



GALE PACIFIC LIMITED

(ASX: GAP)

ASX Release

27 April 2026

Quarterly Activity Report and Appendix 4C

GALE Pacific Limited (**GALE**, **GAP** or the **Company**) attaches its Quarterly Activity Report and Appendix 4C (**Quarterly Cash Flow Report**) for the quarter ended 31 March 2026.

This Quarterly Cash Flow Report has been authorised for release by the Company's Board of Directors.

For further information:

Company

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GALE PACIFIC LIMITED

Quarterly Activity Report

Q3 FY26 update – Progress in core markets amid global volatility

Note: results presented in this update are unaudited.

Highlights:

- Operating cash outflow of \$1.3 million driven by increase in US receivables as a result of higher sales.
- The Group remains Net Cash positive, an \$18 million improvement on the prior corresponding period.
- Group Operating Expenses \$6 million lower than prior corresponding period.
- Amendments to HSBC banking facilities completed.
- Middle East conflict headwinds emerging with drop in Middle East sales and increased input and logistics costs.
- Revised strategy progresses into execution phase.

Overview

The Company continued to build on the strategic and operational progress achieved in the first half of FY26. This progress was, however, impacted by the developing conflict in the Middle East.

Further to the disclosures contained in the Group's FY26 Interim Financial Report, the Company completed amendments to its existing banking facilities with HSBC. This renegotiation was completed during March 2026, and the Company continues to value its commercial relationship with HSBC.

Cashflow

Operating cash flow for Q3 was an outflow of \$1.3 million, a positive result given the working capital requirements of the Group as it enters the US peak trading season. GALE's customer payment terms in the US are typically longer than in Australia.

Year-to-date operating cash flow was \$10.2 million and remains largely working capital driven, although the benefits of decisions taken to improve profit and loss performance continue to be evident. The Group remains in a net cash positive position at the end of Q3, an \$18 million increase from 31 March 2025.

Core Markets Progress

Point-of-sale data from the early stages of the US peak season indicate reasonable resilience in US consumer demand, with EBITDA in line with the Company's internal forecasts. As summer winds down in Australia and New Zealand, the Company is pleased to report stable year-on-year EBITDA for the region.

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Middle East Conflict Headwinds

Set against the favourable trends is the impact of the conflict involving Iran. The direct effect has been a contraction in the Company's Middle East market. The Company's team members in the region remain safe, which continues to be the Company's first priority.

The ultimate impact on the Middle East market remains uncertain and will depend on the duration of the conflict and the stability of any ceasefire. Pleasingly, April sales activity has shown early signs of improvement, although conditions remain fluid.

The conflict is also creating indirect impacts, which the Company expects to occur in several waves. The first wave is being experienced now and includes constrained supply of polymers (a key input to the Company's production processes) and significant price volatility in polymer markets. Logistics costs have also been impacted, including through higher fuel costs.

The second wave is expected as elevated polymer pricing and broader cost inflation flow through to production costs over time.

In response, the Company is progressing alternative polymer sourcing options and, where appropriate, expects to engage with customers regarding pricing over time. The production cycle is seasonally low at this time of year, which provides GALE with further time to assess supply chains and implement effective mitigation actions.

Foreign exchange movements, including a weaker USD relative to the CNY, have negatively impacted profitability. However, to the extent these movements relate to balance sheet translation, the impacts are largely non-cash.

Operating Model Improvements

The Company continued to focus on improving efficiency and productivity while pursuing growth. Operating expenses for the nine months to March 2026 are more than \$6 million lower than the same period last year, highlighting the effectiveness of GALE's strategic restructuring actions, including the elimination of duplicate corporate activities in Australia and the US.

Payments to related parties disclosed in Appendix 4C item 6.1 represent Directors' fees.

Strategic Focus and Effective Execution

Along with its continued focus on optimising the global operating model, the Company is moving into the execution phase of its revised strategy. Key priorities include growing the Company's Commercial business globally and increasing the range of existing retail products sold in the US. This includes meaningful engagement with existing and new customers, deepening the global product offering, and bringing new products to market for the FY27 season.

Work continues on diversifying the Company's manufacturing footprint outside China. During the quarter, successful fabric-weaving trials were completed in South East Asia in partnership with a long-standing supplier.

Outlook

The Company's decisive actions have strengthened short-term resilience and created the necessary runway to manage challenging impacts more effectively. Ongoing conflict in the Middle East is likely to continue generating both direct and indirect effects, with some lagging impacts potentially extending into FY27.

GALE CEO Troy Mortleman commented:

"The safety and security of our team members in the Middle East has been our highest priority in recent weeks. Despite ongoing global geopolitical volatility, our business is better positioned to

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manage these challenges and we remain resilient in our focus on business performance. We are cautiously optimistic about finishing FY26 with a strong US summer trading season and are encouraged by customer engagement as we look ahead to FY27.”

Given the ongoing volatility caused by the Middle East conflict, the Company will not be providing full year guidance.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

GALE PACIFIC LIMITED

ABN

082 263 778

Quarter ended ("current quarter")

31 March 2026

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	37,197	136,419
1.2 Payments for		
(a) research and development	(169)	(520)
(b) product manufacturing and operating costs	(25,090)	(82,359)
(c) advertising and marketing	(498)	(1,649)
(d) leased assets	(1,760)	(5,286)
(e) staff costs	(8,841)	(26,892)
(f) administration and corporate costs	(1,089)	(6,588)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(751)	(2,644)
1.6 Income taxes paid	(327)	(234)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,327)	10,248
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(23)	(716)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	29	71
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	6	(645)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(5,810)	(9,349)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(5,810)	(9,349)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	25,712	18,603
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,327)	10,248
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6	(645)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5,810)	(9,349)
4.5	Effect of movement in exchange rates on cash held	(353)	(629)
4.6	Cash and cash equivalents at end of period	18,228	18,228

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	18,228	25,712
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18,228	25,712

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(104)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																																													
7.1 Loan facilities	(41,752)	(18,114)																																													
7.2 Credit standby arrangements																																															
7.3 Other (please specify)																																															
7.4 Total financing facilities																																															
7.5 Unused financing facilities available at quarter end		(23,638)																																													
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																																															
There were no other facilities entered into at the end of the 31 March 2026 quarter end.																																															
<table border="1"> <thead> <tr> <th>Lender</th> <th>Amount A\$000s</th> <th>Interest Rate %</th> <th>Maturity DD/MM/YY</th> <th>Comment</th> </tr> </thead> <tbody> <tr> <td>HSBC USA</td> <td>2,191</td> <td>6.4%</td> <td>8/04/2026</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC USA</td> <td>1,461</td> <td>6.4%</td> <td>8/04/2026</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC USA</td> <td>1,461</td> <td>6.4%</td> <td>8/04/2026</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC USA</td> <td>1,392</td> <td>8.5%</td> <td>30/04/2026</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC AUS</td> <td>4,500</td> <td>6.5%</td> <td>16/04/2026</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC AUS</td> <td>5,000</td> <td>6.5%</td> <td>5/06/2026</td> <td>Secured - SBLC (HSBC China)</td> </tr> <tr> <td>HSBC China</td> <td>1,689</td> <td>4.0%</td> <td>22/04/2026</td> <td>Secured - Land and Buildings</td> </tr> <tr> <td>Insurance premium funding</td> <td>419</td> <td>6.8%</td> <td>31/08/2024</td> <td>Unsecured</td> </tr> </tbody> </table> <p>The facilities drawn on HSBC-USA and HSBC-AUS are asset-based financing, which revolves monthly, secured by the working capital of Gale Pacific AUS and Gale Pacific USA.</p> <p>The facilities drawn on HSBC China are working capital loans, which revolve every 3 months, secured by the Land and Buildings of Gale Pacific Special Textiles.</p> <p>Group insurance premium funding facility is third party funding for insurance premiums which is classified as borrowings but not available for redraw.</p>			Lender	Amount A\$000s	Interest Rate %	Maturity DD/MM/YY	Comment	HSBC USA	2,191	6.4%	8/04/2026	Secured - Working Capital	HSBC USA	1,461	6.4%	8/04/2026	Secured - Working Capital	HSBC USA	1,461	6.4%	8/04/2026	Secured - Working Capital	HSBC USA	1,392	8.5%	30/04/2026	Secured - Working Capital	HSBC AUS	4,500	6.5%	16/04/2026	Secured - Working Capital	HSBC AUS	5,000	6.5%	5/06/2026	Secured - SBLC (HSBC China)	HSBC China	1,689	4.0%	22/04/2026	Secured - Land and Buildings	Insurance premium funding	419	6.8%	31/08/2024	Unsecured
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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,327)
8.2 Cash and cash equivalents at quarter end (item 4.6)	18,228
8.3 Unused finance facilities available at quarter end (item 7.5)	23,638
8.4 Total available funding (item 8.2 + item 8.3)	41,866
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	31.54
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **27 April 2026**

Authorised by: **the Board of Directors**

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.