GALE PACIFIC®

2024
ANNUAL REPORT

CONTENTS

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

ABOUT GALE PACIFIC

Designed for, and tested in, the harshest environments on earth, only GALE Pacific's innovative, sustainable fabrics are the longest lasting in the industry, protecting people, food, water, and property for over 70 years.

GALE PACIFIC COMMERCIAL FABRICS

GALE Pacific Commercial® brand products include knitted, coated, and advanced polymer fabrics used in a growing number of applications across the agricultural, horticultural, aquacultural, construction, mining, packaging, and advertising industries.

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

BRAND VALUES

- Protection
- Durability
- Sustainability
- Design

Coolaroo®

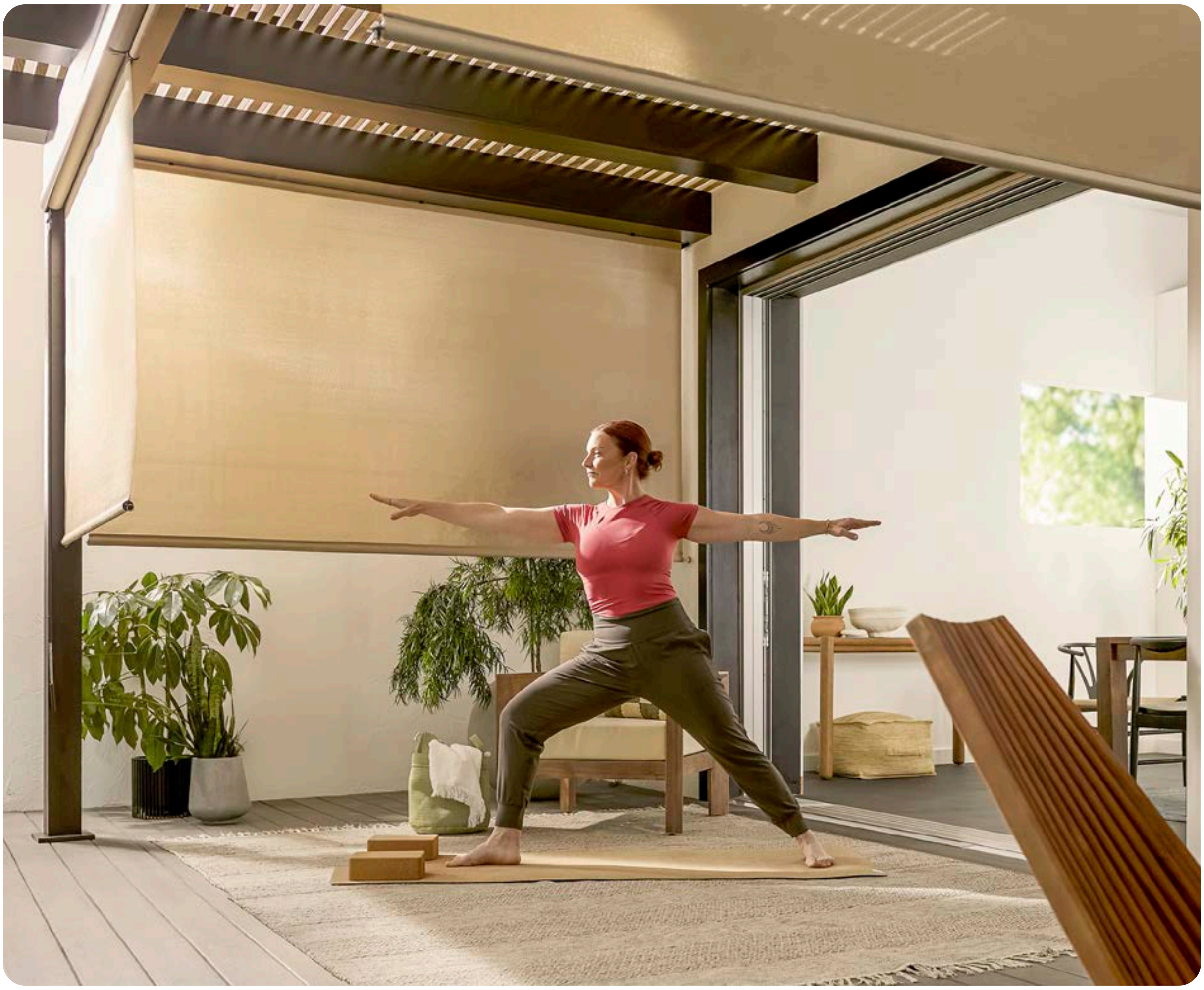
The Company's consumer brand, Coolaroo®, includes outdoor roller shades, shade sails, shade and garden fabrics, shade structures, and pet products. Products can be found at market-leading major retailers, both in-store and online, around the world. Only Coolaroo® fabrics are made for sun safety, innovated for cool comfort, and breathable by design to inspire more time outdoors.

PRODUCT CATEGORIES

- Roller Shades
- Shade Sails
- Shade Fabric
- Pergolas and Gazebos
- Umbrellas
- Grow and Utility Bags
- Pet Beds

BRAND VALUES

- Sun Safety
- Comfort
- Design
- Sustainability



CORE VALUES

Integrity
We do what is right. We are honest and ethical, worthy of the trust of others. It is the price of entry to our team.

Respect
Respect guides the way we operate at all levels – with consumers, customers. Suppliers, investors, the community, and our own team.

Collaboration
We believe in the power of working together in a collaborative way. Every function and every role is as important as each other.

People
People are the heart and soul of our business. We continually strive to provide a safe, supportive, and engaging environment for our team to achieve their full potential.

Community
We are proud to be part of the communities we operate in globally. We are committed to supporting local causes and operating in an environmentally responsible manner at all times.

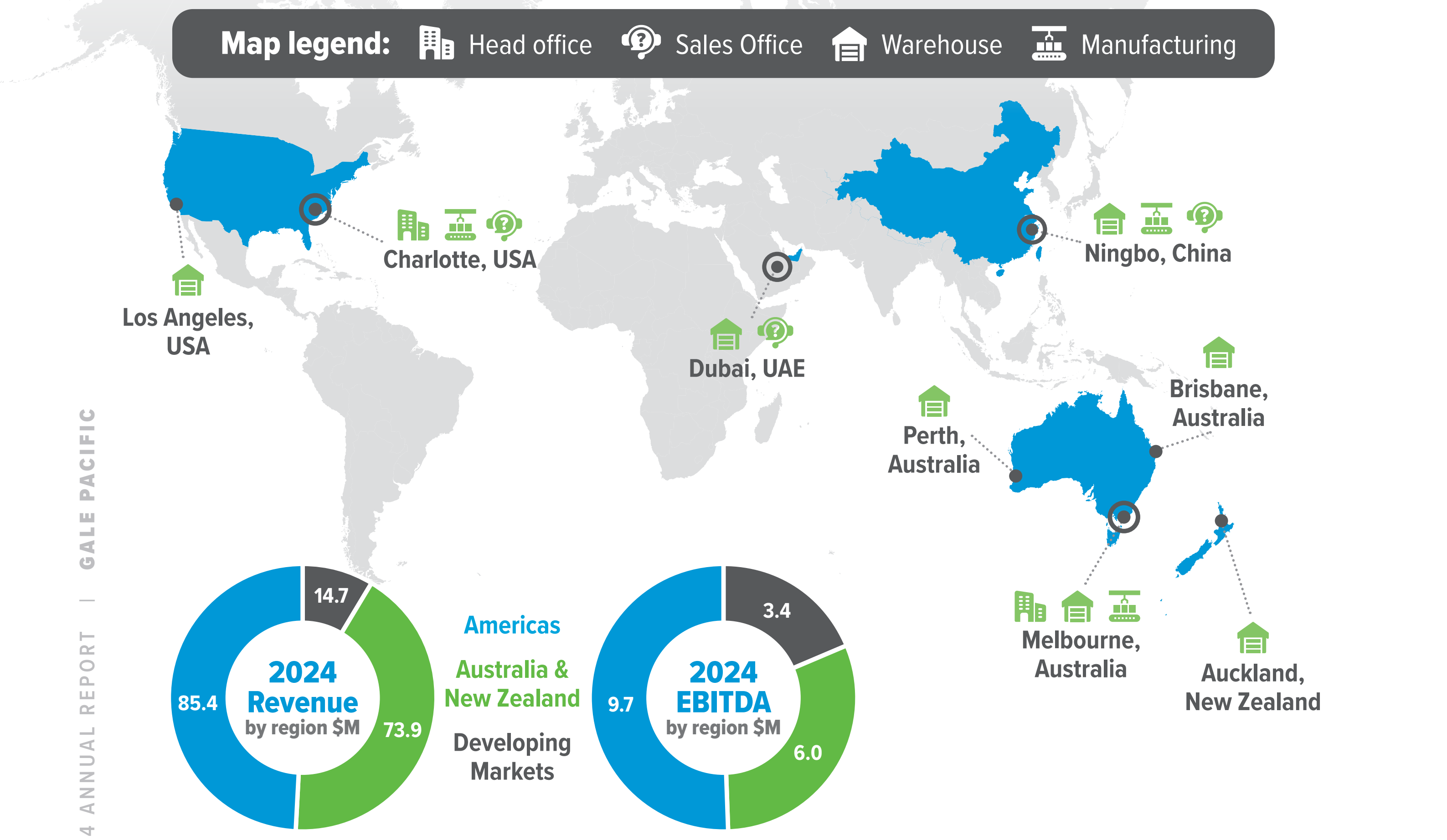
Innovation
Creative thinking inspires innovation in everything we do. We seek and value ideas from our team that improve our products and provide meaningful benefits to our consumers and customers.

RESULTS AT A GLANCE

$174M	**$14.2M**	**$26.7M**
REVENUE	EBITDA	NET CASH FROM OPERATIONS
PCP: $187.6m	*PCP: $20.7m*	*PCP: $8.4m*

$2.4M	**$0.7M**	**(0.12)c**	**0.0c**
EBIT	NET DEBT	EARNINGS PER SHARE	TOTAL DIVIDEND
PCP: $8.9m	*PCP: $15.5m*	*PCP: 1.34c*	*PCP: 1.0c*

BUSINESS OVERVIEW



CHAIRMAN'S LETTER

David Allman *Chairman*

The profit result for the 2024 financial year was very disappointing and well below our expectations at the start of the year. A pretax loss of $1.4 million was well below the $5.3 million pretax profit achieved in the 2023 financial year. However, cash generation from operations was positive at $26.7 million, enabling a reduction in net debt to $0.7 million at 30 June, 2024, down from $15.5 million in the prior year. This provides a strong financial starting point for FY25 and a planned return to profitability.

The year presented significant economic challenges that impacted our performance. Rising inflation, increased interest rates, and constrained consumer spending—particularly in the key markets of Australia and the United States—created a tough environment for growth. The slowdown in the housing sector further compounded these difficulties, affecting demand across our product lines.

These economic pressures were particularly evident in the first half of the year. The combination of inflationary costs and tightening consumer budgets led to softer demand in the home improvement and outdoor living categories.

In response to these challenges, we have made critical adjustments, including a renewed focus on innovation and operational efficiency. A key initiative has been our continued investment in upgrading our ERP system to a cloud-based platform. This is not just an operational enhancement but a strategic effort to better position GALE Pacific for future growth and efficiency in a complex global market.

While FY24's results were disappointing, we did see positive developments that give us confidence moving forward. Our HeatShield® fabric technology continued to gain traction, expanding into the Roller Shade and Pet Bed categories thereby meeting consumer demand for cooler outdoor living solutions. Additionally, the increased adoption of Ecobanner® reflects our entry into new markets and our commitment to sustainability even during challenging times.

The strategy to expand our market presence in Canada, Latin America, and the Middle East gained momentum in the second half of the year. Canada saw a 23% increase in revenue, making it our third-largest market, while the Developing Markets segment returned to growth, driven by strong demand in the Middle East, where revenue grew by 38%.

Recognizing the need for change, we have appointed Troy Mortleman as the new CEO of GALE Pacific Limited. Based in Australia, Troy has been with GALE Pacific for four and a half years, serving as General Manager of Australia & New Zealand and Vice President of Developing Markets. His deep understanding of our business, combined with a fresh perspective, will be instrumental as we navigate the challenges and opportunities ahead.

We are confident GALE Pacific is well-positioned to deliver on its strategic goals and create long-term value for our shareholders.

David Allman
Chairman

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 the Chairman of the Company's Nomination Committee and is a member of the Remuneration 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 and serves as a Member of the Audit and Risk Committee as well as Deputy Chair & Executive Director of YMCA Service Pty Ltd where she is also a Member of the HR & Governance Committee.

Donna is a member of the Company's Nomination and Remuneration Committees.

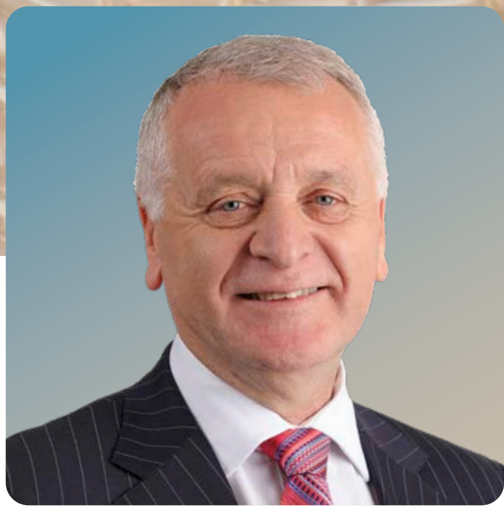
PETER LANDOS
B.ECON., CA

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, Chairman of PRT Company Limited (formerly Prime Media Group Limited) 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 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 Committee and is a member of the Company's Nomination and Audit and Risk Committees.

FY24 REVIEW

Troy Mortleman *CEO & General Manager, Australia and New Zealand*

TO THE SHAREHOLDERS OF GALE PACIFIC LIMITED:

It is a great privilege to have been appointed to lead GALE Pacific through the next phase of our almost 75-year history. Thank you for your continued support and ongoing ownership of our Company.

The following pages detail the drivers of our performance for FY24 and outline the progress our team has made to improve the Company and position it to achieve greater returns in FY25 and beyond.

We are deeply disappointed with the financial results delivered in FY24 which are not in line with our expectations. Our financial performance across the last two financial years leaves us dissatisfied and demands a measured and balanced approach to investment must be taken heading into FY25 and beyond to realise our ambition of long-term profitable growth for the Company.

Despite our recent financial results, we believe the financial performance achieved in FY24 is not indicative of the potential of the Company in the years to come as global markets for our categories normalize post-pandemic.

There are significant trends in favour of our core categories over the medium term in both consumer and commercial end markets, which we are confident will propel the Company to growth.

This confidence is leading us to prioritise our activity towards key areas to drive improved performance, including:

- our technology systems
- our innovation pipeline
- increasing profitable share penetration in the United States
- expanding our business in our developing markets
- sustaining our leading share in Australia, and
- improving the efficiency, flexibility, and cost of our global operating footprint

An example of our commitment to improving the Company for the future is our $5.0 million investment in FY24 to transition our ERP systems to cloud-based Microsoft Dynamics365, which will launch in the second quarter of FY25.

Another example of investing to grow the Company is the development and launch of fabrics with meaningful new benefits, such as Coolaroo® with HeatShield® consumer and commercial shade fabrics, as well as Ecobanner® close loop recyclable advertising banner fabrics.

It is my hope that by reading the letter that follows you will be buoyed by what our team has accomplished in FY24 despite our disappointing financial performance and be encouraged by the opportunity in front of the Company in the years ahead.

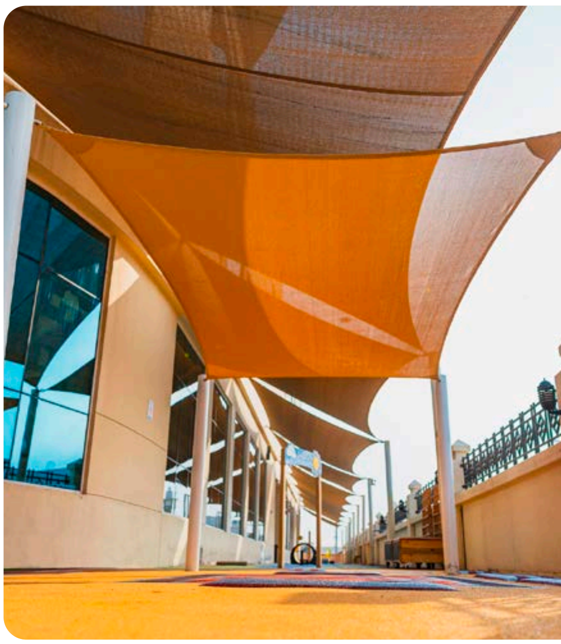
OUR PERFORMANCE

The 2024 financial year was challenging primarily due to four external macroeconomic factors across our core Australia and United States operating markets:

- Rising household cost inflation across nearly all input categories.
- High borrowing costs driven by increased interest rates.
- Significantly constrained and challenged housing markets.
- The further rotation of discretionary spending on goods to services post-pandemic.

These headwinds had a dampening effect on consumer spending and overall home improvement category demand at both retail shelves and online throughout the year, most notably exiting the first half in Australia and exiting the second half in the Americas.

These spending reductions resulted in lower sell-through of our products and, particularly in the United States, further destocking of on-hand inventory levels at our customers.



In Australia, we experienced lower demand for our agricultural technical fabrics due to lower than prior year grain harvest yields while higher borrowing costs and inflation drove demand declines in water containment and other core technical fabrics.

Further, poor weather conditions in the first half across major markets in eastern Australia drove unfavourable sell-in and sell-through results in consumer categories in retail and negatively impacted the grain harvest.

The combination of these headwinds resulted in declines in revenues and profits compared to the prior year for the group despite a return to growth in our Developing Markets segment, attributable to strong demand and tight credit management in the Middle East market.

These headwind-induced sell-through results were particularly disappointing as we gained share of shelf, expanded our product mixes across customers, and gained overall market share in the year.

Further to the in-year demand declines and investment in our new ERP system is the nearly $3 million in operating inefficiencies that read through in the first half of FY24 due to our choice to reduce manufacturing volumes in Q4 FY23, which reduced global inventory by over $27 million.

Despite having a materially positive impact on net debt and the balance sheet, these inefficiencies read through completely in the first half of FY24 but normalized in the second half of the year, yielding no negative or positive income statement or balance sheet impact in 2H FY24.

The collective impact of these significant headwinds more than offset the positive in-year financial impact of the growth and business improvement initiatives delivered by our team in FY24.

IMPROVING OUR COMPANY

Our team focused on what they could control and worked diligently to improve the Company while managing a declining demand environment.

These improvements are significant and position the Company for improved results in FY25 and beyond.

They include structural cost improvement initiatives, commercial outcomes that will improve business performance in FY25, and securing long-term debt financing & global treasury management services with a leading global bank, HSBC.

PRODUCT INNOVATION

Product innovation is the lifeblood of GALE Pacific; it is essential to the health of our company and is central to our growth plan.

We have delivered meaningful new product innovation in FY24 which will have a positive financial and strategic impact in FY25 and beyond.

Inventing and launching commercially viable new products with unique benefits in our core and near-neighbour categories drives revenue growth and margin expansion for the Company via distribution expansion and increased household penetration.

As category leaders, our customers depend on us to develop and grow our categories with them.

Our innovation pipeline and our ability to drive consumer demand is how we become the partner of choice for growth in our categories for our customers.

We have launched innovation across markets, categories, and industries that check all three boxes and that grow the volume and value of categories for our company and for our customers:

Coolaroo® with HeatShield®

GALE-developed patent-pending innovation feels up to 15°F/10°C cooler to the touch by blocking both ultraviolet and infrared light spectrums; launched across core retail categories and global customers in FY24; HeatShield® will launch in commercial fabrics categories in FY25.

Landmark® recycled agricultural fabrics

GALE-developed patented, closed-loop recycling technology enables 50% recycled content from end-of-life GALE bunker covers to be added back into new fabrics; launching at scale across Australia in July 2025.

Ecobanner®

GALE-developed patent-pending, fully closed-loop recyclable banner fabric for use in large, medium, and small format advertisements in the out-of-home advertising industry.

These new, margin-accretive products are key drivers to securing new distribution across markets, particularly in the United States, Australia, and other developing markets, such as the Middle East, in FY25.

We have leveraged our vertically integrated manufacturing for core knitted (HeatShield®) and coated (Ecobanner®, recycled Landmark®) fabrics to date with strong results, positive customer feedback, and improved consumer purchase results.

In the case of Ecobanner®, our product development efforts, coupled with our manufacturing competencies, enabled our expansion into a new, growing category with high-frequency replacement cycles in an established industry where our value proposition is resonating.

In FY25, we will extend these capabilities and develop new fabrics to enter sizable near-neighbour categories which are receptive to our benefit-laden intellectual property portfolio and consumer insights, while leveraging our existing customer relationships.

GLOBAL OPERATIONS IMPROVEMENTS

We improved our global operations processes, capacity, and footprint to improve our cost base while aligning our capacity to serve with market demand in FY24.

Our goal has always been to match our capacity to serve the demand environment we face by remaining flexible and cost efficient when needing to expand or contract volumes.

Key strategic operations initiatives delivered in FY24 include:

- **Labor efficiency projects and lean savings initiatives at manufacturing sites:** of over $1 million per annum delivered through automation projects and labour reduction initiatives.
- **Input cost reduction initiatives:** of over $6.6 million in FY24 compared to prior year due to negotiated and realized reductions in global freight costs and core input materials.
- **Upstream procurement improvement projects:** delivered to reduce costs, decrease working capital, and improve lead times and speed to market for third-party finished goods, raw materials, and component parts.
- **Reduced manufacturing lead times:** for GALE manufactured goods by 7% or 3 days leading to improved working capital efficiency and greater demand flexibility.
- **Global inventory reduction:** of a further $4.1 million or 10% in FY24 following a $27.1 million or 34% reduction in FY23 due to improved forecast accuracy, lower manufacturing and procurement lead times, and operational efficiency initiatives.
- **Outsourced custom roller shade production:** transition completed in FY24 for annual savings of over $1 million while more than doubling production capacity for growth.
- **Installed 27,000 sq ft of solar panels at our Ningbo facility:** supporting our commitment to reducing carbon emissions, with these panels expected to produce over 580,000 kWh over 30 years.

BANKING, DEBT FACILITIES & TREASURY MANAGEMENT

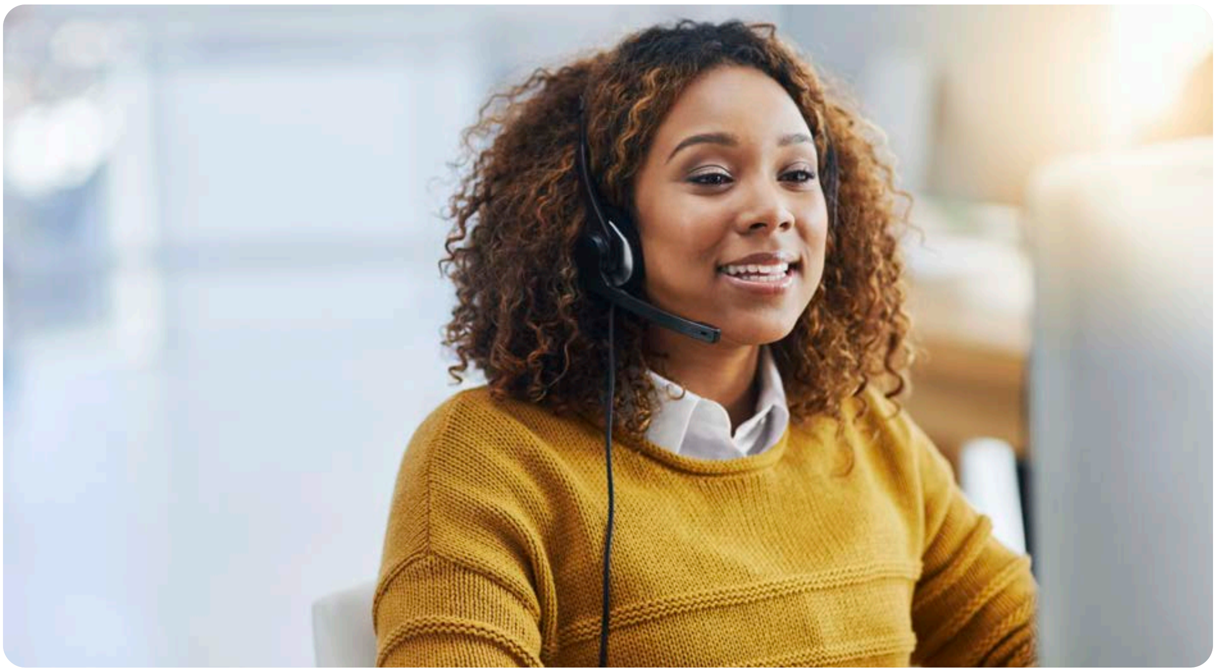
Our finance team secured long-term debt financing and group-wide global treasury management services from HSBC Bank in March with significant benefits, including:

- **Increased global borrowing capacity:** to $85.0 million, up from $60.0 million previously with debt facilities in the United States, Australia & China to service our global business.
- **Streamlined, asset-based structure:** enables the Company to reduce total borrowing costs while providing the capacity for increased investments to help fuel our growth strategy.
- **Reduction in total global debt:** as cash is more efficiently utilized across and in regions; evidence of this is the material reduction in group net debt at the close of FY24.
- **Automation and efficiency benefits:** when coupled with the new D365 ERP, it includes automated accounts payable, cash application, and account reconciliation, as well as increased security and accuracy.
- **Global banking scalability:** More efficient facility structure enables seamless access to capital via borrowing capacity expansion as the Company grows.

ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG)

FY24 saw the founding and formation of our company's ESG function, led by Sheryl Smith, our CFO and sponsored by Donna McMaster, GALE Pacific non-executive director, and delivered the following:

- **Established a global, internal GALE ESG team:** cross-functional, multi-disciplined, multi-level, and diverse; focused on developing, communicating, and executing our ESG strategy.
- **Authored the Company's first ESG policy:** focused on environmental sustainability, social responsibility, and group-wide governance, which is summarized in this annual report and available online in full at galepacific.com.
- **Partnered with a leading global ESG consulting firm:** to understand the global legal landscape and advise on the Company's go-forward ESG strategy, including measures and metrics.
- **Established Greenhouse Gas (GHG) inventory baseline:** for Scope 1 & 2 emissions for the group through FY24, which are aligned with globally recognized GHG protocols.



ERP TRANSITION

Our IT team, partnering with our functional teams in supply chain and finance and a leading implementation partner, advanced our ERP reimplementation project significantly.

The transition of our enterprising resource planning platform to cloud-based Microsoft Dynamics 365 was progressed throughout the year with go-live planned for Q2 FY25.

Microsoft Dynamics 365

The benefits of the transition are many and material:

- **Improved security:** via the transition to Microsoft Azure cloud for all D365 and O365 applications, which enables the Company to employ market-leading cyber security.
- **Increased speed, accuracy, and efficiency:** across functions, regions, & operating sites.
- **Access to information:** improved information structure and clean master data with market-leading data lake architecture, as well as POWER BI tools for accurate data and actionable insights.
- **Globally aligned processes:** all finance and operations processes are reviewed, redesigned, and reimplemented utilizing best-in-class, lean approach with minimized customizations.
- **Efficient finance scalability:** harmonization and automation of global finance processes enables business growth with limited incremental headcount additions.
- **Efficient operations scalability:** more efficient processes and improved tools drive lower labour cost at facilities now and enable growth with less labour as the Company scales.
- **Artificial Intelligence (AI) utilization:** and machine learning benefits across systems in supply chain and finance enabled by the transition to D365 when coupled with O365.
- **Streamlined IT cost structure:** post-go-live and one-time implementation costs, the Company will spend ~3% of revenue annually for IT systems, at or below benchmark.

GROUP STRATEGY

We have simplified our strategy heading into FY25 to focus our team on the delivery of meaningful initiatives to deliver material value and profitability.

Our strategy is centred on four key areas:

1. **DRIVE profitable growth in the Americas**
2. **SUSTAIN our market leadership position in Australia/New Zealand**
3. **INVEST to grow in Developing Markets**
4. **OPTIMISE our operating footprint**

Underpinning these strategies is our continued focus on developing meaningful innovation to improve the lives of our customers and consumers, alongside our ongoing commitment to providing a sustainable product solution.

The Americas remain a significant addressable market where our brands and differentiated innovation can drive meaningful share expansion. We have a solid foundation and base of operations in the United States, built over many years, which has resulted in our products being available in some of the world's largest retailers, such as Lowe's, The Home Depot, and Walmart. Over the last two years, since moving to our new base in Charlotte, North Carolina, we have built a highly capable and driven team committed to maximizing our potential in this important strategic region for the Company.

As we enter FY25, our immediate focus is on driving range and placement expansion of our products within our existing customer portfolio. We have sizable opportunities to extend our current range architecture across a larger number of locations within our customers' networks. We also plan to continue leveraging our partners' e-commerce platforms to drive additional conversion and sell-through opportunities.

There is a significant market development opportunity across commercial applications for our products in the United States in FY25 and beyond. We are well-positioned to continue driving share growth in the commercial architectural shade segment, combining our product mix and innovation with the launch of Commercial NinetyFive® with HeatShield® and our established distributor and fabricator partnerships. We will also invest in expanding our category share across adjacent commercial categories within our existing knitted and coated technical fabrics portfolio, where we have demonstrated a long-standing capability in delivering value in our Australian market.

Our team will continue expanding our presence in Canada and Latin America, building on the positive progress made in FY24. We aim to leverage our strong relationships with U.S. retailers, such as Walmart, Costco, and The Home Depot, who have a significant presence in these markets, to win new placements for our differentiated products in these growing regions.

In Australia and New Zealand our team plans to sustain our market leadership position which has been built over our 73-year history. We have secured additional placements for our new HeatShield® technology in shade fabric, shade sails, and outdoor blinds, which will enter Bunnings stores across the country in the early part of the peak Australian trading period. The enhanced umbrella range architecture rolled out in Australia across FY24 will be replicated in all Bunnings stores in New Zealand in FY25, providing additional scale across both markets. We will also enhance our digital content to guide and improve the consumer selection journey, increasing conversion at the point of purchase through our own Coolaroo® website, as well as our customers' e-commerce platforms.

Our team in Australia will continue working to expand our share across commercial markets. The encouraging results of in-field trials for our grain storage fabric containing 30% content from closed-loop recycled, end-of-life fabric will provide the basis to increase conversion away from non-sustainable materials, growing market share within the grain handling market. Increased share will also be delivered within the expensive horticulture market as our commercial orchard netting products drive specification changes among some of Australia's largest fabricators. Our teams are also working closely with our contract manufacturing customers in the packaging space to co-develop innovative solutions which increase conversion away from single-use or non-sustainable forms of box packaging.

To build on the success and momentum of our Developing Markets region entering FY25, we will work to further expand our distribution footprint and extend our market share in our core Middle East markets.

With a local team, office, and inventory in Dubai, UAE, and an expanding business in Saudi Arabia and other Middle Eastern regions, our business is well-positioned to grow with the introduction of commercial shade fabrics with HeatShield®.

We will leverage our current capabilities and team in the region to expand our business into consumer categories with novel innovations and new products under our leading Coolaroo® brand in FY25 and beyond.

From our Developing Markets hub in Dubai, we will further extend our business footprint into new markets for the Company, working to identify and launch both commercial and consumer core product categories with targeted distribution partners over the coming years.

Finally, to best match our operating footprint to the current and projected future demand environment, we will build on the improvements delivered over many years and further optimize the Company's operating footprint.

Our operations improvement strategy will focus on cost efficiency, shortening production lead times, improving inventory efficiency, and further enhancing manufacturing and distribution flexibility.

We will also extend our sourcing partnership footprint to include a diverse set of partner suppliers outside of Asia, which has the dual benefit of gaining access to new, complementary manufacturing competencies while diversifying our global footprint outside of China and Southeast Asia.

Taken as a whole, our four strategies position the Company to grow revenues and increase profitability and earnings while taking advantage of significant growth opportunities and addressing key strategic challenges over the short to medium term.

IN CLOSING

As we approach FY25, we anticipate that cost of living pressures in our key markets, particularly the United States and Australia, will persist, likely leading to constrained consumer spending. This could result in continued lower levels of sell-through at our major retail partners, similar to what we observed in the latter half of FY24.

Additionally, the potential impact of the upcoming U.S. Presidential election could introduce further uncertainty in U.S./China relations, potentially exacerbating existing tariff pressures. This scenario could lead to increased costs for products imported into the U.S. from our manufacturing facility in China.

Moreover, prolonged inflationary pressures in the housing markets of both the U.S. and Australia could continue to suppress consumer spending on home improvement projects, especially during the first half of FY25.

Despite these macro-economic challenges, there remain many significant opportunities for GALE Pacific to drive meaningful growth in the coming years. By responsibly deploying our capital and people towards these focused growth paths and leveraging our core competencies and capabilities, we give ourselves the best chance to succeed.

Our business has a solid foundation, providing us the platform to realise this growth ambition. We are focused on disciplined activity to improve GALE Pacific's operations, talent, processes, and product portfolio, positioning the Company to achieve larger, more profitable growth in the coming years.

I would first like to thank our global GALE Pacific team for their commitment and resilience throughout a challenging FY24. The effort and contributions delivered by our team while continuously working to improve the Company are recognised and greatly appreciated.

I would also like to thank our Board of Directors for their guidance, support, and counsel throughout the year.

Finally, to our shareholders: The team and I acknowledge the disappointing results of the past year and thank you for your continued support of our Company. We are committed to delivering on our strategy and improving our operating results in FY25 and beyond.

TROY MORTLEMAN
CEO & General Manager,
Australia and New Zealand

FY24 REGIONAL RESULTS

- AMERICAS -

AMERICAS PERFORMANCE

$ million	FY24	FY23	FY22	FY21	% vs FY23	% vs FY22	% vs FY21
Revenue	85.4	91.9	95.6	96.2	(7)	(11)	(11)
EBITDA	9.7	12.2	13.0	13.5	(20)	(25)	(28)

In the Americas region, the team delivered numerous business expansion initiatives that significantly increased store and household penetration, improved market share and expanded distribution, including:

- **Lowes Range Review Wins:** new national programs launched for roller shades, shade sails and shade fabric, including the national launch of Coolaroo® with HeatShield® fabrics across all categories.
- **Expansion at The Home Depot:** increasing store count by over 190 new locations for our market-leading range of outdoor roller shades, including the launch of Coolaroo® with HeatShield® roller shades.
- **Walmart Pet Bed National Promotion:** launched Coolaroo® Elevated Pet Bed Pro with HeatShield® in over 1,400 Walmart Supercentre locations this summer.
- **Record revenue at COSTCO Canada and Mexico:** by launching into new categories in Mexico and expanding core exterior roller shade national program across Canada.
- **Expanded distribution:** to major new retail partners, including the third largest home improvement retailer, the second largest online window fashion retailer and the second largest home shopping network direct-to-consumer retailer.
- **Accelerated growth in Latin America:** with +81% revenue across retail and commercial customers and go-forward master distributor agreements for Mexico and Columbia.
- **Accelerated growth in Canada:** with +23% revenue across our broad customer base.
- **Grew our largest commercial fabrics distributors:** by over 30% by extending our leading market share via new products, driving specification, and leading with service.
- **Launched Coolaroo® with HeatShield®:** patent-pending innovation in core categories including shade fabric, shade sails, roller shades and pet beds across our largest customers including Lowes, The Home Depot, Walmart, and Amazon.
- **Launched new custom roller shades program:** across more than 1,000 retail locations and 6 of the largest online window furnishing retailers, featuring HeatShield® fabrics.
- **Delivered record sell-through results:** for shade sails and shade fabrics across the United States in FY24 via distribution expansion and the launch of HeatShield® across partners.
- **GALE is now a Skin Cancer Foundation Partner:** for the role our brands and products play in keeping people sun safe and comfortable when spending time outside.

PROUD MEMBER 2024 CORPORATE COUNCIL

The United States is an important strategic growth market with a large addressable market opportunity both today and into the future.

Our existing infrastructure and strong trading relationships with the world's largest retailers coupled with our product mix and innovation pipeline give us confidence in growing these markets with a clear line of sight to revenue and profit expansion.

FY24 REGIONAL RESULTS

- AUSTRALIA | NEW ZEALAND -

AUSTRALIA | NEW ZEALAND PERFORMANCE

$ million	FY24	FY23	FY22	FY21	% vs FY23	% vs FY22	% vs FY21
Revenue	73.9	82.2	93.7	92.0	(10)	(21)	(20)
EBITDA	6.0	10.4	11.5	14.4	(42)	(48)	(58)

The 2024 financial year was challenging for our ANZ region as evidenced by the declines in revenue and profit due to the weather and macroeconomic headwinds.

Despite the challenging business environment, our ANZ team focused on improving our core categories and strengthening our partnerships with leading retailers and commercial fabrication partners while striving to improve our cost base in-line with a declining demand environment.

- **New innovations and expanded presence at Bunnings:** launched a market-leading outdoor umbrella range that drove improved margins and extended our share lead in several key segments of that category as well as further expansion in our market-leading range of outdoor roller shades, shade sails, and fabrics in FY24.
- **Significant progress across commercial fabrics categories and customers:** delivering record growth for our range of coated paper used in the production of packaging for the commercial goods distribution supply chain.
- **Furthered market development for Ecobanner®:** through securing expanded usage, establishing default position at Australia's largest printer for out-of-home advertising, and signing an agreement for broad market representation with Australia's leading distributor of print materials.

  Our efforts are causing the out-of-home advertising industry to take notice on a global scale as GALE was awarded the Sustainability Award for Ecobanner® at the 2024 World Out of Home Association awards.
- **Improved working capital management:** by decreasing procurement and manufacturing lead times through transitioning several high-volume raw materials to a vendor-owned, on-site procurement model.

Despite the challenging demand environment in Australia, our teams are focused on maximising profit and service while driving conversion to our patented, sustainable technical fabrics products across our core and near-neighbour commercial markets.

FY24 REGIONAL RESULTS

- DEVELOPING MARKETS -

DEVELOPING MARKETS PERFORMANCE

$ million	FY24	FY23	FY22	FY21	% vs FY23	% vs FY22	% vs FY21
Revenue	14.7	13.4	16.2	17.0	10	(9)	(14)
EBITDA	3.4	3.9	4.1	4.9	(13)	(17)	(31)

Our Developing Markets region returned to growth in FY24 on the back of years of hard work by our teams to improve revenue, expand margins and reduce outstanding debtors.

- **Strong business recovery in the Middle East:** with +38% revenue growth and double EBIT delivery in the year while lowering outstanding debtor balances by 65% due to our enhanced credit policy.
- **Maintain all-time lows in Days Sales Outstanding (DSO) and long-dated debtors:** deepening long-term fabricator and distributor partnerships.
- **Strong market demand rebound:** particularly in the UAE and Saudi Arabia, our core markets in the region, in FY24 and continuing into FY25.
- **Position to take lead market share growth:** with market-leading ranges of commercial architecture fabrics across key infrastructure segments, including large government schools, entertainment venues, and regional projects like NEOM in Saudi Arabia.
- **Trial Commercial NinetyFive® with HeatShield®:** we are seeing excellent heat reduction results in the harsh summer conditions of Dubai, UAE and Doha, Qatar. We plan to launch the range in FY25, in the Middle East and around the globe, which will extend our product performance and market share leadership in the commercial architectural shade fabric segment.
- **Strong performance in core European markets:** with revenue increases by over 20% in Spain and over 29% in Italy due to increased project demand across shading segments and further market share expansion.

The year was challenging in Japan, where revenue and profit fell by over 50%, due to macroeconomic challenges pressuring consumer spending which depressed sell-though at retail shelves and thus reduced demand from our distribution partners there.

Though of secondary concern to the safety of our trading partners and their loved ones, the conflict in Gaza has had a negative impact on our commercial fabrics business in Israel in FY24.

Our business performance across the Developing Markets in FY24 coupled with our efficient operating cost structure, accretive profit delivery and the overall scale of the growth opportunity in these markets make this selling region an attractive and important part of our growth strategy for the future.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Sheryl Smith *Chief Financial Officer*

GALE Pacific's Environmental, Social, and Governance (ESG) policy reflects our core values and is integrated into our core capabilities, providing a framework to improve outcomes environmentally, socially, and with good governance. We are committed to integrating ESG principles into our strategic planning, business model, operations, and reporting to align with stakeholder expectations and future regulatory requirements globally.

In FY24, GALE Pacific issued its ESG policy, outlining the integration of these principles into all aspects of business operations and decision-making processes. As a global leader in specialised textiles, we recognise our responsibility to positively impact the communities and environments in which we operate. GALE's ESG policy encompasses the following areas:

- **Environmental Sustainability:** Minimising environmental impact, promoting resource efficiency, and striving for sustainability across the value chain.
- **Social Responsibility:** Upholding human rights, fostering diversity, equity, and inclusion, prioritising employee health and safety, and engaging transparently with stakeholders.
- **Governance:** Maintaining high standards of corporate governance, accountability, and ethical behaviour.

ENVIRONMENTAL COMMITMENT

GALE Pacific is dedicated to reducing environmental impacts through sustainability-led design and manufacturing. We focus on:

- **Sustainability-led Design & Manufacturing:** Sustainability is central to our design process, with an emphasis on reducing environmental impacts. Our GREENGUARD and OEKO-TEX® certifications highlight our commitment to sustainability.

  In 2024, GALE installed 27,000 sq ft of solar panels at the Ningbo facility to reduce carbon emissions and conserve global energy. These panels are expected to produce 584,700 KWh over 30 years, equating to an annual saving of 167 tons of coal.

- **Sustainable Materials:** We select raw materials which are PVC-free, inherently recyclable, and do not require complex recycling processes.
- **Sustainable Product Usage and Longevity:** Our products, renowned for their quality and durability, support sustainable outcomes, including crop protection and providing shade solutions to regulate temperature and comfort, leading to less product replacement and reduced environmental impact.

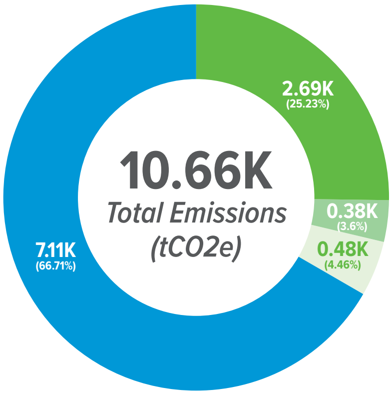
UL GREENGUARD
PRODUCT CERTIFIED FOR LOW CHEMICAL EMISSIONS
UL.COM/GG
UL 2818
GOLD

OEKO TEX®
STANDARD 100
12.HUS.15194 HOHENSTEIN HTTI

The recent transition from LPG tanks to LNG pressure regulators at our GPST facility underscores our commitment to safety, as well as economic, environmental, and operational advantages. The move has resulted in lower fuel costs, reduced emissions, and enhanced safety, ensuring compliance with stricter environmental and safety regulations.

The Company established its Green House Gas (GHG) Scope 1 and Scope 2 inventory baseline in FY24. Our GHG inventory, aligned with the GHG Protocol and includes GALE Pacific Special Textile Ltd in China, GALE Pacific Ltd in Australia, GALE Pacific USA, and GALE Pacific FZE in Dubai. The baseline for our Green House gas Scope 1 and Scope 2 inventory is 10,663 tons of carbon dioxide equivalent.

Scope	Activity Type	Emissions (tCO_2e)
Gross Scope 1 GHG Emissions	Stationary Combustion	475.64
	Mobile Combustion	383.38
	Fugitive Emissions	2,690.51
	Total Scope 1	3,549.52
Gross Scope 2 GHG Emissions	Purchased Electricity - Location Based	7,113.62
	Total Gross GHG Emissions	10,663.14



SOCIAL RESPONSIBILITY

At GALE Pacific, integrity and respect are core values. We prioritize fair labour practices, and human rights standards as well as adhere to our Ethical Sourcing Policy, Modern Slavery Statement, Code of Conduct, and Diversity and Inclusion Policy. We educate employees on equal opportunity legislation, covering key areas such as bullying, sexual harassment, anti-discrimination, and promoting ethical conduct.

We continue to see meaningful improvement in what matters most: our safety and people. Over the last four years, our GALE Safe program has significantly reduced recordable injuries. Our global Total Recordable Injury Frequency Rate (TRIFR) is down 27% since FY21, thanks to strong regional leadership, behavioural-based training, and a global injury management system to identify trends and target training accordingly. With over 3,300 training hours globally and a hazard rectification rate above 95%, we empower employees to identify risks and hold teams accountable for eliminating them - ensuring our employees are involved in making GALE Pacific a safe working environment.

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)				
	FY24	FY23	FY22	FY21
Global	8.0	9.4	7.1	11.0
GPST	3.9	3.0	3.9	7.6
ANZ	39.7	43.7	31.6	50.3
USA	0	3	3.9	7.6

We prioritise employee health and safety by fostering a culture that supports growth, transparency, and development. Key initiatives include:

- Data-driven training and behavioural-based actions to support a maturing safety culture.
- A Whistleblower Policy backed by training programs allowing individuals to report improper conduct safely and confidentially.
- A commitment to providing a safe, supportive, and engaging environment where our team can reach their full potential.
- A global talent strategy that emphasises SMART goals, leadership behaviours, and development planning.

These initiatives are central to our efforts to ensure our employees thrive in a safe and empowering workplace.

GALE Pacific is committed to fostering diversity, equity, and inclusion by embracing individuals regardless of gender, physical abilities, age, language, ethnicity, religion, sexual orientation, nationality, and background. Employee engagement is prioritised through surveys, onboarding, and exit interviews to monitor organisational health and improve workplace culture. Our culture promotes continuous learning with opportunities for knowledge sharing and development.

GALE Pacific products add intrinsic value to our communities, from shade sails to water storage and grain protection. Our shade products offer sun protection and facilitate community engagement. Our partnership with Cancer Council Australia and membership with the Skin Cancer Foundation Corporate Council underline our commitment to community well-being. We actively contribute through initiatives like assisting flood victims in Australia, volunteering at food banks and shelters in the USA, and participating in environmental protection activities in China.

GOVERNANCE

As a publicly listed company with over 70 years of experience, GALE understands good governance is synonymous with good practice. Our experienced Board and Executive Teams uphold organisation's values, manage risks, and ensure long-term value for shareholders. Our ESG function, led by an executive team member and sponsored by a Board Director, integrates ESG initiatives into our strategy and operations.

GALE Pacific remains committed to including ESG principles into every facet of our operations. As we continue to innovate and grow, our focus on sustainability, social responsibility, and strong governance will guide us in creating lasting value for our stakeholders and the communities we serve. Through ongoing dedication to these core principles, we are confident in our ability to lead with purpose, ensuring a positive impact today and beyond.

EXECUTIVE LEA

TROY MORTLEMAN

CEO & General Manager, Australia & New Zealand

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.

SHERYL SMITH

Chief Financial Officer

Sheryl joined GALE Pacific in January 2022 and has extensive experience working in various finance leadership positions for global manufacturing companies. Before joining GALE Pacific, Sheryl held roles of increasing worldwide responsibility and scope in finance at Polypore International, including the previous four years as the company's CFO, GETRAG Corporation, PPG, and Morgan Stanley. Sheryl holds an International Master of Business Administration from the University of South Carolina and a Master of International Business from the Escuela de Administracion de Empresas in Barcelona, Spain.

ADAM BOCCELLI

Global Vice President | Supply Chain

Adam joined GALE Pacific in August 2020 as the Vice President, Americas Operations for GALE Pacific. He assumed responsibility for GALE's global supply chain functions, including the Company's manufacturing operations in Ningbo, China, in August of 2021. Adam has extensive experience leading global supply chain functions, including planning, sourcing, manufacturing, and logistics of international businesses in the consumer, high-tech, and medical diagnostics industries. Before joining GALE Pacific, Adam held several roles as a global operations leader for IDEXX Laboratories with positions of increasing responsibility and scope. Before IDEXX, Adam held roles with 3rd Party Logistics providers and publicly held consumer goods companies. Adam is also a United States Marine Corps veteran.

DERSHIP TEAM

CHRIS GIBSON

Vice President & General Manager | Americas & Innovation

Chris joined GALE Pacific in October 2022 as General Manager of the Americas and Vice President of Global Innovation. Prior to GALE Pacific, Chris was Chief Product & Marketing Officer for a global retail intelligence company, InVue. Prior to InVue, he was Vice President of Marketing and Product Management for Humanscale, a leading global designer and manufacturer of ergonomic products based in New York. Chris worked for General Electric in various commercial roles, including Director of Strategic Marketing at GE Corporate. Over his career, Chris has led more than 72 new product launches, across more than 90 countries.

Chris holds an M.P.A. from New York University, an M.B.A. from Louisiana State University, and a Bachelor of Industrial Design from Auburn University. He currently serves as the Executive Board Chairman for Auburn's College of Architecture, Design, and Construction.

ED BROWN

Global Vice President | Information Technology

Ed joined GALE Pacific in September 2023 as Global Vice President of Information Technologies. Ed has extensive experience leading IT Organizations across a wide range of industries in Consumer Goods and Food & Beverage. Before joining GALE Pacific, Ed was the CIO for SSI Inc., a wholesale grocery distribution company, a global manufacturing systems director for E&J Gallo, led a manufacturing consulting business for Wipro Technologies, and led manufacturing consulting services for E&Y (previously EnteGreat) servicing Fortune 100 companies. Ed started his career as a Technical Director for a USAF Robotics Laboratory clearing unexploded ordnance from USAF training sites.

LISA HILL

General Manager People & Capability

Lisa was recently promoted to General Manager People & Capability at GALE Pacific and appointed to the Executive Leadership Team. She joined GALE Pacific in 2020 as HR Manager ANZ, later expanding her role to cover Developing Markets in 2022. Now overseeing HR and Health, Safety & Environment (HSE) functions globally, Lisa is a seasoned HR and Safety leader with over 15 years of experience. She has deep expertise in industrial relations, talent management, employee engagement, and organisational change. Before GALE, Lisa advanced her career at BlueScope, the largest steel manufacturer in Australia, and Simplot, a global leader in the food industry. She holds a Graduate Certificate in Corporate Management from Deakin University and a Master's from the University of East Anglia, UK.

OUR CUSTOMERS

FY24 DIRECTORS' REPORT

DIRECTORS' REPORT

for the year ended 30 June 2024

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 2024 and the independent Auditor's report thereon.

CHANGES IN STATE OF AFFAIRS

GALE Pacific secured long-term debt financing and group-wide treasury management services from HSBC Bank which increases the Company's borrowing capacity to approximately $85.0m, up from roughly $60.0m under the previous arrangement with ANZ Bank. The new asset-based lending structure enables the Company to reduce total borrowing and interest costs while providing increased capacity.

During FY24 the company exited the Orlando, Florida office and assembly location, moving the custom roller shade assembly operations to a toll manufacturing partner located in Spartanburg, South Carolina.

The Company's ERP transition to Microsoft Dynamics 365, scheduled to go live in May 2024, is delayed slightly to October 1, 2024.

PRINCIPAL ACTIVITIES

During the financial year, the principal continuing activities of the Group consisted of marketing, sales, manufacture and distribution of branded screening, architectural shading, and commercial agricultural/horticultural fabric products to domestic and global markets.

REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to $(332)K (30 June 2023: profit of $3,696K).

RISKS & OPPORTUNITIES

Gale Pacific Limited is subject to a number of company-specific, industry-specific and general risks and opportunities, which the Board and its senior executives continuously monitor and actively manage.

The Company remains focused on long-term value creation for its shareholders.

Prospects & business opportunities

Some of the key business opportunities are:

- Product innovation and expansion in our core categories
- Entering new categories with new and existing customers
- Continued penetration into the USA and other geographical markets
- Continued innovation in, and identification of, improvements and efficiencies in our manufacturing and fabrication facilities

Business risks

Some of these key business risks include:

Strategic Risks

- Competition
- Strategy execution
- Changing customer expectations and purchasing patterns

Operational Risks

- Risks to the health, safety or wellbeing of team members and customers
- Technology, cyber-security and data related risks
- Unseasonably cool or wet weather can negatively impact the Company's overall results for consumer and commercial categories
- Business disruption, loss of major infrastructure and physical security
- Risks associated in distribution and sale of products, including product safety
- Human rights risks, including modern slavery in third party suppliers
- Supply chain and inventory management risks including geopolitical risks with potential impacts on global supply chains or input prices

Financial risks

- Currency, interest rate and commodity price movements

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel.

EVENTS SUBSEQUENT TO BALANCE DATE

On 13 August 2024, John Paul Marcantonio, Chief Executive Officer and Managing Director stepped down from his role. Troy Mortleman assumed the Chief Executive Officer responsibilities, in addition to his General Manager – ANZ / Vice President Developing Markets role.

On 22 August 2024, Sheryl Smith, Chief Financial Officer, tendered her resignation, retiring from the position with the company effective 13 September 2024. Current Group Finance Controller, Arjun Bagawandas, will take on the role in the interim until a new CFO is appointed.

There are no other matters that have arisen since 30 June 2024, that have 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.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

GALE Pacific is committed to integrating ESG (Environmental, Social, Governance) principles and activities into its annual strategic planning process, business model, operations, and reporting to align with its stakeholder's expectations and future regulatory requirements in Australia and other jurisdictions worldwide. The Company issued its Environmental, Social & Governance (ESG) policy across the company in FY24, outlining the Company's commitment to integrating Environmental, Social, and Governance (ESG) principles into all aspects of business operations and decision-making processes. As a global leader in the field of specialized textiles, the Company recognizes its responsibility to contribute positively to the communities and environments in which it operates. GALE's ESG policy encompasses the following key areas:

- Environmental Sustainability: Minimize environmental impact, promote resource efficiency, and strive for sustainability across the value chain.
- Social Responsibility: Uphold human rights, foster diversity, equity, and inclusion, prioritize employee health and safety, and engage with stakeholders transparently and respectfully.
- Governance: Maintain high standards of corporate governance, accountability, and ethical behaviour throughout the organization. The Company's ESG function is led by a member of the executive leadership team and is sponsored by a Board Director.

Additionally, the Company established its Green House Gas (GHG) Scope 1 and 2 inventory baseline in FY24. Through working with experts in the ESG space, our team involved in sustainability reporting efforts was provided GHG-related education for effective data identification and collection, ensuring accurate and comprehensive data. The Company's Scope 1 and 2 GHG emissions were calculated with estimations properly noted and is aligned with the global GHG protocol. The GHG Protocol is a globally recognized framework for measuring and managing greenhouse gas emissions. Developed through a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), it provides comprehensive standards and guidelines for organizations to quantify and report their GHG emissions.

DIVIDENDS

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

	2024
Final Dividend for the year ended 30 June 2023	Nil
Interim Dividend for the 6 months ended 31 Dec 2023	Nil

There were no dividends recommended or declared during the half year ended 30 June 2024.

SHARE BASED PAYMENTS

Performance Rights

The number of performance rights on issue at the date of this report is 10,828,000 (2023: 20,640,000). No amount is payable on the vesting of a performance right. Each performance right entitles the holder to one (1) ordinary share in Gale Pacific Limited in the event that the performance right is exercised. Performance rights carry no rights to dividends and no voting rights.
In the current financial year, a total of 7,388,000 performance rights were granted to executive officers under the Company's Performance Rights Plan scheme for a three-year period to 30 June 2026.

Vesting Conditions

Performance hurdle - The number of Rights issued that vest will be determined proportionately from zero Rights vesting if an EPS of less than 3 cents is achieved for the year ended 30 June 2026 to 100% of Rights vesting if the EPS for the year ended 30 June 2026 is 3.3 cents.

Time hurdle - Continuous employment from the grant date to 30 September 2026.

During the financial year, a total of 7,621,600 performance rights of CEO & MD vested and the balance 6,378,400 performance rights lapsed. The vesting conditions of performance rights relating to the CEO & MD, that vested and lapsed during the current financial year were subject to continuation of employment and TSR achievement thresholds over the past 3 year period.

A total of 590,000 performance rights lapsed (related to executive officers excl. CEO & MD) which was subject to a continuation of employment for three years and the satisfactory achievement of performance hurdles based on improvements in the Group's diluted earnings per share over the three-year period between 1 July 2020 and 30 June 2023.Further details of the performance rights movements during the reporting period for the Key management personnel are disclosed in the Remuneration Report.

Directors' Shareholdings

The following table sets out each Director's relevant interest in shares, options and performance rights in shares of the Company as at the date of this report.

Directors	Fully Paid Ordinary Shares	Options	Performance Rights
D Allman	4,500,000	N/A	N/A
P Landos	-	N/A	N/A
D McMaster	50,000	N/A	N/A
T Stianos	600,000	N/A	N/A

DIRECTORS' MEETINGS

The table below sets out the attendance by Directors.

	Board of Directors' Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings		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	No of Meetings Eligible to Attend	Attended
D Allman	9	9	5	5	2	2	-	-
P Landos	9	9	5	5	-	-	-	-
D McMaster	9	9	-	-	2	2	-	-
T Stianos	9	9	5	5	2	2	-	-
JP Marcantonio	9	9	-	-	-	-	-	-

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

As at the date of this report the members of the Audit & Risk Committee are Peter Landos, Tom Stianos and David Allman. The Chairman of the Audit & Risk Committee is Peter Landos.

As at the date of this report the members of the Remuneration Committee are Tom Stianos, David Allman and Donna McMaster. The current Chairman of the Remuneration Committee is Tom Stianos.

As at the date of this report the members of the Nomination Committee are David Allman, Peter Landos, Donna McMaster, and Tom Stianos. The Chairman of the Nomination Committee is David Allman.

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.

REMUNERATION REPORT (AUDITED)

The Directors present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2024. 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 Officers.

The Remuneration Committee reviews the remuneration packages of all Directors and Executive Officers 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 an equity incentive for senior executives that will provide an incentive to align their interests with those of the Group and its shareholders; and
- Ensure that rewards are aligned to relevant employment market conditions.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees;
- Benefits, including the provision of motor vehicles and incentive schemes, including performance rights; and
- Performance rights, if the performance criteria and any Board discretion are satisfied, entitle an executive to be issued shares in the Company at no cost to the executive. Shares are issued subsequently after the time all performance rights vesting conditions are met.

KEY MANAGEMENT PERSONNEL OF THE GROUP WHO HELD OFFICE DURING THE YEAR

Non-Executive Directors

- D Allman (Chairman Non Executive)
- P Landos (Non Executive)
- D McMaster (Non Executive)
- T Stianos (Non Executive)

Executive Officers

- J P Marcantonio (CEO and Managing Director) – Ceased 13 August 2024
- S Smith (Chief Financial Officer)
- M Russell (Global Chief Human Resources Officer) – Ceased 13 August 2024
- A Boccelli (Global Vice President, Supply Chain)
- C Gibson (Vice President/General Manager of the Americas)
- T Mortleman (General Manager – ANZ / Vice President Developing Markets)
- E Brown (Global Vice President, Information Technology) – appointed 23 August 2023

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

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 2024:

	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Sales ('000s)	173,976	187,564	205,543	205,223	156,338
Net profit/(loss) before tax ('000s)	(1,392)	5,310	10,952	17,220	4,757
Net profit/(loss) after tax ('000s)	(332)	3,696	7,617	12,327	3,719
Share price at start of year	18.0 cents	29.0 cents	41.0 cents	16.0 cents	32.0 cents
Share price at end of year	13.0 cents	18.0 cents	29.0 cents	41.0 cents	16.0 cents
Interim dividend	Nil	1.00 cent	1.00 cent	2.00 cents	Nil
Final dividend	Nil	Nil	1.00 cent	2.00 cents	1.00 cent
Basic earnings/(loss) per share	(0.12) cents	1.34 cents	2.76 cents	4.48 cents	1.34 cents
Diluted earnings/(loss) per share	(0.12) cents	1.30 cents	2.69 cents	4.21 cents	1.32 cents

REMUNERATION PRACTICES

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

The remuneration structure for Executive officers is based on a number of factors including length of service, particular experience of the individual concerned, and overall performance of the Group. The contracts of service between the Group and Executive officers are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, Executive officers 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 Committee to Executive officers 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 officers 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.

Each Non-executive director receives a fee for being a director of the Company and does not participate in performance based remuneration.

Executive Officers remuneration

The Group aims to reward executives 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 remuneration, the Remuneration Committee reviews reports detailing market levels of remuneration for comparable roles. Remuneration consists of fixed and variable elements.

The Executive officer 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 budget targets for each business unit and the Company overall are established each year by the Board. The performance criteria include sales and earnings before interest and tax growth and working capital management. For corporate executives, the performance criteria include growth in earnings before interest and tax and profit before tax.
- Share based payments (LTI), if the performance criteria and any Board discretion are satisfied, entitle an executive to be awarded performance rights over shares in the Company at no cost to them. Shares are issued subsequently after the time all performance rights vesting conditions are met.

The combination of these comprises the Executive Officer's total remuneration.

Cash bonus (STI)

The Group's Executive officers have a target STI opportunity which is a percentage of fixed remuneration paid in cash. The CEO&MD is eligible for 50% of their fixed remuneration and other executive officers are eligible for 40% of their fixed remuneration. The maximum payout would be 150% of that portion. The STI targets will be based on the budgeted profit before tax, operating cash flow, specific regional net revenue, earnings before interest and tax, working capital days and individual performance rating. The STI assessment will be determined at the end of the financial year and upon approval of the Remuneration committee, it will be paid within 3 months following the end of the financial year.

In the current financial year, the targets related to revenue, operating cashflow, profit before tax were not achieved at a group level except for the individual performance rating targets. As a result the executives earned 15.5% of the eligible payout.

Share-based payments (LTI)

The Group maintains a performance rights scheme for Executive officers. The CEO and Managing Director's scheme is approved by shareholders at an annual general meeting. These schemes are designed to reward key personnel when the Group meets performance hurdles increasing the diluted earnings per share.

The number of performance rights on issue as at 30 June 2024 for Executive officers was 10,828,000.

1,369,000 of these performance rights (1,165,000 were granted on 23 December 2021 and 204,000 were granted on 6 April 2022) cannot vest until 30 September 2024. Based on the FY24 results, these performance rights will lapse.

2,071,000 of these rights were granted on 17 March 2023 cannot vest until 30 September 2025.

3,152,000 of these performance rights were granted to the CEO&MD on the 19 October 2023 and 4,236,000 of these performance rights were granted to executive officers on the 18 December 2023 and both of these tranches cannot vest until 30 September 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.

Performance rights issued to Executive officers during the year were issued 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.

EXECUTIVE EMPLOYMENT AGREEMENT

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

CEO & Managing Director

The CEO & MD is employed under an ongoing contract which can be terminated with notice by either the Group or the CEO & MD.

Under the terms of the present contract, as disclosed to the ASX on 23 November 2020:

- The CEO & MD receives fixed remuneration of US$458,400 per annum effective 1 December 2020 reviewed annually
- The CEO & MD's target STI opportunity is 50% of fixed remuneration
- The CEO & MD is eligible to participate in the LTI plan on terms determined by the Board, subject to receiving any required or appropriate shareholder approval.

All other executives are employed on individual open-ended employment contracts that set out the terms of their employment.

TERMINATION PROVISIONS

The Executive Officers' 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)	3 Months	None	None	12 Months
Other executives notice period (by company or executive) – Americas	1 Month	None	None	None
Other executives notice period (by company or executive) – Australia	3 Months	None	None	None

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Short Term Benefits				Post Employment	Long-term benefits	Share Based Payments	Termination Benefits	Total	Performance Related	
	Salary & Fees $	**Bonus $**	**Other $**	**Non Monetary $**	**Superannuation / 401k $**	**Employee entitlements $**	**Rights $**	**$**	**$**	**Total %**	**Rights %**
2024											
Non-Executive Directors											
D Allman	117,756	-	-	-	19,752	-	-	-	137,508	-	-
P Landos*	86,722	-	-	-	7,375	-	-	-	94,097	-	-
T Stianos	87,123	-	-	-	9,584	-	-	-	96,707	-	-
D McMaster	77,169	-	-	-	8,489	-	-	-	85,658	-	-
Executive Officers											
JP Marcantonio	719,972	35,999	-	337	16,615	-	121,658	-	894,581	18%	14%
S Smith	455,480	18,219	-	397	16,831	-	11,120	-	502,047	6%	2%
M Russell	434,904	17,556	-	24,809	22,304	-	11,113	-	510,686	6%	2%
A Boccelli	390,725	15,832	-	18,703	19,975	-	10,169	-	455,404	6%	2%
C Gibson	507,926	37,187	-	24,533	24,347	-	12,986	-	606,980	8%	2%
E Brown [1]	312,306	13,001	39,647	7,602	8,064	-	19,621	-	400,240	8%	5%
T Mortleman	332,481	49,550	-	-	27,607	(442)	22,206	-	431,401	17%	5%
Total	**3,522,564**	**187,344**	**39,647**	**76,381**	**180,941**	**(442)**	**208,873**	**-**	**4,215,309**		

[1] E Brown (Global Vice President, Information Technology) – appointed 23 August 2023
*** The Director's Fees payable to P Landos are paid directly to Thorney Investment Group.**

	Short Term Benefits				Post Employment	Long-term benefits	Share Based Payments	Termination Benefits	Total	Performance Related	
	Salary & Fees $	**Bonus $**	**Other $**	**Non Monetary $**	**Superannuation / 401k $**	**Employee entitlements $**	**Rights $**	**$**	**$**	**Total %**	**Rights %**
2023											
Non-Executive Directors											
D Allman	117,756	-	-	-	19,752		-	-	137,508	-	-
P Landos*	86,716	-	-	-	7,375		-	-	94,091	-	-
T Stianos	87,123	-	-	-	9,148		-	-	96,271	-	-
D McMaster	77,169	-	-	-	8,103		-	-	85,272	-	-
Executive Officers											
JP Marcantonio	667,846	-	-	9,365	24,900		1,236,666	-	1,938,777	64%	64%
S Smith	422,752	59,888	-	394	17,567		6,363	-	506,964	13%	1%
M Russell	393,596	55,759	-	24,253	20,207		(43,616)	-	450,198	3%	(10)%
A Boccelli	349,864	49,563	-	20,524	21,516		(8,794)	-	432,672	9%	(2)%
K Harshaw [1]	162,534	-	-	5,974	11,137		(22,630)	128,763	285,779	(8)%	(8)%
C Gibson [2]	287,698	21,008	-	16,288	11,136		13,389	-	349,520	10%	4%
T Mortleman	320,121	21,990	-	-	25,292	6,019	(46,201)	-	327,221	(7)%	(14)%
Total	**2,973,175**	**208,208**	**-**	**76,798**	**176,133**	**6,019**	**1,377,659**	**128,763**	**4,704,274**		

[1] Resigned 31 October 2022
[2] C Gibson (Vice President/GM Americas & Global Innovation) – appointed 1 November 2022
*** The Director's Fees payable to P Landos are paid directly to Thorney Investment Group.**

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Fully Paid Ordinary Shares

	Balance at the start of the year No.	Granted as Compensation No.	Received on Exercise of Options No.	Other[1] Movements No.	Balance at the end of the year No.
2024 Non-Executive Directors					
D Allman	4,500,000	-	-	-	4,500,000
T Stianos	600,000	-	-	-	600,000
D McMaster	50,000	-	-	-	50,000
2024 Executive Officers					
J P Marcantonio	285,882	-	7,621,600	-	7,907,482

2023 Non-Executive Directors					
D Allman	4,500,000	-	-	-	4,500,000
T Stianos	600,000	-	-	-	600,000
D McMaster	50,000	-	-	-	50,000
2023 Executive Officers					
J P Marcantonio	285,882	-	-	-	285,882

[1] Includes shares traded on the stock market and other adjustments

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 23 December 2021 and 6 April 2022 are subject to the continuation of employment to 30 September 2024 and then the satisfying of relevant performance hurdles based on improvements in the Group's diluted earnings per share over the three-year period from 1 July 2021 to 30 June 2024. None of these rights can vest until 30 September 2024 and expire on 1 December 2024. In addition to the time requirement of continuous 3-year employment, the number of Rights issued that will vest will be determined proportionately from zero Rights vesting if an EPS of less than 4.6 cents is achieved for the year ended 30 June 2024 to 100% of Rights vesting if the EPS for the year ended 30 June 2024 is 5.6 cents. As the EPS conditions have not been met in FY24, the shares will lapse.

The performance rights granted on 17 March 2023 are subject to the continuation of employment to 30 September 2025 and then the satisfying of relevant performance hurdles based on improvements in the Group's diluted earnings per share over the three-year period from 1 July 2022 to 30 June 2025. None of these rights can vest until 30 September 2025 and expire on 1 December 2025. Vesting of the rights will be determined addition to the time requirement of continuous 3-year employment, the number of Rights issued that will vest will be determined proportionately from zero Rights vesting if an EPS of less than 2.83 cents is achieved for the year ended 30 June 2025 to 100%

of Rights vesting if the EPS for the year ended 30 June 2025 is 3.45 cents.

The performance rights granted on 19 October 2023 and 18 December 2023 to the CEO&MD and executive officers are subject to the continuation of employment to 30 September 2026 and then the satisfying of relevant performance hurdles based on improvements in the Group's basic earnings per share over the three-year period from 1 July 2023 to 30 June 2026. None of these rights can vest until 30 September 2026 and expire on 31 December 2026.

For the scheme issued in this financial year, in addition to the time requirement of continuous 3-year employment, the number of Rights issued that will vest will be determined proportionately from zero Rights vesting if an EPS of less than 3 cents is achieved for the year ended 30 June 2026 to 100% of Rights vesting if the EPS for the year ended 30 June 2026 is 3.3 cents.

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS - COMPENSATION OPTIONS AND PERFORMANCE RIGHTS

Granted and Vested During the Year

					Terms and Conditions for Each Grant			
	Vested Number	Granted Number	Grant Date	Value Per Option / Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
				2024				
Non-Executive Directors	-	-						
Executive Officers – CEO&MD	-	3,152,000	19/10/23	0.16	Nil	31/12/26	01/10/26	**01/10/26**
Executive Officers	**-**	**4,236,000**	**18/12/23**	**0.16**	**Nil**	**31/12/26**	**01/10/26**	**01/10/26**
				2023				
Non-Executive Directors	-	-						
Executive Officers	**-**	**2,071,000**	**17/03/23**	**0.24**	**Nil**	**31/12/25**	**01/10/25**	**01/10/25**

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS - COMPENSATION OPTIONS AND PERFORMANCE RIGHTS

Movements During the Year

	Balance at the start of the year No.	Granted as Compensation No.	Exercised No.	Lapsed No.	Net Other Change 1 No.	Balance at the end of the year No.	Balance Held Nominally No.	Value of Lapsed Options/Rights $
2024								
Non-Executive Directors								
None	-	-	-	-	-	-	-	-
Executive Officers								
J P Marcantonio	14,000,000	3,152,000	(7,621,600)	(6,378,400)	-	3,152,000	-	1,722,168
T Mortleman	1,157,000	559,000	-	(361,000)	-	1,355,000	-	57,760
S Smith	654,000	767,000	-	-	-	1,421,000	-	-
A Boccelli	703,000	666,000	-	-	-	1,369,000	-	-
C Gibson	489,000	863,000	-	-	-	1,352,000		
M Russell	1,027,000	739,000	-	(229,000)	-	1,537,000	-	36,640
E Brown	.	642,000	-	-	-	642,000	-	-
Total	**18,030,000**	**7,388,000**	**(7,621,600)**	**(6,968,400)**	**-**	**10,828,000**	-	**1,816,568**
2023								
Non-Executive Directors								
None	-	-	-	-	-	-	-	-
Executive Officers								
J P Marcantonio	14,000,000	-	-	-	-	14,000,000	-	-
T Mortleman	816,000	341,000	-	-	-	1,157,000	-	-
S Smith	204,000	450,000	-	-	-	654,000	-	-
A Boccelli	331,000	372,000	-	-	-	703,000	-	-
C Gibson	-	489,000	-	-	-	489,000		
K Harshaw	393,000	-	-	(393,000)	-	-	-	(109,694)
M Russell	608,000	419,000	-	-	-	1,027,000	-	-
Total	**16,352,000**	**2,071,000**	**-**	**(393,000)**	**-**	**18,030,000**	-	**(109,694)**

[1] Net Other Change represents reclassifications / adjustments

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 one to three months' notice. The agreements include restraints of trade on the employee as well as confidentiality and intellectual property agreements.

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the consolidated financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 32 to the consolidated financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off 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 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 29 August 2024.

D. T. [signature]

David Allman
Chairman

29 August 2024
Melbourne, Victoria, Australia

Ernst & Young
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Melbourne VIC 3000 Australia
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Fax: +61 3 8650 7777
ey.com/au

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 2024, 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

Ernst & Young

Joanne Lonergan
Partner
29 August 2024

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Revenue			
Revenue from contracts with customers	4	173,976	187,564
Other income	5	1,028	681
Expenses			
Raw materials and consumables used		(79,524)	(92,119)
Employee benefits expense	6	(40,362)	(40,902)
Depreciation and amortisation expense	6	(11,808)	(11,823)
Marketing and advertising		(3,098)	(3,816)
Occupancy costs	6	(2,820)	(2,722)
Transport, warehouse and related costs	6	(11,540)	(13,160)
IT Expenses		(7,119)	(1,239)
Other expenses	6	(16,336)	(13,587)
Finance costs	6	(3,789)	(3,567)
(Loss)/profit before income tax (expense)/benefit		(1,392)	5,310
Income tax (expense)/benefit	7	1,060	(1,614)
(Loss)/profit after income tax (expense)/benefit for the year attributable to the owners of Gale Pacific Limited		(332)	3,696
Other comprehensive income/(loss)			
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	22	(225)	(237)
Foreign currency translation	22	1,160	(2,166)
Other comprehensive income/(loss) for the year, net of tax		935	(2,403)
Total comprehensive income for the year attributable to the owners of Gale Pacific Limited		603	1,293

	Note	Cents	Cents
Basic (loss)/earnings per share	8	(0.12)	1.34
Diluted (loss)/earnings per share	8	(0.12)	1.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2024

		Consolidated	
	Note	2024	2023
		$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	9	29,169	23,641
Trade and other receivables	10	35,507	43,169
Inventories	11	46,774	53,344
Income tax receivable	7	368	1,822
Prepayments		4,175	1,907
Total current assets		115,993	123,883
Non-current assets			
Property, plant and equipment	12	28,212	30,847
Intangibles	13	15,453	12,176
Right-of-use assets	14	22,330	28,429
Deferred tax assets	7	4,605	2,391
Total non-current assets		70,600	73,843
Total assets		186,593	197,726
Liabilities			
Current liabilities			
Trade and other payables	15	28,950	22,084
Borrowings	16	29,874	39,156
Lease liabilities	19	5,991	5,695
Derivative financial instrument - hedges	26	60	2,576
Current tax liabilities	7	711	789
Employee benefits	17	4,944	5,164
Provisions	18	229	624
Total current liabilities		70,759	76,088
Non-current liabilities			
Lease liabilities	20	20,215	26,405
Deferred tax liabilities	7	245	242
Employee benefits		72	112
Total non-current liabilities		20,532	26,759
Total liabilities		91,291	102,847
Net assets		95,302	94,879
Equity			
Issued capital	21	63,403	63,403
Reserves	22	10,917	9,821
Retained profits		20,982	21,655
Total equity		95,302	94,879

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

Consolidated	Issued Capital $'000	Reserves (Note 22) $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2022	63,403	10,335	24,238	97,976
Profit after income tax expense for the year	-	-	3,696	3,696
Other comprehensive loss for the year, net of tax	-	(2,403)	-	(2,403)
Total comprehensive (loss)/income for the year	-	(2,403)	3,696	1,293
Share-based payments (note 31)	-	1,138	-	1,138
Transfer to Enterprise Reserve Fund	-	751	(751)	-
Dividends paid (note 23)	-	-	(5,528)	(5,528)
Balance at 30 June 2023	63,403	9,821	21,655	94,879

Consolidated	Issued Capital $'000	Reserves (Note 22) $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2023	63,403	9,821	21,655	94,879
Loss after income tax benefit for the year	-	-	(332)	(332)
Other comprehensive income for the year, net of tax	-	935	-	935
Total comprehensive income/(loss) for the year	-	935	(332)	603
Share-based payments (note 31)	-	(180)	-	(180)
Transfer to Enterprise Reserve Fund	-	341	(341)	-
Balance at 30 June 2024	63,403	10,917	20,982	95,302

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

Cash flows from operating activities			
(Loss)/profit before income tax (expense)/benefit for the year		(1,392)	5,310
Adjustments for:			
Depreciation and amortisation		11,808	11,823
Share-based payments		(180)	1,138
Foreign currency gain		768	(3,183)
Interest and other finance costs		3,789	3,567
		14,793	18,655
Change in operating assets and liabilities:			
Decrease in trade and other receivables		7,662	4,127
Decrease in inventories		6,570	2,955
Decrease/(increase) in prepayments		(2,268)	1,219
Increase/(decrease) in trade and other payables		6,866	(8,692)
Increase/(decrease) in derivative liabilities		(2,741)	984
Decrease in employee benefits		(260)	(484)
Increase/(decrease) in other provisions		(395)	117
		30,227	18,881
Interest and other finance costs paid		(3,789)	(3,567)
Income taxes refunded/(paid)		225	(6,944)
Net cash from operating activities		26,663	8,370
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,220)	(5,629)
Payments for intangibles	13	(4,015)	(3,894)
Proceeds from disposal of property, plant and equipment		123	10
Net cash used in investing activities		(6,112)	(9,513)
Cash flows from financing activities			
Repayment of leases	25	(5,866)	(4,155)
Dividends paid	23	-	(5,528)
(Repayment)/proceeds of borrowings	25	(9,170)	5,226
Net cash used in financing activities		(15,036)	(4,457)
Net increase/(decrease) in cash and cash equivalents		5,515	(5,600)
Cash and cash equivalents at the beginning of the financial year		23,641	28,465
Effects of exchange rate changes on cash and cash equivalents		13	776
Cash and cash equivalents at the end of the financial year	9	29,169	23,641

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2024

NOTE 1. GENERAL INFORMATION

The consolidated financial report covers Gale Pacific Limited ('Company' or 'parent entity') and its controlled entities (together 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 29 August 2024. 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 Interpretations, 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').

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.

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.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group’s consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income taxes narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

Comparatives

Where necessary, the comparative statement of profit or loss and financial position has been reclassified and repositioned for consistency with the current period disclosures.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gale Pacific Limited as at 30 June 2024 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.

Where the Group loses control over a subsidiary, it derecognises the 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

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 and any 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.

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 unconditional right 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.

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 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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, 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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Dividend Discount model taking into account the terms and conditions upon which the instruments were granted, expected volatility, expected dividend yield and risk-free rate assumptions. The accounting estimates and assumptions relating to equity-settled share-based payments have no impact on the carrying amounts of assets and liabilities but may impact profit or loss and equity.

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.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has 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 and growth rates of the estimated future cash flows.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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.

Cash Flow Hedges

Forward foreign exchange contracts, designated as cash flow hedges, are measured at fair value. Reliance is placed on future cash flows and judgement is made on a regular basis, through prospective testing, including at the reporting date, that the hedges are still highly effective.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Variable consideration for rebates, discounts and returns

The Group estimates variable considerations to be included in the transaction price with rights of return and volume rebates.

The Group forecasts sales returns using a historical running rates adjusted for impacts from seasonality. These percentages are applied to the trailing six 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 allowances are analysed and estimated on a per customer basis based on the customer's trading agreement. Variable considerations related to volume and revenue growth tiers are evaluated and assessed periodically using year-to-date and projected sales.

ERP Implementation cost

The Group has capitalised part of the implementation costs relating to the new ERP system. The capitalisation is based on 3rd party and internal costs relating to the implementation activities that were directly related to creating future economic benefits and within the control of the of Group.

All other costs relating to the implementation have been expensed in the current financial year.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into three operating segments identified by geographic location (two anchor markets and developing markets), together with Other items which is related to the Corporate division. These operating segments are based on the internal reports that are reviewed and used by the Group Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group operates predominantly in one market segment, being branded shading, screening and home improvement products.

The CODM reviews revenue and segment earnings, before interest, tax, depreciation and amortisation ('EBITDA'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

To continuously improve the transparency of the Group's management reporting GALE Pacific Limited follows an activity based allocation method of reporting. Intersegment sales/margin and central costs are allocated to external revenue generating segments where the final economic benefit is derived. This enhanced method of reporting is being used by the CODM, to target product costing, product line profitability analysis, customer profitability analysis, and service pricing structures.

The operating segments are as follows:

Americas (AMR)	Main sales office is located in North Carolina. Custom blind assembly and distribution facilities are located both in California and Florida(closed in December 2023 and moved out to a toll manufacturer in South Carolina) which service the North America region.
Australia / New Zealand (ANZ)	Manufacturing and distribution facilities are located in Australia, and distribution facilities are located in New Zealand. Sales offices are located in all states in Australia.
Developing Markets (DEV)	A sales office and distribution facility is located in the United Arab Emirates to service the countries in that region. Additional sales team members located in Europe and Asia are responsible for servicing the applicable countries in their respective geographic area.

The 'Other Items' represent Corporate, Intersegment eliminations and total net assets of our manufacturing operations in China.

The results from our manufacturing operations in China are allocated to the operating segments of Americas, Australia / New Zealand and Developing Markets.

Discrete financial information about each of these segments is reported on a monthly basis.

Major customers

During the year ended 30 June 2024 approximately 36% (2023: 40%) of the Group's external revenue was derived from sales to two customers (2022: Two), one customer located in the Australia/New Zealand region and one customer located in the Americas region.

Operating segment information

Consolidated - 2024	Americas $'000	Australia / New Zealand $'000	Developing Markets $'000	Other Items $'000	Total $'000
Revenue					
Sales to external customers	85,414	73,873	14,689	-	173,976
Total revenue	85,414	73,873	14,689	-	173,976
Segment EBITDA	9,742	6,032	3,443	(5,012)	14,205
Depreciation and amortisation	(7,812)	(3,431)	(542)	(23)	(11,808)
Finance costs	(2,498)	(1,117)	(168)	(6)	(3,789)
(Loss)/profit before income tax benefit	(568)	1,484	2,733	(5,041)	(1,392)
Income tax benefit					1,060
Loss after income tax benefit					(332)
Assets					
Segment assets	79,002	51,076	8,559	47,956	186,593
Total assets					186,593
Liabilities					
Segment liabilities	47,456	29,301	1,008	13,526	91,291
Total liabilities					91,291

Consolidated - 2023	Americas $'000	Australia / New Zealand $'000	Developing Markets $'000	Other Items $'000	Total $'000
Revenue					
Sales to external customers	91,935	82,247	13,382	-	187,564
Total revenue	91,935	82,247	13,382	-	187,564
Segment EBITDA	12,216	10,383	3,917	(5,816)	20,700
Depreciation and amortisation	(7,710)	(3,347)	(650)	(116)	(11,823)
Finance costs	(2,315)	(984)	(185)	(83)	(3,567)
Profit/(loss) before income tax expense	2,191	6,052	3,082	(6,015)	5,310
Income tax expense					(1,614)
Profit after income tax expense					3,696
Assets					
Segment assets	88,396	43,370	7,896	58,064	197,726
Total assets					197,726
Liabilities					
Segment liabilities	39,907	26,024	745	36,171	102,847
Total liabilities					102,847

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 2024 $'000	Consolidated 2023 $'000
Scrap sales	618	657
Other income (primarily grants)	410	24
Other income	1,028	681

NOTE 6. EXPENSES

	Consolidated	
	2024 $'000	2023 $'000
(Loss)/profit before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment (note 12)	5,010	5,189
Right-of-use assets (note 14)	6,077	5,961
Total depreciation	11,087	11,150
Amortisation		
Intangible assets (note 13)	721	673
Total depreciation and amortisation	11,808	11,823
Employee benefit expense		
Employment costs and benefits	39,093	38,288
Post-employment benefits other than pensions	1,449	1,476
Share-based payment expense	(180)	1,138
Total employee benefit expense	40,362	40,902
Finance costs		
Interest and finance charges paid/payable on borrowings	2,813	2,403
Interest and finance charges paid/payable on lease liabilities	1,328	1,360
Interest income	(352)	(196)
Total finance costs expensed	3,789	3,567
Occupancy costs		
Variable lease payments	1,552	1,459
Utilities	844	846
Cleaning & rubbish removal	424	417
Total occupancy costs	2,820	2,722
Transport, warehouse and related costs		
Outbound transportation costs	9,237	10,932
Repairs and maintenance	2,242	2,161
Other	61	67
Total transport, warehouse and related costs	11,540	13,160
The following are the total lease costs recognised:		
Depreciation expense of right-of-use assets	6,077	5,961
Interest expense on lease liabilities	1,328	1,360
Variable lease payments (included in occupancy costs)	1,552	1,459
Total lease related expenses	8,957	8,780

NOTE 7. INCOME TAX

	Consolidated 2024 $'000	Consolidated 2023 $'000
Income tax expense		
Current tax	1,054	2,547
Net deferred tax benefit - origination and reversal of temporary differences	(2,114)	(1,162)
Prior year tax true-up	-	229
Aggregate income tax expense/(benefit)	(1,060)	1,614
Numerical reconciliation of income tax expense and tax at the statutory rate		
(Loss)/profit before income tax (expense)/benefit	(1,392)	5,310
Tax at the statutory tax rate of 30%	(418)	1,593
Non allowable/(non assessable) items	(35)	312
Prior year tax true-up	-	229
Difference in overseas tax rates	(607)	(520)
Income tax expense/(benefit)	(1,060)	1,614

	Consolidated 2024 $'000	Consolidated 2023 $'000
Amounts credited directly to equity		
Deferred tax assets	(97)	(102)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred tax asset		
Deferred taxes comprises temporary differences attributable to:		
Tax losses	3,618	2,135
Property, plant and equipment	(538)	(549)
Foreign exchange	(650)	269
Capitalised costs	(1,106)	(1,116)
Provisions	519	(112)
Impairment of receivables	25	2
Other financial liabilities	1,652	1,008
Employee benefits	653	697
Other	432	57
Deferred tax asset	4,605	2,391
Movements:		
Opening balance	2,391	1,164
Credited to profit or loss	2,117	1,125
Credited to equity - Tax impact of the cashflow hedges. Refer note 22	97	102
Closing balance	4,605	2,391

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	509	502
Provisions	(320)	(315)
Other	56	55
Deferred tax liability	245	242
Movements:		
Opening balance	242	279
Charged/(credited) to profit or loss	3	(37)
Closing balance	245	242

	Consolidated	
	2024	2023
	$'000	$'000
Income tax receivable		
Income tax receivable	368	1,822

	Consolidated	
	2024	2023
	$'000	$'000
Current tax liability		
Current tax liability	711	789

The 2024 net deferred tax asset of $4,360K (2023: $2,149K) is primarily comprised of $3,618K unused tax losses (2023: $2,135K).

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.

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.

Gale Pacific Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

NOTE 8. EARNINGS PER SHARE

	Consolidated	
	2024 $'000	2023 $'000
(Loss)/profit after income tax attributable to the owners of Gale Pacific Limited	(332)	3,696
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	282,619,431	276,393,042
Adjustments for calculation of diluted earnings per share:		
Performance rights	-	7,621,600
Weighted average number of ordinary shares used in calculating diluted earnings per share	282,619,431	284,014,642
	Cents	Cents
Basic (loss)/earnings per share	(0.12)	1.34
Diluted (loss)/earnings per share	(0.12)	1.30

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	
	2024	2023
	$'000	$'000
Cash on hand	1	3
Cash at bank	29,168	23,638
	29,169	23,641

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.

NOTE 10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2024	2023
	$'000	$'000
Trade receivables	36,336	44,295
Less: Allowance for expected credit losses	(925)	(1,342)
	35,411	42,953
Other receivables	96	216
	35,507	43,169

Allowance for expected credit losses

The Group has recognised a net charge of expected credit loss allowance of $152,000 (2023: net release of $506,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2024.

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	
	2024	2023
	$'000	$'000
Trade receivables		
Not Outside of Credit Terms	30,742	23,957
Outside Credit Terms 0-30 Days	4,028	13,879
Outside Credit Terms 31-120 Days	528	2,706
Outside Credit Terms 121 Days to one year	219	1,835
More than One Year	819	1,918
	36,336	44,295
Allowance for expected credit losses		
Outside Credit Terms 31-120 Days	(3)	(2)
Outside Credit Terms 121 Days to one year	(103)	(58)
More than One Year	(819)	(1,282)
	(925)	(1,342)

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	
	2024	2023
	$'000	$'000
Opening balance	1,342	2,039
Additional allowances recognised	261	224
Excess allowances released	(109)	(730)
Receivables written off during the year as uncollectable	(569)	(191)
Closing balance	925	1,342

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.

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 100% (2023: 67%) 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	
	2024	2023
	$'000	$'000
Raw materials	11,447	11,194
Work in progress	2,398	2,061
Finished goods	35,874	42,694
Less: Provision for impairment	(2,945)	(2,605)
	32,929	40,089
	46,774	53,344

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.

NOTE 12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2024	2023
	$'000	$'000
Buildings and leasehold improvements - at cost	18,857	19,245
Less: Accumulated depreciation	(9,313)	(8,851)
	9,544	10,394
Plant and equipment - at cost	119,130	121,279
Less: Accumulated depreciation	(101,312)	(101,087)
	17,818	20,192
Motor vehicles - at cost	307	306
Less: Accumulated depreciation	(195)	(177)
	112	129
Capital work-in-progress - at cost	738	132
	28,212	30,847

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 2022	9,510	20,598	148	589	30,845
Additions	-	97	-	5,532	5,629
Disposals	-	(10)	-	-	(10)
Exchange differences	(260)	(245)	(1)	78	(428)
Transfers in/(out)	2,236	3,831	-	(6,067)	-
Depreciation expense	(1,092)	(4,079)	(18)	-	(5,189)
Balance at 30 June 2023	10,394	20,192	129	132	30,847
Additions	5	337	-	1,878	2,220
Disposals	(47)	(61)	-	-	(108)
Exchange differences	122	176	1	(14)	285
Transfers in/(out)	296	940	-	(1,258)	(22)
Depreciation expense	(1,226)	(3,766)	(18)	-	(5,010)
Balance at 30 June 2024	9,544	17,818	112	738	28,212

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

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.

NOTE 13. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated	
	2024	2023
	$'000	$'000
Goodwill - at cost	11,394	11,391
Less: Accumulated impairment	(7,961)	(7,961)
	3,433	3,430
Development - at cost	6,522	5,783
Less: Accumulated amortisation	(1,755)	(1,223)
	4,767	4,560
Patents, trademarks and licenses - at cost	1,693	1,693
Less: Accumulated amortisation	(1,524)	(1,497)
	169	196
Application software - at cost	9,470	9,444
Less: Accumulated amortisation	(8,852)	(8,686)
	618	758
Intangible work-in-progress	6,466	3,232
	15,453	12,176

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 2022	3,314	4,285	220	975	-	8,794
Additions	-	707	-	-	3,187	3,894
Exchange differences	116	-	-	-	45	161
Amortisation expense	-	(432)	(24)	(217)	-	(673)
Balance at 30 June 2023	3,430	4,560	196	758	3,232	12,176
Additions	-	739	-	-	3,276	4,015
Exchange differences	3	-	-	-	(42)	(39)
Transfers in/(out)	-	-	-	22	-	22
Amortisation expense	-	(532)	(27)	(162)	-	(721)
Balance at 30 June 2024	3,433	4,767	169	618	6,466	15,453

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

	Consolidated 2024 $'000	Consolidated 2023 $'000
Goodwill		
USA (2024: US$2,077K; 2023: US$ 2,077K)	3,086	3,083
China	347	347
	3,433	3,430

Impairment testing for goodwill

In accordance with the accounting policies, the Group performs an annual impairment assessment of goodwill. The review did not result in an impairment charge being recognised by the Group for the year ended 30 June 2024.

Impairment testing approach

Impairment testing compares the carrying value of a CGU with its recoverable amount, based on value-in-use. Value-in-use was calculated based on the present value of cash flow projections over a five year period with the period extending beyond five years extrapolated using a terminal growth rate of 2.0% (2023: 2.0%).

USA

In assessing the recoverable amount of the USA CGU, management considered information available from industry analysts and other sources in relation to the key assumptions used. Management considers that it has taken an appropriate view of the market conditions and business operations.

The following assumptions were used in the value-in-use calculations in the model for USA:

Discount Rate

The pre-tax discount rate used in the model is 16.0% (2023:16.0%)

EBITDA assumptions

EBITDA for FY25 is based on a preliminary budget (pending final approval), with FY2026 to FY2029 increasing by an average of 5.0% per annum, which is in line with the management's growth strategies for the short to medium term. Management believes this is achievable based on historical trends and the plans to continue to invest in product development and expansion within the Americas region. The terminal growth rate was set at 2% in-line with the long-term real growth rate of the US economy.

Sensitivity Analysis

Management have conducted an analysis to reasonably test the sensitivity of the impairment assessment to possible changes in the key assumptions used to determine the changes in the recoverable amount of the CGU. Management has concluded that there is no reasonably possible change to the key assumptions that would lead to an impairment. The following sensitivity analysis has been performed.

Around 13% reduction in the FY25 Budget EBITDA, together with the same assumptions in short-term and terminal growth, will reduce the headroom to zero (currently 52.5%), but not result in an impairment.

As an alternative, a scenario which assumes a 5% growth-rate (adjusted to exclude one-offs) for FY24 actuals from FY25 to FY29 was considered. This scenario resulted in a head room of 7%.

Both scenarios resulted in headroom.

China

In assessing the recoverable amount of the China CGU, management made a number of significant assumptions including assumptions regarding foreign exchange rates, and risk adjustments to future cash flows. Management considered information available from industry analysts and other sources in relation to key assumptions used. Management considers that it has taken a conservative view of the market conditions and business operations.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the CGU.

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 costs are expensed in the period in which they are incurred. Development costs are 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.

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.

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.

Intangible - work-in-progress

Intangible work-in-progress additions represent the capitalised expenses relating to the new ERP solution (Dynamics 365). The expenses incurred thus far relate to the work associated with the incremental functionality of the system that the Company is building out. The anticipated completion and launch of the new ERP is estimated to be in Q2 FY25.

During the period of development the asset was tested for impairment annually.

The intangible work-in-progress was assessed based on an NPV / ROI model with 12% discount rate which captured all savings of Dynamics 365 post implementation on a yearly basis. Based on the annual savings the project has a straight payback period of 6 years and Internal rate of return of 17% which is higher than the current WACC.

NOTE 14. NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS

	Consolidated	
	2024	2023
	$'000	$'000
Land and buildings - right-of-use	43,245	43,598
Less: Accumulated depreciation	(20,915)	(15,169)
	22,330	28,429

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 2022	26,415
Additions	7,467
Exchange differences	508
Depreciation expense	(5,961)
Balance at 30 June 2023	28,429
Disposals	(15)
Additions	402
Exchange differences	89
Other movements	(498)
Depreciation expense	(6,077)
Balance at 30 June 2024	22,330

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.

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.

NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2024	2023
	$'000	$'000
Trade payables	18,281	9,995
Sundry payables and accruals - Customer rebates and variable revenue	7,156	8,875
Sundry payables and accruals - Other	3,513	3,214
	28,950	22,084

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 16. CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	2024	2023
	$'000	$'000
Bank loans	29,874	39,156

During FY24 the Company secured long-term debt financing and group-wide treasury management services from HSBC Bank. New debt facilities are established in the Americas, Australia and China regions while the treasury management covers those regions, as well as, Dubai.

The debt facilities in Australia and Americas regions are classified as asset-based revolving credit which enables each of the regions to obtain short-term financing using working capital assets as collateral. Each tranche of the loans are typically rolled over or repaid and borrowed on a monthly basis.

The debt facility in China region is a revolving loan facility with land and buildings as collateral. The working capital loan is drawn and repaid every 3 months and has a maximum extension of 12 months from the date of drawdown.

The interest rates for each of the loans are obtained from the reference rates using BBSY(AUD), SOFR(USD) and LPR(CNY) based on the loan currency.

Refer to note 25 for further information on financial instruments. The loans have been classified as current due to the nature of the facilities and the loan maturity/roll over dates.

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 17. CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Consolidated	
	2024 $'000	2023 $'000
Annual leave	1,745	1,674
Long service leave	662	772
Sick leave	36	52
Other benefits - bonus, accrued salaries, gratuity and other	2,501	2,666
	4,944	5,164

NOTE 18. CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2024 $'000	2023 $'000
Warranties	229	624

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.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Warranty movements		
Carrying amount at the start of the year	624	507
Arising during the year	382	629
Utilised	(295)	(512)
Unused amounts reversed	(482)	-
Carrying amount at the end of the year	229	624

Accounting policy for 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.

NOTE 19. CURRENT LIABILITIES - LEASE LIABILITIES

	Consolidated 2024 $'000	Consolidated 2023 $'000
Lease liability	5,991	5,695

Refer to note 25 for further information on financial instruments.

NOTE 20. NON-CURRENT LIABILITIES - LEASE LIABILITIES

	Consolidated 2024 $'000	Consolidated 2023 $'000
Lease liability - 1 to 5 years	15,958	19,984
Lease liability - greater than 5 years	4,257	6,421
	20,215	26,405

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 of 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 2024			
Extension options expected not to be exercised	-	30,460	30,460

NOTE 21. EQUITY - ISSUED CAPITAL

	Consolidated			
	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares - fully paid	284,014,642	276,393,042	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.

Share buy-back

No new buy-back scheme was effective for the financial year ended 30 June 2024.

Vesting of performance rights

7,621,600 rights from the scheme relating to the CEO & MD vested during the financial year ended 30 June 2024 (2023: Nil).

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 22. EQUITY - RESERVES

	Consolidated	
	2024	2023
	$'000	$'000
Foreign currency reserve	1,189	29
Hedging reserve - cash flow hedges	(27)	198
Share-based payments reserve	4,229	4,409
Enterprise reserve fund	5,526	5,185
	10,917	9,821

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.

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 2022	2,195	435	3,271	4,434	10,335
Foreign currency translation *	(2,166)	-	-	-	(2,166)
Movement in hedge	-	(339)	-	-	(339)
Income tax	-	102	-	-	102
Share-based payment	-	-	1,138	-	1,138
Statutory transfers from retained earnings	-	-	-	751	751
Balance at 30 June 2023	29	198	4,409	5,185	9,821
Foreign currency translation *	1,160	-	-	-	1,160
Movement in hedge	-	(322)	-	-	(322)
Income tax	-	97	-	-	97
Share-based payment	-	-	(180)	-	(180)
Statutory transfers from retained earnings	-	-	-	341	341
Balance at 30 June 2024	1,189	(27)	4,229	5,526	10,917

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

NOTE 23. EQUITY - DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Final Dividend for the year ended 30 June 2022 of 1.00 cent per ordinary share (75% franked)	-	2,764
Interim Dividend for the year ended 30 June 2023 of 1.00 cent per ordinary share (100% franked)	-	2,764
	-	5,528

Franking credits

	Consolidated 2024 $'000	Consolidated 2023 $'000
Franking credits available at the reporting date based on a tax rate of 30%	307	2,018
Franking debits that will arise from the income tax receivable at the reporting date based on a tax rate of 30%	(100)	(1,674)
Franking credits available for subsequent financial years based on a tax rate of 30%	207	344

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

NOTE 24. MONETARY ITEMS IDENTIFIED AS A NET INVESTMENT IN A FOREIGN OPERATION

	Consolidated 2024 $'000	Consolidated 2023 $'000
Related party receivable to the Company from Gale Pacific Special Textiles (Ningbo) Limited	10,734	10,724
Related party receivable to the Company from Gale Pacific (New Zealand) Limited	2,810	2,754
Monetary items identified as a net investment in a foreign operation	13,544	13,478

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 22.

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. There was no cash flow hedge ineffectiveness during the reporting period.

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 Group adopts fair value hedge accounting on forward exchange contracts that are designated and qualify as fair value hedges. Forward exchange contracts are recognised in the profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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	
	2024 $'000	2023 $'000	2024	2023
Buy US dollars/sell Australian dollars				
Maturity:				
Less than 6 months	11,275	11,482	0.6603	0.6793
6 - 12 months	1,438	-	0.6606	-

	Sell US dollars		Average exchange rates	
	2024 $'000	2023 $'000	2024	2023
Buy Chinese Yuan/sell US Dollars				
Maturity:				
Less than 6 months	38,000	26,500	7.1200	6.8300
6 - 9 months	-	9,000	-	6.8800

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

	Assets		Liabilities	
	2024	2023	2024	2023
Consolidated	$'000	$'000	$'000	$'000
US dollars	48,931	49,868	24,518	14,896
New Zealand dollars	668	550	111	39
Chinese renminbi	893	714	5,548	2,935
UAE dirham	1,935	917	-	-
	52,427	52,049	30,177	17,870

The Group had net assets denominated in foreign currencies of $22,252,000 (assets of $52,428,000 less liabilities of $30,176,000 as at 30 June 2024 (2023: $34,179,000 (assets of $52,049,000 less liabilities of $17,870,000)). Based on this exposure, had the Australian dollar strengthened by 5% / weakened by 5% (2023: strengthened by 5% / weakened by 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $68,000 lower/higher (2023: $127,000 lower/higher) and equity would have been $840,000 lower/higher (2023: $1,429,000 lower/higher). 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:

	2024		2023	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	$'000	%	$'000
Cash and cash equivalents	-	29,169	-	23,641
Bank loans	7.70%	(29,874)	4.90%	(39,156)
Net exposure to cash flow interest rate risk		(705)		(15,515)

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 (2023: 100) basis points would have an adverse/favourable effect on profit before tax of $298,874 (2023: $391,560) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

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.

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 - 2024	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	-	18,281	-	-	-	18,281
Customer rebates	-	7,156	-	-	-	7,156
Other sundry payables and accruals	-	3,513	-	-	-	3,513
Interest-bearing - variable						
Bank loans	7.70%	30,244	-	-	-	30,244
Lease liability	-	7,082	6,686	11,338	5,274	30,380
Total non-derivatives		66,276	6,686	11,338	5,274	89,574

Consolidated - 2023	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	-	9,995	-	-	-	9,995
Customer rebates	-	8,875	-	-	-	8,875
Other sundry payables and accruals	-	3,214	-	-	-	3,214
Interest-bearing - variable						
Bank loans	4.90%	39,911	-	-	-	39,911
Lease liability	-	7,005	6,909	15,612	7,047	36,573
Total non-derivatives		69,000	6,909	15,612	7,047	98,568

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

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 2022	33,930	28,788	62,718
Net proceeds / (repayments)	5,226	(4,155)	1,071
New / extension of leases	-	7,467	7,467
Balance at 30 June 2023	39,156	32,100	71,256
Net proceeds / (repayments)	(9,170)	(5,866)	(15,036)
New / extension of leases	-	375	375
Forex movements	(112)	95	(17)
Other movements	-	(498)	(498)
Balance at 30 June 2024	29,874	26,206	56,080

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 - 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	60	-	60
Total liabilities	-	60	-	60

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	2,576	-	2,576
Total liabilities	-	2,576	-	2,576

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 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.

NOTE 27. RELATED PARTY TRANSACTIONS

Parent entity

Gale Pacific Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

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 28. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

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

	Consolidated	
	2024	2023
	$	$
Short-term employee benefits	3,825,495	3,264,199
Post-employment benefits	180,941	176,134
Termination benefits	-	128,763
Share-based payments	208,873	1,135,178
	4,215,309	4,704,274

NOTE 29. PARENT ENTITY INFORMATION

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2023 $'000
Loss after income tax	(570)	(788)
Total comprehensive loss	(796)	(1,025)

Statement of financial position

	Parent	
	2024 $'000	2023 $'000
Total current assets	10,101	27,486
Total assets	95,544	115,381
Total current liabilities	20,804	37,758
Total liabilities	29,078	47,940
Equity		
Issued capital	63,403	63,403
Hedging reserve - cash flow hedges	(27)	198
Share-based payments reserve	4,229	4,409
Accumulated losses	(1,139)	(569)
Total equity	66,466	67,441

Contingent liabilities

Gale Pacific Limited (Australia) have entered into a deed of guarantee during the current financial year. The effect of the deed is that Gale Pacific Limited (Australia) has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of the credit agreement of HSBC.

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 30. 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 2024 %	Ownership interest 2023 %
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%
Zone Hardware Pty Ltd	Australia	-	100%
Riva Window Fashions Pty Ltd	Australia	-	100%

On 24 May 2023, two dormant subsidiaries, Riva Window Fashions Pty Ltd (ACN 145 083 254) and Zone Hardware Pty Ltd (ACN 115 484 878) were deregistered.

NOTE 31. 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.

Performance rights issued to executives during the financial year were issued 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:

2024

Grant date	Expiry date	Grant date Fair value	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/10/2020	01/12/2023	$0.16	1,129,000	-	-	(1,129,000)	-
23/12/2020	01/12/2023	$0.27	14,000,000	-	(7,621,600)	(6,378,400)	-
23/12/2021	01/12/2024	$0.28	2,084,000	-	-	-	2,084,000
06/04/2022	01/12/2024	$0.28	204,000	-	-	-	204,000
17/03/2023	01/12/2025	$0.24	3,223,000	-	-	(414,000)	2,809,000
19/10/2023	01/12/2026	$0.16	-	3,152,000	-	-	3,152,000
18/12/2023	01/12/2026	$0.16	-	5,860,000	-	-	5,860,000
			20,640,000	9,012,000	(7,621,600)	(7,921,400)	14,109,000

2023

Grant date	Expiry date	Grant date Fair value	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/01/2020	01/12/2022	$0.26	559,338	-	-	(559,338)	-
30/10/2020	01/12/2023	$0.16	1,347,000	-	-	(218,000)	1,129,000
23/12/2020	01/12/2023	$0.27	14,000,000	-	-	-	14,000,000
23/12/2021	01/12/2024	$0.28	2,870,000	-	-	(786,000)	2,084,000
06/04/2022	01/12/2024	$0.28	204,000	-	-	-	204,000
17/03/2023	01/12/2025	$0.24	-	3,223,000	-	-	3,223,000
			18,980,338	3,223,000	-	(1,563,338)	20,640,000

The performance rights granted to the senior executives and senior managers, in this financial year, are subject to performance conditions and time hurdles as outlined below.

Performance condition - The number of Rights issued that will vest will be determined proportionately from zero Rights vesting if an EPS of less than 3 cents is achieved for the year ended 30 June 2026 to 100% of Rights vesting if the EPS for the year ended 30 June 2026 is 3.3 cents.

Time hurdle - The vesting of Rights is also dependent upon the employee remaining in continuous employment with the Company until 30 September 2026.

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.

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 32. 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	
	2024 $'000	2023 $'000
Fees to Ernst & Young (Australia)		
Audit of the consolidated financial statements of the company	732,800	607,320
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing controlled entities for the consolidated financial statements	175,000	65,000
Fees for auditing the statutory financial report of any controlled entities	77,878	-
	252,878	65,000
	985,678	672,320

NOTE 33. 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 in issue but not yet effective were listed below.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 Presentation of Financial Statements and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The key changes include:

- Income and expenses must be classified in the statement of profit or loss into one of five categories – investing, financing, income taxes, discontinued operations and operating.
- Two new mandatory subtotals in the income statement – operating profit or loss, and profit or loss before financing and income taxes.
- Strict rules for labelling, aggregation and disaggregation of items in the financial statements.
- New disclosures about management-defined performance measures.

The Group is still assessing the impacts of AASB18 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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
  That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The Group will adopt the standard and make the required amendments to the presentation and disclosures in the consolidated financial statements as applicable.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

In addition, at the date of authorisation of the financial statements no IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued. The Directors of the Group do not anticipate that the adoption of above amendments will have a material impact in future periods on the financial statements of the Group.

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

On August 13, 2024, John Paul Marcantonio, Chief Executive Officer and Managing Director stepped down from his role. Per the employment agreement an amount of $742K (USD 490K) is payable for the 12 month notice period. This amount has not been reflected in these financial statements for the year ended 30 June 2024.

On the 22 August 2024, Sheryl Smith, Chief Financial Officer tendered her resignation, retiring from the position with the company effective 13 September 2024. Current Group Finance Controller, Arjun Bagawandas will take on the role in the interim until a new CFO is appointed.

No other matter or circumstance other than the above, has arisen since 30 June 2024 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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2024

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
Gale Pacific FZE	Body corporate	United Arab Emirates	100.00%	United Arab Emirates
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

DIRECTORS' DECLARATION

For the year ended 30 June 2024

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 56 to page 109) 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 2024 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. Alle

David Allman
Chairman

29 August 2024
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 2024, the consolidated statement of 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 2024 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 our audit of the financial report 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.

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Carrying Value of Inventories

Why significant	How our audit addressed the key audit matter
At 30 June 2024, the Group held $46.7 million in inventories at various locations, representing 25%of total assets. As detailed in Notes 2 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. The Group is also required to eliminate any intercompany profits in inventory at year end, which requires estimation. 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. Given 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 valuation model, on a sample basis. ► Assessed management's process for the elimination of intercompany profit in stock and recalculated the adjustment. ► 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. ► Compared the net realisable value post year end for a sample of inventory items with the carrying value of inventories at 30 June 2024. ► Assessed the Group's disclosures included in Notes 2 and 11 of the financial report.

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 credit to customers on both a standard and non-standard basis for items including, but not limited to, damaged or defective product or late penalties. The Group is required to calculate known and estimated variable revenue at the time of initial revenue recognition.	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.

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Why significant	How our audit addressed the key audit matter
The accrual for Customer Rebates and variable Revenue at 30 June 2024 is $7.1m. 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.	▶ Agreed rebate and other variable revenue adjustment rates included in accrual calculations to signed customer contracts and 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 adjustments to assess the accuracy of the accruals process. ▶ Assessed the Group's disclosures included in Notes 2 and 15 of the financial report relating to judgments used in assessing customer rebates and other revenue adjustments.

Internally generated intangible assets

Why significant	How our audit addressed the key audit matter
The Group capitalised $4.0m in costs relating to internally generated intangible assets during the year. The carrying value of capitalised development and capitalised work in progress at 30 June 2024 was $4.8m and $6.5m respectively. The capitalisation of internally generated intangible assets was considered a key audit matter as significant judgement is involved in determining whether the projects and related costs meet the strict capitalisation criteria set out in Australian Accounting Standards. The measurement of internally generated intangible assets is based upon the time and costs associated with individuals employed by the company and external contractors for the specific purpose of developing these assets. Internally generated intangible assets are amortised once the asset is available for use.	Our audit procedures included the following: ▶ Obtained project plans/ approved budgets or management's rationale to support each project where costs were capitalised during the year, and assessed whether each project met the criteria set out in Australian Accounting Standards for capitalisation; ▶ Held discussions with project managers to understand the nature and status of the projects and the costs capitalised; ▶ Assessed whether the nature of the costs capitalised satisfied the criteria set out in Australian Accounting Standards; ▶ Assessed whether capitalised labour was supported by payroll records and budget estimates, on a sample basis; ▶ Assessed the nature of external costs capitalised and agreed a sample of such costs to supplier invoices;

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Why significant	How our audit addressed the key audit matter
Note 13 of the financial report contains the disclosures relating to Internally generated intangible assets.	▶ Assessed the reasonableness of amortisation periods, amortisation commencement dates and recalculated the amortisation expense recorded. ▶ Assessed the Group's disclosures included in Note 13 of the financial report.

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 2024 annual report, but does not include 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:

a. 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

b. 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:

i. 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

ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

Building a better working world

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.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance 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.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 51 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Gale Pacific Limited for the year ended 30 June 2024, 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

Joanne Lonergan
Partner
Melbourne
29 August 2024

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 29 August 2024 **(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	1,631
Performance rights expiring 1 December 2024	15
Performance rights expiring 1 December 2025	7
Performance rights expiring 1 December 2026	9

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 1,631 holders of a total of 284,014,642 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	131	25,079	0.01
1,001 – 5,000	437	1,259,646	0.44
5,001 – 10,000	229	1,811,073	0.64
10,001 – 100,000	616	22,282,737	7.85
100,001 and over	218	258,636,017	91.06
Total	**1,865**	**276,393,042**	**100**

Performance Rights			
Range	Holders of performance rights expiring 1 December 2024	Holders of performance rights expiring 1 December 2025	Holders of performance rights expiring 1 December 2026
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	2
100,001 and over	15	7	10
Total	**15**	**7**	**9**

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 $0.1100 per unit	4,546	505	973,263

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	78,800,399	28.61
Windhager Holding AG	44,358,481	16.05
Castle Point Funds Management	17,580,858	6.19

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.	%
THORNEY HOLDINGS PTY LTD	71,984,262	25.35
WINDHAGER HOLDING AG	44,358,481	15.62
JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,714,157	5.88
ARD CORPORATION PTY LTD <RIDCORP FAMILY A/C>	7,447,074	2.62
UBS NOMINEES PTY LTD	6,816,137	2.40
BOND STREET CUSTODIANS LIMITED<ZCERNA – D02137 A/C>	4,500,000	1.58
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	3,950,000	1.39
BNP PARIBAS NOMS PTY LTD	3,898,860	1.37
RATHVALE PTY LIMITED	3,891,682	1.37
NCH PTY LTD	3,583,450	1.26
BFA SUPER PTY LTD <GDN SUPER FUND A/C>	3,327.428	1.17
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	2,700,000	0.95
CHILLEN PTY LIMITED (TALLEN)	2,431,317	0.86
MR LESLIE JOHN FIELD + MRS EVE FIELD	2,270.000	0.80
VENN MILNER SUPERANNUATION PTY LTD	1,750,000	0.62
KALIVA PTY LTD <SUPERANNUATION A/C>	1,600,000	0.56
CERTANE CT PTY LTD <BC2>	1,450,000	0.51
JFT INVESTMENTS PTY LTD <THE TIPPING SUPER FUND A/C>	1,300,000	0.46
MR LESLIE JOHN FIELD + MRS EVE FIELD	1,739,207	0.63
MR NICHOLAS BARRY DEBENHAM & MRS ANNETTE CECILIA DEBENHAM <N & A DEBENHAM S/FUND A/C>	1,631,780	0.59
TOTAL: TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AS AT REPORTING DATE	**199,226,731**	**70.15**

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	9,799,000	31

There are no persons who hold 20% or more of equity securities in each unquoted class other than under an employee incentive scheme.

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 2024

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

145 Woodlands Drive,
Braeside, Victoria 3195, Australia

AMERICAS

5311 77 Center Drive, Ste. 150
Charlotte, NC 28217, USA

EUROPE & ASIA

No. 777 Hengshan W. Road,
Beilun, Ningbo, 315800, China

MIDDLE EAST & AFRICA

PO Box 17696,
Jebel Ali, Dubai, UAE