

GALE PACIFIC LIMITED

(ASX: GAP)

ASX Release

28 October 2025

Quarterly Activity Report and Appendix 4C

GALE Pacific Limited (**GALE** or the **Company**) attaches its Quarterly Activity Report and Appendix 4C (**Quarterly Cash Flow Report**) for the quarter ended 30 September 2025.

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

First Quarter FY26 Update

Business Update Highlights

- Stabilisation of trading conditions for both Retail and Commercial segments highlighted by:
 - Australia Commercial sales of grain fabric up 18% on expectations
 - U.S. revenue growth of 1% on prior year
 - Developing Markets growth of 3% on prior year
- U.S. Operating model restructure completed in Q1 – FY26 cash savings of \$3.1 million expected.
- Net operating cash outflow of \$3.7 million in line with expectations reflecting the seasonality of the business.

The first quarter of FY26 has seen a stabilisation of trading conditions compared with the final quarter of FY25. Sales activity in key areas has shown resilience in both the Retail and Commercial divisions. Particularly pleasing is the strong start to the year in Australia's Commercial sales of grain fabric, which is running ahead of expectations as well as improved trading in the Americas business which is broadly level with the first quarter of the prior year.

Despite some areas of encouragement, overall Group sales of \$40.2 million (unaudited) were 4.5% lower than the first quarter of the prior year. This was due to the earlier sell-in of retail inventory to our customers in FY25 ahead of the go-live of our new ERP platform in October 2025. This impact will normalise through the second quarter.

At the FY25 Result Announcement and Presentation on 29 August 2025, and because of the U.S. Government's announcement on global tariff increases, the Company said it did not expect near-term relief from elevated input costs on products shipped from China to the United States. As these costs continue to flow through to shelf pricing, we expect consumer demand across our U.S. retail partners is likely to remain subdued. Notwithstanding this expectation, Q1 trading was encouraging.

In response to challenges in the U.S. market and with the key objective of improving underlying profitability on an ongoing basis, GALE commenced a comprehensive reset of its U.S. operating model. Changes implemented across Q1 FY26 are expected to deliver cash expenditure savings of approximately \$3.1million in FY26, equating to recurring annualised cash expenditure savings of approximately \$3.7 million beyond FY26.

The changes made to the U.S. operating model include 12 employee redundancies (24% of total workforce), mainly focused on administration and management roles following the simplification of operating structures.

Also consistent with FY26 priorities outlined 29 August 2025, the Company continues to assess options for the diversification of its manufacturing footprint. This included the successful trial in Vietnam of assembling a range of exterior roller shades for the U.S. market. The Company is also actively exploring other opportunities, in a focused and disciplined manner, with a view to delivering further long-term benefits for shareholders.

Cashflow

The first quarter of each year reflects one of our slower trading periods as we are beyond the North American peak summer season and are not yet commencing the ANZ peak season. Accordingly, net cash used in operating activities was \$3.7 million. Net Debt at \$12.4 million is in line with expectations as the company's debt facilities are almost entirely incurred to support working capital, in particular the first quarter inventory build to service the impending ANZ peak summer trading season.

Payments to related parties reflected in Appendix 4C item 6.1 are fees paid to Directors.

Outlook

The Company is pleased with the reasonable first quarter trading and the progress made on operational improvement initiatives. The Company will provide a further update on strategic initiatives at the Company's Annual General Meeting in November 2025.

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")

30 September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	43,646	43,646
1.2 Payments for		
(a) research and development	(93)	(93)
(b) product manufacturing and operating costs	(32,917)	(32,917)
(c) advertising and marketing	(838)	(838)
(d) leased assets	(1,624)	(1,624)
(e) staff costs	(9,117)	(9,117)
(f) administration and corporate costs	(1,916)	(1,916)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(945)	(945)
1.6 Income taxes paid	105	105
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(3,699)	(3,699)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(174)	(174)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	2	2
	(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	(172)	(172)

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	2,138	2,138
3.6	Repayment of borrowings		
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	2,138	2,138

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,603	18,603
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,699)	(3,699)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(172)	(172)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,138	2,138
4.5	Effect of movement in exchange rates on cash held	(122)	(122)
4.6	Cash and cash equivalents at end of period	16,748	16,748

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	16,748	18,603
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)	16,748	18,603

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	
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	(49,160)	(29,173)																																													
7.2	Credit standby arrangements																																															
7.3	Other (please specify)																																															
7.4	Total financing facilities																																															
7.5	Unused financing facilities available at quarter end		(19,987)																																													
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.																																															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Lender</th> <th style="text-align: right;">Amount A\$000s</th> <th style="text-align: right;">Interest Rate %</th> <th style="text-align: left;">Maturity DD/MM/YY</th> <th style="text-align: left;">Comment</th> </tr> </thead> <tbody> <tr> <td>HSBC USA</td> <td style="text-align: right;">2,422</td> <td style="text-align: right;">6.6%</td> <td>10/10/2025</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC USA</td> <td style="text-align: right;">1,515</td> <td style="text-align: right;">6.6%</td> <td>10/10/2025</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC USA</td> <td style="text-align: right;">1,515</td> <td style="text-align: right;">6.6%</td> <td>10/10/2025</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC USA</td> <td style="text-align: right;">3,737</td> <td style="text-align: right;">8.8%</td> <td>31/10/2025</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC AUS</td> <td style="text-align: right;">12,000</td> <td style="text-align: right;">6.1%</td> <td>16/10/2025</td> <td>Secured - Working Capital</td> </tr> <tr> <td>HSBC AUS</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">6.3%</td> <td>16/11/2025</td> <td>Secured - SBLC (HSBC China)</td> </tr> <tr> <td>HSBC China</td> <td style="text-align: right;">1,705</td> <td style="text-align: right;">4.0%</td> <td>23/10/2025</td> <td>Secured - Land and Buildings</td> </tr> <tr> <td>HSBC China</td> <td style="text-align: right;">1,279</td> <td style="text-align: right;">4.0%</td> <td>10/12/2025</td> <td>Secured - Land and Buildings</td> </tr> </tbody> </table> There were no other facilities entered into at the end of the 30 September 2025 quarter. 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. 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.			Lender	Amount A\$000s	Interest Rate %	Maturity DD/MM/YY	Comment	HSBC USA	2,422	6.6%	10/10/2025	Secured - Working Capital	HSBC USA	1,515	6.6%	10/10/2025	Secured - Working Capital	HSBC USA	1,515	6.6%	10/10/2025	Secured - Working Capital	HSBC USA	3,737	8.8%	31/10/2025	Secured - Working Capital	HSBC AUS	12,000	6.1%	16/10/2025	Secured - Working Capital	HSBC AUS	5,000	6.3%	16/11/2025	Secured - SBLC (HSBC China)	HSBC China	1,705	4.0%	23/10/2025	Secured - Land and Buildings	HSBC China	1,279	4.0%	10/12/2025	Secured - Land and Buildings
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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)	(3,699)
8.2	Cash and cash equivalents at quarter end (item 4.6)	16,748
8.3	Unused finance facilities available at quarter end (item 7.5)	19,987
8.4	Total available funding (item 8.2 + item 8.3)	36,735
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.93
	<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: **28 October 2025**

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.