banking facilities, the absence of financial covenant requirements and reasonably possible downside scenarios.

Based on this assessment, the Directors believe that the going concern basis of preparation remains appropriate and that the Group will be able to meet its obligations as and when they fall due.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gale Pacific Limited as at 30 June 2026 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 2. Material accounting policy information (continued)

Where the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currencies and translations

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), the cumulative amount in the foreign currency translation reserve in respect of that operation is then recognised in profit or loss.

Monetary items forming net investment in foreign operations
The Group classifies monetary items of a non-current nature where settlement is not planned in the foreseeable future as part of the net investment in foreign operations. All foreign exchange differences on these items are recognised in other comprehensive income through the foreign currency reserve in equity. As and when settlements occur, the cumulative amount in the foreign currency translation reserve is then recognised in profit or loss.

Revenue recognition

The Group recognises revenue as follows:

Sale of goods and services
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, reflects concessions provided to the customer such as discounts, rebates and refunds, promotional funding and other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue from the sale of goods relates to the sale of branded screening, architectural shading, and commercial agricultural and horticultural fabric products, and is recognised at the point in time when the performance obligation is satisfied and customer obtains control of the goods. This is generally at the time of delivery, or collection of goods by the customer. Payment is generally due within 30 – 90 days of invoicing.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 2. Material accounting policy information (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges
Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Leases

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 2. Material accounting policy information (continued)

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Impairment of assets
Goodwill, other intangible assets that have an indefinite useful life, and assets not yet ready for use as intended by management, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Where the asset does not generate independent cash flows, the Group estimates the recoverable amount of the cash generating unit ('CGU') to which the asset belongs.

Recoverable amount is the higher of fair value less cost of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In assessing fair value less cost of disposal, recognised valuation methodologies are applied, utilising current and forecast financial information as appropriate, benchmarked against relevant market data. The Group primarily uses the value-in-use methodology to estimate the recoverable amount for impairment testing purposes.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date is measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding'. Amounts in this report have been rounded in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Impairment of non-financial assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether non-financial assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital, forecasts of future cash flows over a five year forecast period and estimation of terminal growth rate.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost in profit or loss.

Variable consideration for promotions, markdown funding and returns
The Group estimates variable considerations to be included in the transaction price with rights of return, rebates, and promotional and markdown funding.

The Group forecasts sales returns using a historical running rates adjusted for impacts from seasonality. These percentages are applied to the trailing three months sales to determine the expected value of the variable consideration related to the returns. Any significant changes in the historical return pattern will be included and estimated by the Group.

The Group's rebates and funding allowances are analysed and estimated on a per customer basis based on the customer's trading agreement and practices. Variable considerations related to volume and revenue growth tiers are evaluated and assessed periodically using year-to-date and projected sales.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 4. Operating segments

Identification of reportable operating segments
The Group's reportable operating segments are based on geographic markets and comprise Americas (AMR), Australia/New Zealand (ANZ) and Developing Markets (DEV). Segment information is presented on the same basis as the internal reports reviewed by the Chief Operating Decision Maker (CODM) for the purposes of assessing performance and allocating resources. The Group Chief Executive Officer has been identified as the CODM. There is no aggregation of operating segments.

The Group develops, manufactures, distributes and sells shading, screening and technical fabric products across retail and commercial markets globally.

The CODM reviews segment performance using measures including Total Revenue, Segment Trading EBITDA (earnings before interest, tax, foreign exchange gains and losses, depreciation and amortisation) and Segment EBITDA (earnings before interest, tax, depreciation and amortisation).

Intersegment sales and margins are allocated to operating segments based on where the underlying economic benefit is generated. Corporate costs, foreign exchange gains and losses, intersegment eliminations and certain corporate assets and liabilities are reported within Other Items.

The Group's manufacturing operations in China support all geographic operating segments. Accordingly, the operating results of these activities are allocated to the relevant operating segments, while the associated net assets are reported within Other Items.

Reportable operating segments

Americas (AMR)	Sales and distribution operations servicing North America.
Australia / New Zealand (ANZ)	Manufacturing, sales and distribution operations servicing Australia and New Zealand.
Developing Markets (DEV)	Sales and distribution operations servicing the Middle East, Europe and Asia.

Major customers
During the year ended 30 June 2026, approximately 40% of the Group's external revenue (2025: 36%) was derived from sales to two customers (2025: two customers), comprising one customer within the Australia/New Zealand segment and one customer within the Americas segment.

The Group has expanded its disclosure of sales to external customers by separately presenting retail and commercial revenue. Comparative information has been re-presented on a consistent basis. There have been no changes to the composition of the Group's operating segments.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 4. Operating segments (continued)

Consolidated - 2026	Americas $'000	Australia / New Zealand $'000	Developing Markets $'000	Other Items $'000	Total $'000
Revenue					
Sales to external retail customers	52,363	39,843	1,280	-	93,486
Sales to external commercial customers	11,943	36,536	13,532	-	62,011
Total revenue	64,306	76,379	14,812	-	155,497
Raw materials and consumables	(29,036)	(36,459)	(5,571)	-	(71,066)
Employee benefits	(14,091)	(14,104)	(3,005)	(4,514)	(35,714)
Other expenses	(8,111)	(14,331)	(2,149)	(8,835)	(33,426)
Segment trading EBITDA	13,068	11,485	4,087	(13,349)	15,291
FX gain/(loss)	-	-	-	(2,957)	(2,957)
Segment EBITDA	13,068	11,485	4,087	(16,306)	12,334
Depreciation and amortisation	(6,262)	(4,611)	(494)	-	(11,367)
Finance costs	(1,551)	(1,847)	(31)	-	(3,429)
Profit/(Loss) before income tax	5,255	5,027	3,562	(16,306)	(2,462)
Assets					
Segment assets	53,792	43,780	8,455	47,087	153,114
Total assets					153,114
Liabilities					
Segment liabilities	23,519	30,073	1,479	10,329	65,400
Total liabilities					65,400

Consolidated - 2025	Americas $'000	Australia / New Zealand $'000	Developing Markets $'000	Other Items $'000	Total $'000
Revenue					
Sales to external retail customers	63,313	40,978	1,847	-	106,138
Sales to external commercial customers	12,408	38,480	14,962	-	65,850
Total revenue	75,721	79,458	16,809	-	171,988
Raw materials and consumables	(37,076)	(39,069)	(2,914)	-	(79,059)
Employee benefits	(15,436)	(16,884)	(2,451)	(5,357)	(40,127)
Other expenses	(8,398)	(14,122)	(4,581)	(11,564)	(38,665)
Segment trading EBITDA	14,811	9,383	6,863	(16,921)	14,136
FX gain/(loss)	-	-	-	(2,129)	(2,129)
Segment EBITDA	14,811	9,383	6,863	(19,050)	12,007
Depreciation and amortisation	(6,320)	(5,088)	(452)	-	(11,860)
Finance costs	(1,989)	(2,085)	(29)	-	(4,103)
Profit/(Loss) before income tax	6,502	2,210	6,382	(19,050)	(3,956)
Assets					
Segment assets	66,578	52,105	8,022	48,937	175,642
Total assets					175,642
Liabilities					
Segment liabilities	35,286	36,094	1,465	12,672	85,517
Total liabilities					85,517

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 4. Operating segments (continued)

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Other income

	Consolidated 2026 $'000	Consolidated 2025 $'000
Scrap sales	-	544
Government grants	210	172
Other income	210	716

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 6. Expenses

	Consolidated 2026 $'000	Consolidated 2025 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment (note 12)	3,291	3,815
Right-of-use assets (note 15)	6,626	6,781
Total depreciation	9,917	10,596
Amortisation		
Intangible assets (note 13)	1,450	1,264
Total depreciation and amortisation	11,367	11,860
Employee benefit expense		
Employment costs and benefits	34,061	38,757
Post-employment benefits	1,653	1,635
Share-based payment expense	-	(265)
Total employee benefit expense	35,714	40,127
Finance costs		
Interest and finance charges paid/payable on borrowings	2,100	2,463
Interest and finance charges paid/payable on lease liabilities	1,386	1,707
Interest income	(57)	(67)
Total finance costs expensed	3,429	4,103
Occupancy costs		
Variable lease payments	1,297	1,692
Utilities	740	1,000
Cleaning & rubbish removal	301	348
Total occupancy costs	2,338	3,040
Transport, warehouse and related costs		
Outbound transportation costs	7,405	8,111
Repairs and maintenance	1,975	2,330
Other	82	115
Total transport, warehouse and related costs	9,462	10,556
The following are the total lease costs recognised:		
Depreciation expense of right-of-use assets	6,626	6,781
Interest expense on lease liabilities	1,386	1,707
Variable lease payments (included in occupancy costs)	1,297	1,692
Total lease related expenses	9,309	10,180

Included within the **"Other expenses"** are unrealised foreign exchange losses of $2,045k (2025: $1,714k) and realised foreign exchange losses of $911k (2025:$636k realised foreign exchange gains).

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Note 7. Income tax

	Consolidated 2026 $'000	Consolidated 2025 $'000
Income tax expense		
Current tax	10	665
Net deferred tax expense - origination and reversal of temporary differences	473	563
Aggregate income tax expense	483	1,228
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,462)	(3,956)
Tax at the statutory tax rate of 30%	(739)	(1,187)
Non allowable/(non assessable) items	465	465
Brought forward loss write off (USA)	-	3,050
Brought forward loss write back (NZ)	-	(426)
Current year loss not recognised (AUS)	760	-
Current year loss not recognised (USA)	275	-
Difference in overseas tax rates	(278)	(674)
Income tax expense	483	1,228

	Consolidated 2026 $'000	Consolidated 2025 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets relating to net change in fair value of cashflow hedges recognised in hedging reserves	131	(104)

	Consolidated 2026 $'000	Consolidated 2025 $'000
Deferred tax asset		
Deferred taxes comprises temporary differences and tax losses attributable to:		
Tax losses	1,841	2,043
Property, plant and equipment	(1,482)	(1,095)
Foreign exchange	(783)	(33)
Intangible assets	(1,431)	(1,522)
Provisions	537	162
Impairment of receivables	1	1
Other financial liabilities	2,338	2,195
Employee benefits	775	774
Right of use asset	(4,650)	(6,000)
Lease liability	5,756	6,898
Other	570	671
Deferred tax asset	3,472	4,094
Movements:		
Opening balance	4,094	4,605
Charged to profit or loss	(491)	(615)
Credited/(charged) to equity - Tax impact of the cashflow hedges. Refer note 23	(131)	104
Closing balance	3,472	4,094

Gale Pacific Limited
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Note 7. Income tax (continued)

	Consolidated 2026 $'000	Consolidated 2025 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	410	636
Provisions	(173)	(286)
Employee benefits	(62)	(157)
Deferred tax liability	175	193
Movements:		
Opening balance	193	245
Credited to profit or loss	(18)	(52)
Closing balance	175	193

	Consolidated 2026 $'000	Consolidated 2025 $'000
Income tax receivable		
Income tax receivable	441	482

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current tax liability		
Current tax liability	189	290

Accounting policy for income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Gale Pacific Limited
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Note 7. Income tax (continued)

Deferred Tax Asset Recoverability Assessment
During the financial year ended 30 June 2026, the Group reassessed the recoverability of carried-forward tax losses and tax losses previously written off by its Subsidiaries.

As a result, the entity has written off net deferred tax assets amounting to $760k, which has been recognised as an income tax expense in the statement of profit or loss.

Key Judgements and Assumptions
The write-off reflects management's judgement of taxable income assessments within the foreseeable future. This assessment considered:
- Historical operating performance
- Forecasted taxable income over a 5-year horizon
- Changes in business operations or tax legislation

Tax losses

As at 30 June 2026, the Group has the following unused tax losses which could be offset against future taxable income.

The availability of these losses is subject to compliance with relevant tax legislation, including continuity of ownership and same business tests.

Type of loss	Amount ($000)	Expiry Date	Jurisdiction
Revenue Loss	7,417	No Expiry date	Australia
Foreign NOL - Federal/state	14,039	No Expiry date on federal /15-20 year expiry on California state ($5,165K)	United States
Foreign NOL	3,713	No Expiry	New Zealand

Management has assessed the recoverability of the tax losses and determined that a deferred tax asset of $1,841k (2025: $2,043k) is recoverable, based on forecast taxable profits.

The recognised deferred tax asset relates to total tax losses of $6,228k (2025: $6,912k), comprising:
- Australian revenue losses of $4,882k (2025: $5,391k); and
- New Zealand foreign net operating losses of $1,346k (2025: $1,521k)

At 30 June 2026, no deferred tax assets have been recognised for $18,941k of tax losses (2025: $16,233k unrecognised tax losses).

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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Note 8. Earnings per share

	Consolidated 2026 $'000	Consolidated 2025 $'000
Loss after income tax attributable to the owners of Gale Pacific Limited	(2,945)	(5,184)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	284,637,642	284,204,102
Weighted average number of ordinary shares used in calculating diluted earnings per share	284,637,642	284,204,102
	Cents	**Cents**
Basic loss per share	(1.03)	(1.82)
Diluted loss per share	(1.03)	(1.82)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Gale Pacific Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2026 $'000	Consolidated 2025 $'000
Cash on hand	1	-
Cash at bank	19,691	18,603
	19,692	18,603

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Note 10. Current assets - trade and other receivables

	Consolidated 2026 $'000	Consolidated 2025 $'000
Trade receivables	30,455	33,369
Less: Allowance for expected credit losses	(472)	(567)
	29,983	32,802
Other receivables	146	156
	30,129	32,958

Allowance for expected credit losses
The Group has recognised a net release of expected credit loss allowance of $10K (2025: net release of $101K) in profit or loss in respect of impairment of receivables for the year ended 30 June 2026.

Trade receivables and allowances for expected credit losses
The following table details the risk profile of trade receivables based on the Group's provision matrix.

	Consolidated 2026 $'000	Consolidated 2025 $'000
Trade receivables		
Not Outside of Credit Terms	26,031	25,797
Outside Credit Terms 0-30 Days	2,469	5,581
Outside Credit Terms 31-120 Days	756	1,048
Outside Credit Terms 121 Days to one year	825	265
More than One Year	374	678
	30,455	33,369
Allowance for expected credit losses		
Outside Credit Terms 31-120 Days	(22)	-
Outside Credit Terms 121 Days to one year	(92)	(27)
More than One Year	(358)	(540)
	(472)	(567)

As per management's assessment the allowance for expected credit losses on *Not Outside of Credit Terms* and *Outside Credit Terms 0-30 Days* is not material and not recognised.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2026 $'000	Consolidated 2025 $'000
Opening balance	567	925
Additional allowances recognised	151	106
Excess allowances released	(141)	(207)
Receivables written off during the year as uncollectable	(105)	(257)
Closing balance	472	567

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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Note 10. Current assets - trade and other receivables (continued)

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The average credit terms vary between 30 to 90 days which depend on the sales region and the type of customer. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 95% (2025: 80%) against all receivables over 365 days. The Group has reduced the expected loss rates for trade receivables from the prior year based on its judgement of the impact of current economic conditions. There has been no change in the estimation techniques during the current reporting period. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Note 11. Current assets - inventories

	Consolidated 2026 $'000	Consolidated 2025 $'000
Raw materials	8,074	11,282
Work in progress	2,009	2,029
Finished goods	36,118	42,346
Less: Provision for impairment	(3,516)	(4,398)
	32,602	37,948
	42,685	51,259

During the period, the Group decreased its provision for impairment by $882K (2025: increase of $614K) for inventories (utilisation of $896K related to sales of provisioned items, utilisation of $600K related to write-off of provisioned items and additional provision for impairment of $614K).

This is recognised in Raw materials and Consumables used, in the income statement. Raw materials and consumables used in the income statement also reflects the refunds of certain previously imposed tariffs, consistent with the recognition of the original expense.

Accounting policy for inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a '*weighted average cost*' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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Note 12. Non-current assets - property, plant and equipment

	Consolidated 2026 $'000	Consolidated 2025 $'000
Buildings and leasehold improvements - at cost	18,851	18,926
Less: Accumulated depreciation	(10,696)	(10,033)
	8,155	8,893
Plant and equipment - at cost	120,648	121,016
Less: Accumulated depreciation	(105,471)	(104,151)
	15,177	16,865
Motor vehicles - at cost	308	308
Less: Accumulated depreciation	(214)	(210)
	94	98
Capital work-in-progress - at cost	174	473
	23,600	26,329

Reconciliations
Reconciliations of the movements in property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings and leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
Balance at 1 July 2024	9,544	17,818	112	738	28,212
Additions	61	934	-	860	1,855
Disposals	-	(48)	-	-	(48)
Exchange differences	68	57	-	-	125
Transfers in/(out)	251	874	-	(1,125)	-
Depreciation expense	(1,031)	(2,770)	(14)	-	(3,815)
Balance at 30 June 2025	8,893	16,865	98	473	26,329
Additions	-	193	-	666	859
Disposals	-	(172)	-	-	(172)
Exchange differences	(44)	(68)	-	(13)	(125)
Transfers in/(out)	331	621	-	(952)	-
Depreciation expense	(1,025)	(2,262)	(4)	-	(3,291)
Balance at 30 June 2026	8,155	15,177	94	174	23,600

Accounting policy for property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis to allocate cost on a systematic basis for each item of property, plant and equipment over their estimated useful lives as follows:

Buildings	45 years
Leasehold improvements	Over lease term
Plant and equipment	2-15 years
Motor vehicles	2-5 years

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Note 12. Non-current assets - property, plant and equipment (continued)

Depreciation commences from the time the asset is held ready for use. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. When changes are made, adjustments are reflected in current and future periods only.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Security Pledges

As at 30 June 2026, the Group has pledged the factory building (including land) with a carrying amount of $6,373K owned by **Gale Pacific Special Textiles (Ningbo) Limited**, as security for its financing arrangements with the Group's primary lender for that region, **HSBC Bank (China) Company Limited**. See note 17 for further information.

Note 13. Non-current assets - intangibles

	Consolidated 2026 $'000	Consolidated 2025 $'000
Goodwill	3,323	3,468
Development - at cost	5,240	6,370
Less: Accumulated amortisation	(2,456)	(2,301)
	2,784	4,069
Patents, trademarks and licenses - at cost	1,683	1,697
Less: Accumulated amortisation	(1,557)	(1,549)
	126	148
Application software - at cost	16,083	16,088
Less: Accumulated amortisation	(10,224)	(9,577)
	5,859	6,511
Intangible work-in-progress	-	703
	12,092	14,899

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Note 13. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Development $'000	Patents, trademarks and licenses $'000	Application software $'000	Intangible work-in-progress $'000	Total $'000
Balance at 1 July 2024	3,433	4,767	169	618	6,466	15,453
Additions	-	567	-	-	731	1,298
Exchange differences	35	-	1	(190)	286	132
Write off of assets	-	(720)	-	-	-	(720)
Transfers in/(out)	-	-	-	6,780	(6,780)	-
Amortisation expense	-	(545)	(22)	(697)	-	(1,264)
Balance at 30 June 2025	3,468	4,069	148	6,511	703	14,899
Additions	-	46	-	-	-	46
Exchange differences	(145)	-	-	(246)	(48)	(439)
Write off of assets	-	(771)	-	-	(193)	(964)
Transfers in/(out)	-	-	-	462	(462)	-
Amortisation expense	-	(561)	(22)	(867)	-	(1,450)
Balance at 30 June 2026	3,323	2,783	126	5,860	-	12,092

Goodwill acquired through business combinations have been allocated to the following cash generating units (CGU):

	Consolidated 2026 $'000	2025 $'000
Goodwill		
USA (2026: US$2,044K; 2025: US$ 2,044K)	2,976	3,121
Other	347	347
	3,323	3,468

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Note 13. Non-current assets - intangibles (continued)

Accounting policy for intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research cost are expensed in the period in which they are incurred. Development cost is capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

During the financial year, the Group recognised $1,500K (2025: $1,100K) as research and development expenses in the income statement.

The Group reviews the carrying amount of each development cost at each reporting period for indicators of impairment. During the year, management have written off 3 projects that were no longer recoverable due to (i) technical limitations in manufacturing process constraints and (ii) further development works indicating that a project is no longer commercially viable and not expected to generate future economic benefits.

As a result of this an expense of $771k was recognised in the income statement under Other expenses.

Patents, trademarks and licenses
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 20 years.

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Note 13. Non-current assets - intangibles (continued)

Application software
Costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life between 5 - 10 years based on the type of application software.

Individually material application software

* **Description :** The D365 ERP solution, implemented in October 2024, relates to capitalised bespoke functionalities that remain operational and continue to deliver business benefits.
* **Carrying Amount :** $5,150K
* **Remaining amortisation period :** 8 years and 3 months
* **Useful life :** Finite (10 years)
* **Impairment :** No indicators of impairment identified during the year

Note 14. Non-current assets - Impairment of non-current assets

Impairment indicators
At 30 June 2026, it was assessed that indicators of impairment existed having regard to:
- the Group's market capitalisation being lower than the carrying amount of its consolidated net assets
- the current challenging trading conditions in the USA due to government policy, in particular trade policy

An impairment test was performed to determine the recoverable amounts for the Group's CGUs using the value-in-use method.

Impairment assessment
The Group has determined value in use using five-year budgets presented to the Board of Directors, incorporating management's best estimates of future performance, market conditions and appropriate discount rates. The budgets reflect a compound annual growth rate of 7.0% for the total Group and 7.3% for the USA CGU over the five-year forecast period. Cash flows beyond this period have been extrapolated using a terminal growth rate of 2.0%.

The assessment did not result in an impairment charge being recognised by the Group for the year ended 30 June 2026.

The impairment assessment indicates that the CGUs' recoverable amounts exceeded their carrying amount as follows:
- Group level assessment – $14,772k
- USA CGU assessment – $3,536k

Other goodwill of $347k is not significant in comparison to the Group's total carrying amount of goodwill and is allocated across the Group.

Sensitivity analysis of key assumptions
The Group has determined that the calculations of value-in-use are most sensitive to changes in the following assumptions:

Discount rate (post tax)
Discount rates are derived from the Group's weighted average cost of capital (WACC), adjusted for the specific risks of each CGU and operating location. They reflect the time value of money, asset-specific risks not otherwise included in cash flow forecasts, and risk in achieving forecast growth.

Cash flow forecasts – Revenue
Forecast cash flows are based on budgets presented to the Board of Directors. In preparing these forecasts, the Group has applied judgement and best estimates in relation to revenue growth, supported by the following key assumptions:
- servicing new customers, primarily in the Americas region;
- expansion into new geographical markets within the Developing Markets region; and
- core product growth supported by marketing and advertising activity.

These key assumptions, including changing them in isolation assuming all other assumptions are held constant that would result in the recoverable amount being equal to the carrying amount, are summarised in the table below.

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Note 14. Non-current assets - Impairment of non-current assets (continued)

Assumptions	2026 %	2026 Break Even %	2025 %
Group CGUs			
Discount rate (post tax)	12.75	14.30	11.75
% decrease in net forecast revenue and COGS	N/A	(0.96)	N/A
USA CGU			
Discount rate (post tax)	13.75	14.83	12.0
% decrease in net forecast revenue and COGS	N/A	(1.33)	N/A

Note 15. Non-current assets - right-of-use assets

	Consolidated 2026 $'000	Consolidated 2025 $'000
Land and buildings - right-of-use	51,430	50,938
Less: Accumulated depreciation	(32,966)	(26,991)
	18,464	23,947

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings - right-of-use $'000
Balance at 1 July 2024	22,330
Additions / reassessment of lease term	8,258
Exchange differences	140
Depreciation expense	(6,781)
Balance at 30 June 2025	23,947
Additions / reassessment of lease term	1,580
Exchange differences	(437)
Depreciation expense	(6,626)
Balance at 30 June 2026	18,464

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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Note 15. Non-current assets - right-of-use assets (continued)

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

There were two short-term leases in the current financial year (2025: Nil). Expense of $26k was recognised in this financial year.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2026 $'000	2025 $'000
Trade payables	11,883	11,127
Sundry payables and accruals - Customer rebates and variable revenue	5,701	7,204
Sundry payables and accruals - Other	3,416	4,791
	21,000	23,122

Refer to note 25 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Current liabilities - borrowings

	Consolidated	
	2026 $'000	2025 $'000
Bank loans	14,595	27,463
Other loans	168	-
	14,763	27,463

During FY24, the Group secured banking facilities and treasury management services with HSBC Bank across Australia, the United States and China. The facilities support the Group's working capital and capital expenditure requirements.

In March 2026, the Group and HSBC agreed amendments to the banking facilities, transitioning the Australian and United States facilities from committed covenant-based arrangements to facilities repayable on demand. As part of the amendments, facility limits in Australia and the United States were reduced and all financial covenant testing requirements were removed. .

The principal facilities available to the Group at 30 June 2026 were:

Facility	Limit	Status
Australia Asset Based Lending Facility	A$17.0 million	On demand
Australia Capital Expenditure Facility	A$7.5 million	On demand
USA Revolving Credit Facility	US$18.0 million ($26.2 million)	On demand
China Working Capital Facility	RMB60.0 million ($12.8 million)	Renewed annually

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Note 17. Current liabilities - borrowings (continued)

Security

The Group's banking facilities are secured by a general security interest over the working capital and other assets of the relevant borrowing entities. Availability under the Australian and United States facilities is determined by the level of eligible working capital assets supporting borrowing base calculations in each jurisdiction.

The Australian facilities are secured against the assets of Gale Pacific Limited and the United States facility is secured against the assets of Gale Pacific USA, Inc. The China facility is secured by land rights and buildings held by the Group's operations in China.

As the facilities are secured by a general security interest, the assets subject to security fluctuate over time. The principal classes of assets subject to security comprise trade receivables, inventories and property, the carrying amounts of which as at 30 June 2026 are set out in Notes 10, 11 and 12 respectively.

The Group continues to maintain an active banking relationship with HSBC and remains subject to customary borrowing base, reporting and operational monitoring requirements under the facility arrangements.

Following the March 2026 amendments, the Australian and United States facilities are contractually repayable on demand. Accordingly, borrowings under these facilities have been classified as current liabilities at 30 June 2026 in accordance with AASB 101 Presentation of Financial Statements. The China working capital facility is renewed annually and is also classified as current.

Refer to Note 25 for further information on financial instruments.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received. They are subsequently measured at amortised cost using the effective interest method.

Note 18. Current liabilities - employee benefits

	Consolidated	
	2026 $'000	2025 $'000
Annual leave	1,518	1,604
Long service leave	756	674
Sick leave	48	51
Other benefits - bonus, accrued salaries, gratuity and other	2,706	2,510
	5,028	4,839

Note 19. Current liabilities - provisions

	Consolidated	
	2026 $'000	2025 $'000
Warranties	285	302
Price adjustment provisions	992	-
	1,277	302

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Note 19. Current liabilities - provisions (continued)

Consolidated - 2026	Warranties $'000	Price adjustment provisions $'000
Carrying amount at the start of the year	302	-
Additional provisions recognised	664	992
Utilised	(681)	-
Carrying amount at the end of the year	285	992

Consolidated - 2025	Warranties $'000	Price adjustment provisions $'000
Carrying amount at the start of the year	229	-
Additional provisions recognised	480	-
Utilised	(407)	-
Carrying amount at the end of the year	302	-

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

The group typically provides for warranties for general defects that existed at the time of sale, as required by law.

Price adjustment provisions
Price adjustment provisions relate principally to management's estimate of obligations associated with past pricing and commercial arrangements. The provision reflects management's assessment of likely outcomes arising from these arrangements. The ultimate outcome remains uncertain and may differ from the amount currently provided.

Note 20. Current liabilities - lease liabilities

	Consolidated	
	2026 $'000	2025 $'000
Lease liability	7,607	6,952

Refer to note 25 for further information on financial instruments.

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Note 21. Non-current liabilities - lease liabilities

	Consolidated	
	2026 $'000	2025 $'000
Lease liability - 1 to 5 years	13,552	18,576
Lease liability - greater than 5 years	1,675	3,263
	15,227	21,839

Refer to note 25 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years $'000	More than five years $'000	Total
As at 30 June 2026			
Extension options expected not to be exercised	18,271	23,448	41,719
As at 30 June 2025			
Extension options expected not to be exercised	12,262	30,055	42,317

Note 22. Equity - issued capital

	Consolidated			
	2026 Shares	2025 Shares	2026 $'000	2025 $'000
Ordinary shares - fully paid	284,637,642	284,637,642	63,403	63,403

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par, value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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Note 22. Equity - issued capital (continued)

Share buy-back
No new buy-back scheme was effective for the financial year ended 30 June 2026 (2025: Nil).

Vesting of performance rights
No performance rights vested during the financial year ended 30 June 2026 (2025: 623,000).

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. This is achieved through monitoring of historical and forecast performance and cash flows.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 23. Equity - reserves

	Consolidated 2026 $'000	Consolidated 2025 $'000
Foreign currency reserve	1,908	1,680
Hedging reserve - cash flow hedges	60	(246)
Share-based payments reserve	3,964	3,964
Enterprise reserve fund	5,537	5,654
	11,469	11,052

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Enterprise reserve fund
Gale Pacific Special Textiles (Ningbo) Limited and Gale Pacific Trading (Ningbo) Limited are required by Chinese Company Law to maintain this reserve in its financial statements. This reserve is unavailable for distribution to shareholders but can be used to expand the entity's business, make up losses or increase the registered capital. Both companies are required to allocate 10% of their annual profit after tax to this reserve until it reaches 50% of the registered capital.

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Note 23. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Hedging $'000	Share-based payments $'000	Enterprise reserve fund $'000	Total $'000
Balance at 1 July 2024	1,189	(27)	4,229	5,526	10,917
Foreign currency translation *	491	-	-	-	491
Movement in hedge	-	(323)	-	-	(323)
Income tax	-	104	-	-	104
Share-based payment	-	-	(265)	-	(265)
Statutory transfers from retained earnings	-	-	-	128	128
Balance at 30 June 2025	1,680	(246)	3,964	5,654	11,052
Foreign currency translation *	228	-	-	-	228
Movement in hedge	-	437	-	-	437
Income tax	-	(131)	-	-	(131)
Statutory transfers from retained earnings	-	-	-	(117)	(117)
Balance at 30 June 2026	1,908	60	3,964	5,537	11,469

* Refer to note 24 for details of monetary items identified as a net investment in a foreign operation

Note 24. Monetary items identified as a net investment in a foreign operation

	Consolidated 2026 $'000	Consolidated 2025 $'000
Related party receivable to the Company from Gale Pacific Special Textiles (Ningbo) Limited	10,351	10,855
Related party receivable to the Company from Gale Pacific (New Zealand) Limited	5,068	3,525
Monetary items identified as a net investment in a foreign operation	15,419	14,380

The foreign exchange gain or loss arising during the financial year on monetary items forming part of the net investment in foreign operations, recognised in foreign currency translation reserve is detailed in note 23.

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Note 25. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Group's financial risk management processes and procedures seek to minimise the potential adverse effects on the Group's financial performance that may occur due to the unpredictability of financial markets. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

Derivative financial instruments are used by the Group to limit exposure to exchange rate risk associated with foreign currency transactions. Transactions to reduce foreign currency exposure are undertaken without the use of collateral as the Group only deals with reputable institutions with sound financial positions. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The Group enters into foreign exchange contracts to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective of entering into forward exchange contracts is to protect the Group against exchange rate movements for both contracted and anticipated future sales and purchases undertaken in foreign currencies.

The Group adopts hedge accounting and classifies applicable forward exchange contracts as cash flow hedges where these contracts are hedging highly probable forecasted transactions and they are timed to mature when the cash flow from the underlying transaction is scheduled to occur. Cash flows are expected to occur during the next financial year.

The cash flow hedges were assessed for effectiveness and the ineffective portion was recognised in the income statement.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars		Average exchange rates	
	2026 $'000	2025 $'000	2026	2025
Buy US dollars/sell Australian dollars				
Maturity:				
Less than 6 months	10,134	10,535	0.6853	0.6331
6 - 12 months	1,615	1,792	0.7090	0.6418

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	2026 $'000	2025 $'000	2026 $'000	2025 $'000
US dollars	40,732	40,175	11,302	15,356
New Zealand dollars	618	590	26	2
Chinese renminbi	786	756	4,504	3,486
UAE dirham	2,177	2,135	-	-
	44,313	43,656	15,832	18,844

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Note 25. Financial instruments (continued)

	AUD strengthened			AUD weakened		
Consolidated - 2026	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
United States dollars	2.20%	3	(637)	(2.20%)	(3)	637
Chinese renminbi	1.85%	-	68	(1.85%)	-	(68)
New Zealand dollars	1.29%	(1)	(7)	(1.29%)	1	7
UAE Dirham	2.20%	-	(47)	(2.20%)	-	47
		2	(623)		(2)	623

	AUD strengthened			AUD weakened		
Consolidated - 2025	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
United States dollars	5.00%	(141)	(1,041)	(5.00%)	141	1,041
Chinese renminbi	5.00%	-	313	(5.00%)	-	(313)
New Zealand dollars	5.00%	(2)	(25)	(5.00%)	2	25
UAE Dirham	5.00%	-	(103)	(5.00%)	-	103
		(143)	(856)		143	856

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is exposed to interest rate risk as entities in the Group borrow and deposit funds at both fixed and variable interest rates. Effective weighted average interest rates on classes of financial liabilities are disclosed under liquidity risk. The Group does not use interest rate swaps to manage the risk of interest rate changes.

As at the reporting date, the Group had the following variable rate bank balances and borrowings outstanding:

	2026		2025	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	-	19,692	-	18,603
Bank loans	6.87%	(14,595)	7.00%	(27,463)
Other loans	6.82%	(168)	-	-
Net exposure to cash flow interest rate risk		4,929		(8,860)

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100 (2025: 100) basis points would have an adverse/favourable effect on loss before tax of $146K (2025: $275K) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

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Note 25. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Before accepting any new customer, the Group uses internal resources and criteria to assess the potential customer's credit quality and defines credit limits by customer. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

During March 2026, the Group amended its principal Australian and United States banking facilities with HSBC, transitioning these facilities from committed covenant-based facilities to facilities repayable on demand. The Group continues to maintain access to these facilities subject to borrowing base availability and customary reporting requirements.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2026	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	11,883	-	-	-	11,883
Customer rebates	-	5,701	-	-	-	5,701
Other sundry payables and accruals	-	3,416	-	-	-	3,416
Interest-bearing - variable						
Bank loans	6.87%	14,595	-	-	-	14,595
Other loans	6.82%	168	-	-	-	168
Lease liability	-	8,644	6,044	9,028	1,733	25,449
Total non-derivatives		44,407	6,044	9,028	1,733	61,212

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Note 25. Financial instruments (continued)

Consolidated - 2025	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	11,127	-	-	-	11,127
Customer rebates	-	7,204	-	-	-	7,204
Other sundry payables and accruals	-	4,791	-	-	-	4,791
Interest-bearing - variable						
Bank loans	7.00%	27,463	-	-	-	27,463
Lease liability	-	7,982	8,261	11,792	3,264	31,299
Total non-derivatives		58,567	8,261	11,792	3,264	81,884

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Bank loans have been disclosed within the "1 year or less" maturity category as the Australian and United States facilities are contractually repayable on demand and the China working capital facility is typically drawn and repaid every 3 months and has a maximum extension of 12 months from the date of drawdown. Refer to Note 17 for further details of the Group's borrowing facilities.

Liabilities from financing activities
Changes in liabilities arising from financing activities are shown below.

Consolidated	Borrowings $'000	Lease Liabilities $'000	Total $'000
Balance at 1 July 2024	29,874	26,206	56,080
Net proceeds / (repayments)	(2,054)	(5,705)	(7,759)
New / extension of leases	-	8,258	8,258
Other	(357)	32	(325)
Balance at 30 June 2025	27,463	28,791	56,254
Net proceeds / (repayments)	(12,184)	(7,010)	(19,194)
New / extension of leases	-	1,580	1,580
Forex movements	(516)	(527)	(1,043)
Balance at 30 June 2026	14,763	22,834	37,597

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Note 26. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2026	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts	-	28	-	28
Total assets	-	28	-	28

Consolidated - 2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	388	-	388
Total liabilities	-	388	-	388

There were no transfers between levels during the financial year.

The net fair value of assets and liabilities approximates their carrying value. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than forward exchange contracts.

Valuation techniques for fair value measurements categorised within level 2
Derivative financial instruments have been valued using inputs based on quoted market rates. This valuation technique maximises the use of observable market data.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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Note 27. Contingent liabilities

In the FY25 Financial Report, the Group disclosed a contingent liability relating to a regulatory investigation concerning a loan of US$771,700 obtained by Gale Pacific USA Inc under the U.S. Small Business Administration's COVID-19 response program and subsequently forgiven. During the current financial year, Gale Pacific USA Inc was formally notified that the action had been dismissed. Accordingly, no contingent liabilities existed as at 30 June 2026 (2025: US$771,700).

Note 28. Related party transactions

Parent entity
Gale Pacific Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 29.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 29. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and key management personnel of the Group is set out below:

	Consolidated 2026 $	Consolidated 2025 $
Short-term employee benefits	1,187,038	2,532,022
Post-employment benefits	104,384	156,335
Termination benefits	-	1,007,526
Share-based payments	-	(245,037)
	1,291,422	3,450,846

Director fees payable to P. Landos of $95,400 (2025: $94,103) are paid directly to Thorney Investment Group which is a substantial shareholder that has significant influence over Gale Pacific Limited.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2026 $'000	Parent 2025 $'000
Loss after income tax	(2,892)	(4,278)
Total comprehensive loss	(2,585)	(4,497)

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Note 30. Parent entity information (continued)

Statement of financial position

	Parent 2026 $'000	Parent 2025 $'000
Total current assets	6,287	8,876
Total assets	91,805	98,899
Total current liabilities	18,783	23,079
Total liabilities	29,975	35,907
Equity		
Issued capital	63,403	63,403
Hedging reserve - cash flow hedges	60	(246)
Share-based payments reserve	3,964	3,965
Accumulated losses	(5,597)	(4,130)
Total equity	61,830	62,992

Contingent liabilities
Gale Pacific Limited (Australia) has entered into a deed of guarantee with HSBC. Under this deed, Gale Pacific Limited (Australia) guarantees payment of any deficiency if a controlled entity is wound up or fails to meet its obligations under the HSBC credit agreement.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %
Gale Pacific (New Zealand) Limited	New Zealand	100%	100%
Gale Pacific FZE	United Arab Emirates	100%	100%
Gale Pacific Special Textiles (Ningbo) Limited	China	100%	100%
Gale Pacific Trading (Ningbo) Limited	China	100%	100%
Gale Pacific USA, Inc.	USA	100%	100%

Note 32. Share-based payments

The Group maintains a performance rights scheme for certain staff and executives, including executive directors, as approved by shareholders at an annual general meeting. The scheme is designed to reward key personnel when the Group meets performance hurdles relating to:
- Improvement in earnings per share; and
- Improvement in return to shareholders.

Each performance right entitles the holder to one ordinary share in the Company when exercised and is subject to the satisfying of relevant performance hurdles based on improvements in the Group's diluted earnings per share or return to shareholders.

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Note 32. Share-based payments (continued)

Performance rights issued to executives are in accordance with the Group's remuneration policy which:
- Reward executives for Group and individual performance;
- Align the interests of the executives with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

This performance rights plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant performance rights for ordinary shares in the Company to key management personnel and certain senior managers of the Group. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Refer to note 6 for the amount expensed to profit or loss during the financial year.

Set out below are summaries of performance rights granted under the plan:

2026

Grant date	Vesting date	Grant date Fair value	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
18/12/2023	30/09/2026	$0.16	2,849,000	-	-	(2,849,000)	-
20/12/2024	30/09/2027	$0.11	7,978,000	-	-	(2,572,000)	5,406,000
			10,827,000	-	-	(5,421,000)	5,406,000

2025

Grant date	Vesting date	Grant date Fair value	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
23/12/2021	30/09/2024	$0.28	2,084,000	-	(623,000)	(1,461,000)	-
06/04/2022	30/09/2024	$0.28	204,000	-	-	(204,000)	-
17/03/2023	30/09/2025	$0.24	2,809,000	-	-	(2,809,000)	-
19/10/2023	30/09/2026	$0.16	3,152,000	-	-	(3,152,000)	-
18/12/2023	30/09/2026	$0.16	5,860,000	-	-	(3,011,000)	2,849,000
20/12/2024	30/09/2027	$0.11	-	9,165,000	-	(1,187,000)	7,978,000
			14,109,000	9,165,000	(623,000)	(11,824,000)	10,827,000

No new performance rights were granted in this financial year.

Total of 5,421,000 performance rights lapsed during this financial year.

1,729,000 of these performance rights related to the scheme that was granted on 18 Dec 2023, which did not meet the EPS threshold conditions of FY26.

3,692,000 of these performance rights related to employees not meeting the continuous employment conditions set out in the performance rights scheme.

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to certain employees including executive directors. Equity-settled transactions are awards of performance rights over shares, that are provided to employees in exchange for the rendering of services.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 32. Share-based payments (continued)

The cost of equity-settled transactions is measured at fair value on grant date.

The fair value of equity settled performance rights with non-market *vesting conditions* is determined using the share price at grant date less the present value of the expected dividend yield during the vesting period. No account is taken of any other vesting conditions.
The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee (i.e internal conditions), the failure to satisfy the condition is treated as a cancellation.

If the condition is not within the control of the Group or employee (i.e market based conditions) and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Consolidated	
	2026 $	2025 $
Fees to Ernst & Young (Australia)		
Audit of the consolidated financial statements of the company	547,800	911,000
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing controlled entities for the consolidated financial statements	60,000	63,000
Fees for auditing the statutory financial report of any controlled entities	37,897	38,830
	97,897	101,830
	645,697	1,012,830

Note 34. New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of the consolidated financial statements, other Standards and Interpretations issued but not yet effective are listed below.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2026

Note 34. New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

Amendments to the Classification and Measurement of Financial Instruments - Amendments to AASB 9 and AASB 7

These amendments to AASB 7 and AASB 9 Financial Instruments:

• Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition.

• Introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met

• For the purpose of classifying a financial asset, clarify how to assess contractual cash flow characteristics that include environmental, social and governance (ESG)-linked features and other similar contingent features

• Clarify how non-recourse features and contractually linked instruments are assessed for the purpose of applying the SPPI test when determining the measurement basis of financial assets.

• Require additional disclosures in AASB 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

Effective for annual reporting periods beginning on or after 1 January 2026.

AASB 18 Presentation and Disclosure in Financial Statements

In June 2024, the IASB issued AASB 18, which replaces IAS 1 Presentation of Financial Statements. AASB 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

The Group is in the process of assessing the impacts of AASB 18 and will adopt the standard and make the required amendments to the presentation and disclosures in the consolidated financial statements on a retrospective basis from 1 July 2027.

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Gale Pacific Limited
Consolidated entity disclosure statement
As at 30 June 2026

The consolidated entity disclosure statement has been prepared in accordance with s.295(3A) of the Corporations Act 2001 and includes information for each subsidiary of the Gale Pacific Limited consolidated Group as at 30 June 2026.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Gale Pacific Limited	Body corporate	Australia	-	Australia
Gale Pacific (New Zealand) Limited	Body corporate	New Zealand	100.00%	Australia / New Zealand
Gale Pacific FZE	Body corporate	United Arab Emirates (UAE)	100.00%	Australia / UAE
Gale Pacific Special Textiles (Ningbo) Limited	Body corporate	China	100.00%	China
Gale Pacific Trading (Ningbo) Limited	Body corporate	China	100.00%	China
Gale Pacific USA, Inc.	Body corporate	USA	100.00%	USA

Determination of Tax Residency
Section 295(3A) of the Corporations Act 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as it is highly fact dependant and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
The Group has applied current legislation, judicial precedent, and regulatory guidance, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
The Group has applied current legislation, judicial precedent, and regulatory guidance.

Gale Pacific Limited
Directors' declaration
As at 30 June 2026

In the opinion of the Directors of Gale Pacific Limited (the Company):

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes (page 36 to page 78) comply with Australian Financial Reporting Standards as issued by the Australian Accounting Standards Board as described in note 2 to the financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

D. T. Allman

David Allman
Chairman

26 August 2026
Melbourne

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Independent Auditor's Report to the Members of Gale Pacific Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Gale Pacific Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2026 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of inventories

Why significant	How our audit addressed the key audit matter
At 30 June 2026, the Group held $42.7 million in inventories at various locations, representing 28% of total assets. As detailed in Notes 3 and 11 of the financial report, inventories are valued at the lower of cost and net realisable value. There is judgment involved in determining the cost of inventories and in assessing net realisable value. In determining the cost of inventories, the Group considers elements relating to the costs to operate the Group's factories, as well as freight, duty and exchange rates. Judgments were involved in the process of allocating these costs to inventories. There is also judgement involved in estimating the value of inventory which may be sold below cost and determining required provisioning against this inventory. Such judgments include expectations for future sales and strategies in relation to slow moving inventories and estimated selling costs. Given significance of the inventory balance and the judgment involved in determining the carrying value of inventories, this was considered a key audit matter.	Our audit procedures included the following: ▶ Assessed the application of the Group's inventory costing methodology, and considered whether this complied with Australian Accounting Standards. ▶ Assessed the accuracy of key inputs to the Group's inventory costing calculations, on a sample basis. ▶ Assessed the basis for inventory provisions recorded by the Group to determine whether inventory was recorded at the lower of cost and net realisable value. In doing so, we examined the process for identifying specific slow-moving inventories, historical inventory turnover and management's judgment with respect to future sales expectations. ▶ Considered the impact on inventory provisions of the most recent sale and compared the selling prices with the carrying value of inventories inclusive of costs necessary to complete the sale. ▶ Assessed the Group's disclosures included in Notes 3 and 11 of the financial report.

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Customer rebates and variable revenue

Why significant	How our audit addressed the key audit matter
The Group has various rebate and other contracted arrangements with its customers that vary on a customer and geographical basis. The Group also provides credits to customers for items including, but not limited to, promotions and markdown funding, and damaged or defective product. The Group is required to calculate known and estimated variable revenue at the time of initial revenue recognition. The accrual for customer rebates and variable revenue at 30 June 2026 is $5.7 million. Given the varied nature of the arrangements with customers and the judgement required in estimating variable revenue, customer rebates and variable revenue was considered a key audit matter. Refer to Note 3 of the financial report for the Group's disclosures relating to the judgments used in assessing variable revenue.	Our audit procedures included the following: ► Obtained an understanding of the nature of the various rebate and other variable revenue arrangements and assessed management's accounting treatment of these arrangements against the requirements of Australian Accounting Standards. ► Agreed contracted rebate rates included in accrual calculations to signed customer contracts and recalculated the rebates recognised in the year. ► Tested claims from customers made during the financial year and subsequent to year end, on a sample basis. ► Assessed historical accruals against actual rebate and other variable revenue payments to assess the accuracy of the accruals process where applicable. ► Assessed the adequacy of the Group's disclosures included in Notes 3 and 16 of the financial report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2026 Annual Report other than the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 32 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Gale Pacific Limited for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Amy Hudson

Amy Hudson
Partner
Melbourne
26 August 2026

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Additional securities exchange information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 17 August 2026 **(Reporting Date).**

Corporate governance statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Recommendations**).

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Gale Pacific's website (https://www.galepacific.com/investor-info/corporate-governance) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each Recommendation that needs to be reported against by Gale Pacific, and will provide shareholders with information as to where relevant governance disclosures can be found. The Company's corporate governance policies and charters are all available on Gale Pacific's website (https://www.galepacific.com/investor-info/corporate-governance).

Number of holdings of equity securities

As at the Reporting Date, the number of holders in each class of equity securities on issue in Gale Pacific is as follows:

Class of Equity Securities	Number of holders
Fully paid ordinary shares	897
Performance rights expiring 1 December 2026	5
Performance rights expiring 1 December 2027	7

Voting rights of equity securities

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

As at the Reporting Date, there were 897 holders of a total of 284,637,642 ordinary shares of the Company. The voting rights attaching to the ordinary shares are set out in Clause 38 of the Company's Constitution which states as follows:

"Subject to this Constitution and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Shareholders, each Attending Shareholder having the right to vote on the resolution has one vote only, including where a person is entitled to vote in more than one capacity."

Distribution of holders of equity securities

The distribution of holder of equity securities on issue in the Company as at the Reporting Date is as follows:

Ordinary Fully Paid Shares			
Range	**Total Holders**	**Units**	**% of Issued Capital**
1 – 1,000	34	1,742	0.00
1,001 – 5,000	71	211,102	0.07
5,001 – 10,000	171	1,336,804	0.47
10,001 – 100,000	439	15,478,598	5.44
100,001 and over	182	267,609,396	94.02
Total	**897**	**284,637,642**	**100**

Performance Rights		
Range	**Holders of performance rights expiring 1 December 2026**	**Holders of performance rights expiring 1 December 2027**
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	5	7
Total	**5**	**7**

Unmarketable parcels

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price as at the Reporting Date is as follows:

Unmarketable Parcels as at Reporting Date	Minimum Parcel Size	Holders	Units
Minimum $500 parcel at $0.105 per unit	4,762	95	162,999

Substantial shareholders

As at the Reporting Date, the names of the substantial holders of Gale Pacific and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to Gale Pacific, are as follows:

Shareholder	No. of Ordinary Fully Paid Shares	%
Thorney Holdings Proprietary Limited	86,810,452	30.50
Windhager Holding AG	44,358,481	15.58

Twenty largest holders of quoted equity securities

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Shareholder	No.	%
UBS NOMINEES PTY LTD	52,442,866	18.42
WINDHAGER HOLDING AG	44,358,481	15.58
THORNEY INTERNATIONAL PTY LTD	34,602,616	12.16
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,033,400	2.82
DE FAZIO CAPITAL PTY LTD	7,500,000	2.63
ARD CORPORATION PTY LTD <RIDCORP FAMILY A/C>	7,447,074	2.62
MR KENNETH JOSEPH HALL <HALL PARK A/C>	7,000,000	2.46
BOND STREET CUSTODIANS LIMITED <ZCERNA – D02137 A/C>	5,000,000	1.76
RATHVALE PTY LIMITED	4,958,482	1.74
BNP PARIBAS NOMS PTY LTD	4,554,192	1.60
NCH PTY LTD	4,436,118	1.56
RUMINATOR PTY LTD	3,950,000	1.39
CERTANE CT PTY LTD <BC1>	3,281,223	1.15
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,157,699	1.11
KAILVA PTY LTD <SUPERANNUATION A/C>	3,000,000	1.05
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	2,700,000	0.95
MR WILLIAM JAMES OLIVER	2,600,000	0.91
CHILLEN PTY LIMITED (TALLEN)	2,431,317	0.85
BFA SUPER PTY LTD <GDN SUPER FUND A/C>	2,427,428	0.85
MR LESLIE JOHN FIELD + MRS EVE FIELD	2,270,000	0.80
TOTAL: TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AS AT REPORTING DATE	**206,150,896**	**72.43**

Voluntary escrow

There are no securities on issue in Gale Pacific that are subject to voluntary escrow.

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of Equity Securities	Number of unquoted Equity Securities	Number of holders
Performance Rights	8,229,000	7

The performance rights on issue were issued under an employee incentive scheme. Accordingly, under ASX Listing Rule 4.10.16 the Company is not required to disclose the names of persons holding 20% or more of the equity securities in an unquoted class.

On market buyback

There is no current on-market buy-back program in place.

Issues of securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

Securities purchased on-market

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Stock exchange listing

Gale Pacific's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: GAP).

Other information

The name of the Company Secretary is Ms Sophie Karzis. The address of the principal registered office in Australia, and the principal administrative office is 145 Woodlands Drive, Braeside, 3195, Victoria, Australia, telephone is (03) 9518 3333. The Company is listed on the Australian Securities Exchange. The home exchange is Melbourne. Registers of securities are held by Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia, local call is 1300 850 505, international call is + 613 9415 4000.

Corporate Directory

For the year ended 30 June 2026

GALE Pacific Limited

ABN 80 082 263 778

Directors

- **David Allman,** *Chairman*
- **Peter Landos,** *Non-Executive Director*
- **Donna McMaster,** *Non-Executive Director*
- **Tom Stianos,** *Non-Executive Director*

Company Secretary

Sophie Karzis

Registered Office

145 Woodlands Drive,
Braeside, Victoria, 3195
+613 9518 3333

Auditors

Ernst & Young
8 Exhibition Street
Melbourne, VIC 3000

Stock Exchange Listing

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

Share Registry

Computershare
Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria, 3067
+ 613 9415 4000

Australia

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Americas

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Europe & Asia

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Middle East & Africa

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