GALE PACIFIC

2025
ANNUAL REPORT

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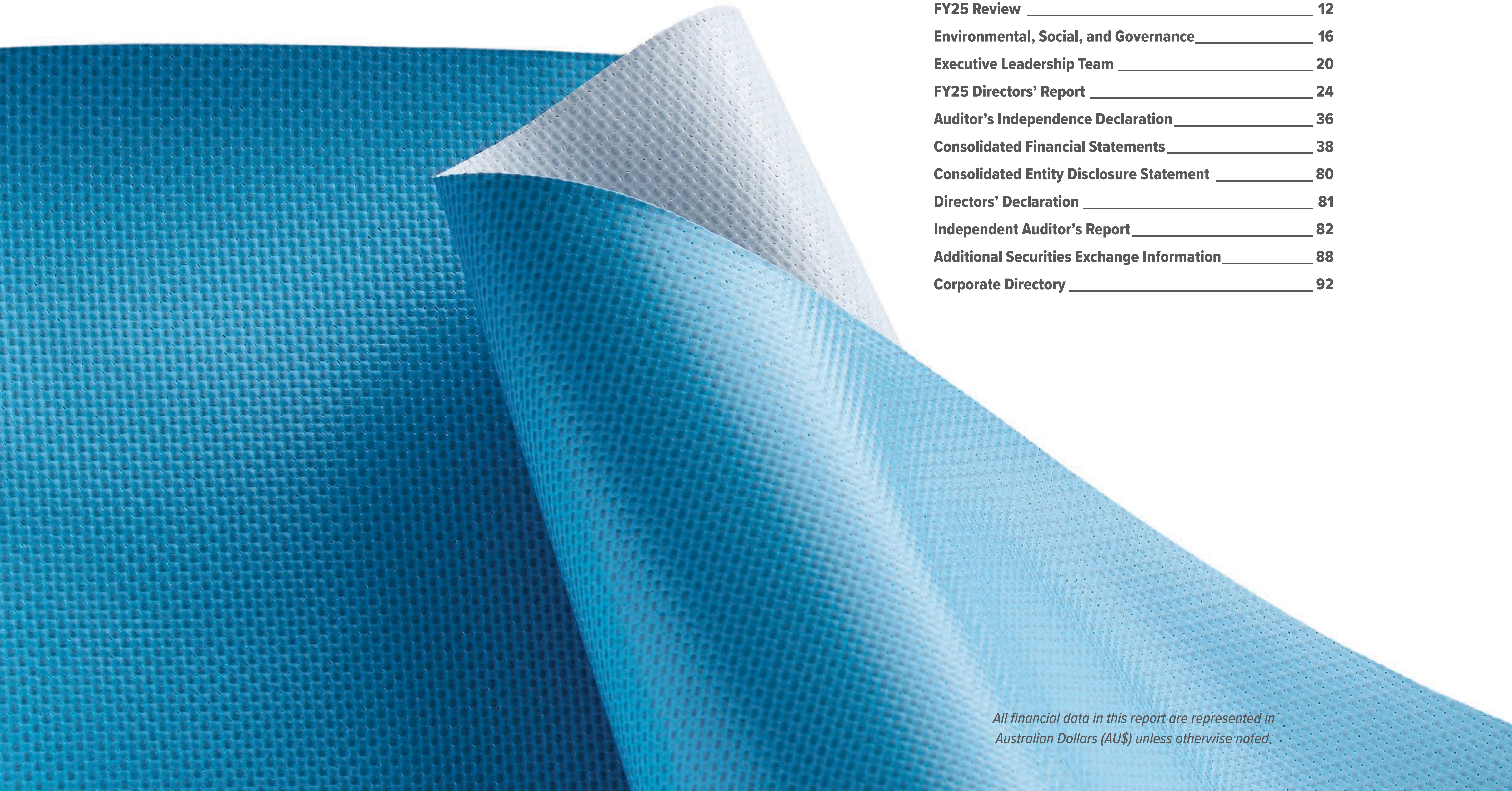


All financial data in this report are represented in Australian Dollars (AU$) unless otherwise noted.

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® 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

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.

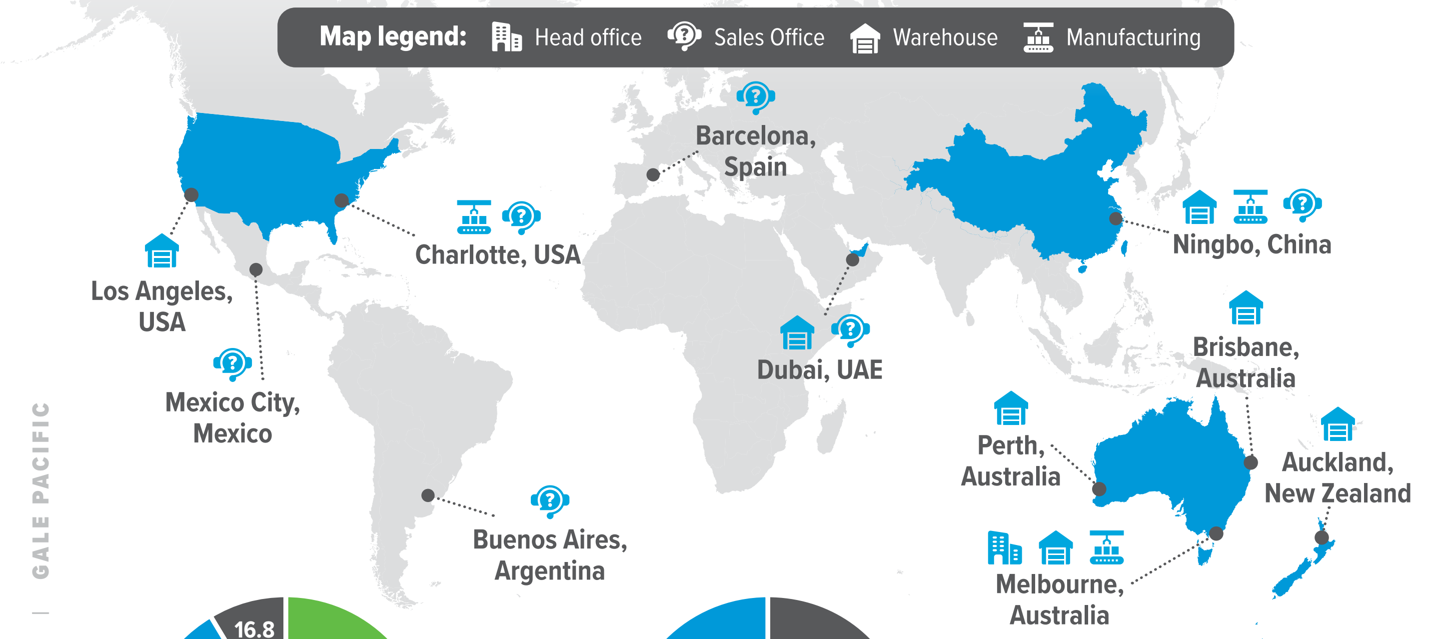
Innovation
Creative thinking inspires innovation in everything we do. We seek and value ideas from our team that improve our products and provide meaningful benefits to our consumers and customers.

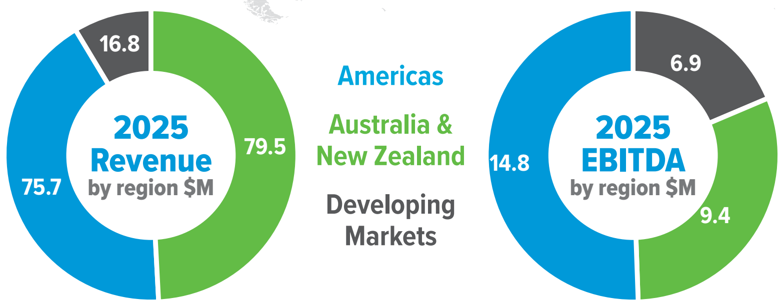
RESULTS AT A GLANCE

$172M REVENUE *PCP: $174m*	**$12.0M** EBITDA *PCP: $14.2m*	**$0.1M** OPERATING CASH FLOW *PCP: $26.7m*

$19.5M NORMALISED EBITDA *PCP: $18.6m*	**$8.9M** NET DEBT *PCP: $0.7m*	**(1.82)c** EARNINGS PER SHARE *PCP: (0.12)c*	**0.0c** TOTAL DIVIDEND *PCP: 0.0c*

BUSINESS OVERVIEW





CHAIRMAN'S LETTER

David Allman *Chairman*

Although in line with the latest guidance, the financial results for FY25 were disappointing with EBITDA of $12.0 million (prior year $14.2 million) and a pretax loss of $4.0 million (prior year pretax loss of $1.4 million). No dividend was declared (prior year nil).

Operating cash flow at $0.1 million (prior year $26.7 million) was impacted by working capital movements and net debt at 30 June 2025 increased to $8.9 million from $0.7 million prior year.

After a strong first half performance in FY25, profit for the full year was adversely impacted by very poor second half trading in the United States, which saw second half revenue from the Americas region decline by 25%. This resulted in a $5.3 million reduction in EBITDA from the Americas compared with the prior year second half.

Poor consumer and retailer confidence, associated with steep tariff increases on products imported into the US, contributed to this outcome.

The FY25 financial result was also affected by a $2.1 million foreign exchange loss and $5.4 million in non-recurring costs associated with the implementation of the Microsoft Dynamics 365 ERP system, executive leadership transition and the write-off of capitalised development costs.

The Americas result offset solid profit contributions from the ANZ and Developing Markets regions where important market and operational improvements were achieved.

The Americas region has been the highest regional profit contributor in recent years and has been viewed as our major growth opportunity. However, tariffs and duties on products produced at our factory in China and imported into the United States now range between 40% and 73%, placing enormous pressure on profitability and cash flow. While we wish to continue to build on our substantial market presence in the United States it is clear that we will need to make major changes to our supply chain, operating model and cost base in the USA notwithstanding the final tariff position remains unclear.

Adam Boccelli, the recently appointed General Manager of the Americas, is leading the process to review the structure of this business and to undertake the necessary corrective actions to restore profitability to acceptable levels.

While many of the challenges we face are the result of external headwinds, the Board and management recognise that it is our responsibility to deal with the headwinds and produce results.

The Board is confident that the senior management team has identified and is undertaking the appropriate actions.

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

DONNA MCMASTER
GAICD

NON-EXECUTIVE DIRECTOR SINCE MARCH 2018

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

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

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

PETER LANDOS
B.ECON., CA

NON-EXECUTIVE DIRECTOR SINCE MAY 2014

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

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

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

TOM STIANOS
B.APP.SC., FAICD

NON-EXECUTIVE DIRECTOR SINCE OCTOBER 2017

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

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

FY25 REVIEW

Troy Mortleman *Chief Executive Officer*

TO THE SHAREHOLDERS OF GALE PACIFIC LIMITED:

FY25 was a year that tested our resilience and sharpened our strategic focus. The second half brought a particularly challenging trading environment, most notably in the United States, where consumer confidence declined to historic lows and elevated tariffs on Chinese imports placed sustained pressure on our cost base. These external headwinds impacted demand across key categories in our largest market and will require us to make difficult but necessary adjustments.

Despite these headwinds, GALE Pacific delivered solid operational progress across our three core regions—Americas, Australia & New Zealand (ANZ), and Developing Markets—while advancing key strategic initiatives that will underpin our future success.

Regional Highlights

In the Americas, we faced significant macroeconomic challenges, including the impact of higher tariffs and weakened consumer sentiment. These factors led to lower sell-through across our key retail partners during the peak North American summer trading period. However, our team responded with agility. We entered the second half with additional inventory positioned in our Fontana warehouse, allowing us to service demand through the peak US trading period with reduced tariff impact. We worked closely with our customers to implement price increases that offset a portion of the tariff impact.

Operationally, we expanded our retail footprint by gaining ranging in 640 new locations and increasing product item count in over 4,500 existing stores. FY25 marked our third consecutive year of record revenue in the commercial architectural shade category, driving underlying margin improvement. We also expanded our coated fabric commercial business through the US extension of an existing Australian customer.

Key product and channel developments including an agreed trial of our Shade Fabric and Shade Sail program at The Home Depot for the North American summer in FY26, the launch of HeatShield Pet Bed Kits in 1,370 Walmart stores and 400 specialty pet retail locations, and the expansion of our custom roller shade customer base via our outsourced production partner. We also commenced trading with the third-largest home improvement retailer in the US and extended our reach into Mexico and Argentina through new distribution partnerships.

In Australia & New Zealand, we continued to strengthen our market leadership through innovation, sustainability, and retail execution. Coated fabric volumes for grain storage increased, driven partly by share gains from competitors. Notably, a quarter of total volume used by our largest end-use customer now comes from fabric manufactured with closed-loop recycled materials containing GALE IP—an important milestone in our sustainability journey.

Retail performance across Australia was strong. Bunnings delivered 8% year-on-year sell-through growth during the peak summer season, with a record December supported by robust inventory fulfilment. In New Zealand, we increased shelf space through harmonised Trans-Tasman ranging, enhancing our presence and efficiency across both markets. We also experienced continued growth in our paper contract coating and horticultural project segments and secured an expanded promotional program with Bunnings for the upcoming peak summer period.

In Developing Markets, we recorded encouraging growth across the Middle East, Europe, and Asia, while maintaining disciplined credit and cash collection practices. In the Middle East, we secured government specification for commercial architectural shade fabric in new school construction programs in the UAE, activated three new distributors in Saudi Arabia, and won new project specifications with the region's largest petroleum and gas company. We also launched trial programs for water containment and horticulture products, expanding our portfolio reach.

In Europe, growth through key distribution partners in Spain and Italy helped offset challenging trading conditions in Israel. In Asia, we recorded revenue growth with our largest distributor in Japan through increased product ranging, and saw encouraging momentum in Thailand through commercial architectural shade products.

Enterprise Systems Transformation: D365 Implementation

In October 2024, we successfully implemented Microsoft Dynamics 365 (D365) across the Group without any disruption to customer service. This transition marked a significant step forward in modernising our enterprise systems and improving operational resilience.

The new platform has materially enhanced our data security posture and delivered early signs of operational efficiency improvements across key business functions. These benefits are already being realised and will be further leveraged in FY26 as we continue to embed system capabilities and streamline processes. D365 provides a scalable foundation to support our growth ambitions and improve visibility, control, and responsiveness across our global footprint.

Manufacturing Strategy and Diversification

Our China manufacturing facility experienced reduced production volumes in line with the slowdown in US demand, particularly in the second half of the year. Despite this, our team delivered improvements in manufacturing efficiency and labour cost metrics.

Recognising the need to mitigate tariff exposure and build resilience into our supply chain, we initiated trial production campaigns in Southeast Asia for roller shade assembly—our highest-volume export category to the US. These trials are ongoing as we seek suitable partners who can meet our high-quality standards and support our long-term diversification strategy.

This work is critical to ensuring that GALE Pacific remains competitive and agile in a high-cost environment, while maintaining the product integrity our customers expect.

Outlook and FY26 Focus Areas

Looking ahead to FY26, we do not anticipate relief from elevated input costs for products shipped from China to the United States. As these costs flow through to shelf pricing, consumer demand is expected to remain subdued across our US retail partners.

Despite these challenges, we remain committed to our growth ambition in the US. We have built a strong market presence and distribution base with some of the world's largest retailers—a point of pride for an Australian brand. However, we must adjust our operating model to ensure we have the appropriate cost base to service this environment and mitigate risk across the Group.

To navigate this environment and position GALE Pacific for sustainable growth, we are focused on four key priorities:

1. Simplifying our global operating model to reduce complexity and align our cost base with current market conditions.
2. Diversify our manufacturing footprint by accelerating the transition of key product lines to alternative locations outside of China.
3. Expand our presence in high-potential markets, particularly in the Middle East and Asia, while exploring new climate-appropriate regions.
4. Enhancing profitability in core markets by deepening customer relationships and expanding our value-added product offering in the Americas and Australia/New Zealand.

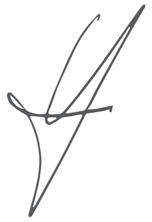
Closing Remarks

I would like to extend my sincere thanks to our global GALE Pacific team for their commitment, resilience, and execution throughout FY25. Your efforts have delivered meaningful progress in a challenging environment and laid the foundation for future success.

To our Board of Directors, thank you for your guidance, support, and strategic counsel. Your stewardship continues to strengthen our governance and long-term value creation.

To our shareholders, thank you for your continued support and belief in our Company. We acknowledge the challenges of the past year and remain focused on delivering improved operating results and sustainable growth.

GALE Pacific is a business built on innovation, engineered performance, and trusted partnerships. With a clear strategy, a strong team, and a commitment to continuous improvement, we are confident in our ability to navigate the road ahead and deliver value for all stakeholders.



TROY MORTLEMAN
Chief Executive Officer

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

At GALE Pacific, Environmental, Social and Governance (ESG) principles are embedded into the way we operate. ESG provides a cohesive framework that connects the practices already in place across our global operations, while guiding the development of improved standards and ways of working.

By positioning ESG as both a foundation and a catalyst for continuous improvement, we ensure our commitments to sustainability, governance, people, and communities are aligned with long-term responsibility. This approach supports disciplined decision-making, strengthens stakeholder trust, and reflects our role in delivering meaningful and measurable outcomes.

We strive to fulfil our responsibilities by focusing on the following principles:

- **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 all our supply chain channels. We focus on:

- **Closed loop manufacturing:** Supported by Federal Government funding, GALE Pacific is actively increasing the proportion of recycled end-of-life materials reintroduced into the manufacturing of our LANDMARK™ coated grain storage fabric. This initiative strengthens our commitment to circularity and resource efficiency in Australian operations.

  Insights gained from this program are now informing the integration of recycled raw materials into shade fabric production at our China facility. This cross-regional application of learnings reflects our strategic approach to scaling sustainable innovation across our global manufacturing footprint.

- **Lowering our global carbon footprint:** In FY24, we commenced the installation of solar infrastructure at our Ningbo manufacturing facility. This work progressed through FY25, resulting in 13,600 m^2 of solar panels now operational across the site. Solar energy now accounts for 15% of total electricity consumption at the facility, contributing to an annual reduction of 1,079 tonnes of CO_2 emissions.
- **Combatting damaging environmental impacts:** GALE Pacific's horticultural solutions are engineered to deliver durability, reliability, and environmental benefit. Widely used across Australia's fruit, viticulture, and grain sectors, our products help growers optimise crop yield, stabilise growing conditions, and reduce exposure to environmental stressors. By enabling more consistent and efficient production, we contribute to sustainable outcomes across key agricultural industries.

The Company continues to measure the Green House Gas (GHG) Scope 1 and Scope 2 inventory baseline. Our GHG inventory, aligned with the GHG Protocol includes GALE Pacific Special Textile Ltd in China, GALE Pacific Ltd in Australia, GALE Pacific USA, and GALE Pacific FZE in Dubai. GALE Pacific established its Scope 1 and Scope 2 GHG emissions baseline in FY24. In FY25, we improved data collection processes, resulting in a more accurate emissions profile. Our revised FY25 baseline is 13,274 tCO_2e, aligned with the GHG Protocol.

Scope	Activity Type	Emissions (tCO2e)
Gross Scope 1 GHG Emissions	Mobile Combustion	122.94
	Fugitive Emissions	5,323.11
	Total Scope 1	5,446.05
Gross Scope 2 GHG Emissions	Purchased Electricity - Location Based	7,827.54
	Total Gross GHG Emissions	13,273.59

SOCIAL RESPONSIBILITY

At GALE Pacific, our Values are the guiding principles in how we should operate everyday. Our People come first, ensuring their safety is paramount and ensuring all actions within our organisation are conducted with integrity and respect. Physical and psychosocial safety are equally considered as the foundation for organisation health, without these, our team and organisation cannot perform at their optimal capability. These expectations also extend beyond our internal team, to how we collaborate with all stakeholders and operate within the broader global community.

To instil these expectations, we educate our team and ensure adoption of our fair labour practices, human rights standards in adherence to our Ethical Sourcing Policy, Modern Slavery Statement, Code of Conduct, and Diversity and Inclusion Policy.

We continue to see meaningful improvement in what matters most: the safety of our people. In FY25, we reported the lowest number of actual recordable injuries in our TRIFR management history, an 18% reduction in recordable injuries vs. FY24 and a 62% reduction from our highest number in FY19. We continue our commitment to managing high risk factors within our operations, along with a behavioural based safety leadership program focused on individual risk management, continuous learning, celebrating safety actions and team culture. In FY26, we will continue to implement targeted safety initiatives focused on the key risk factors identified through our incident, injury, and hazard reporting. Our approach prioritises the elimination of risk wherever feasible, supported by the application of engineering controls and strengthened administrative processes. These measures are designed to reduce incident frequency and enhance the overall safety of our working environments.

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)					
	FY25	FY24	FY23	FY22	FY21
Global	7.9	8.0	9.4	7.1	11.0
GPST	5.4	3.9	3.0	3.9	7.6
ANZ	22.4	39.7	43.7	31.6	50.3
USA	0	0	3	3.9	7.6

Key initiatives include:

- Increased safety behaviour leadership walks in all operational areas, focusing on behavioural recognition, hazard identification and risk awareness.
- An individual and autonomous safety assessment enabling employees to identify risk factors and actions prior to completing tasks.
- Conducting a baseline Engagement Survey to understand the experience of our team across the globe in areas of motivation, psychosocial safety, development and leadership feedback.
- The evolution of a continuous learning culture, providing stimulus and insights from global thought leaders in live & interactive virtual workshops, peer to peer learning sessions, all with the aim of building capabilities in leadership, business strategies and cultural development.

Our partnership with Cancer Council Australia and membership with the Skin Cancer Foundation Corporate Council underline our commitment to community well-being and provide an inspiring purpose to underpin our work. We also actively contribute to our global communities through initiatives such as volunteering at Ronald McDonald House Charities, raising funds for Cancer Council research, enabling teams to donating blood through Red Cross China and Australia and empowering our team in becoming qualified first aid officers with the ability to provide potentially lifesaving CPR and defibrillation techniques at work and in the broader community.

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 LEADERSHIP TEAM

TROY MORTLEMAN

Chief Executive Officer

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

DEXTER CLARKE

Chief Financial Officer

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

ADAM BOCCELLI

General Manager Americas

Adam was appointed General Manager, Americas at GALE Pacific in July 2025. He originally joined the company in August 2020 as Vice President, Americas Operations, and in August 2021 assumed responsibility for GALE's global supply chain functions, including its manufacturing operations in Ningbo, China. With extensive experience in global supply chain leadership, Adam has overseen planning, sourcing, manufacturing, and logistics across international businesses in the consumer, high-tech, and medical diagnostics industries. Prior to joining GALE Pacific, he held a series of global operations leadership roles at IDEXX Laboratories, with positions of increasing responsibility and scope. Earlier in his career, he worked with third-party logistics providers and publicly listed consumer goods companies. Adam is also a veteran of the United States Marine Corps.

SIMON SAM

General Manager Australia & New Zealand

Simon was appointed General Manager, Australia & New Zealand in July 2025, having joined GALE Pacific in November 2020 as Site Manufacturing Manager. He progressed through roles of increasing responsibility, including Head of Operations – ANZ, where he played a central role in disciplined execution in line with the company's commercial and strategic objectives. With more than a decade of leadership in manufacturing, operations, and supply chain, Simon has built a strong record of delivering customer-focused outcomes, driving operational efficiency, and adapting to changing market conditions through sustainable performance practices. His experience includes senior roles with GSK, Nutrition Care Pharmaceuticals, and Coca-Cola Amatil.

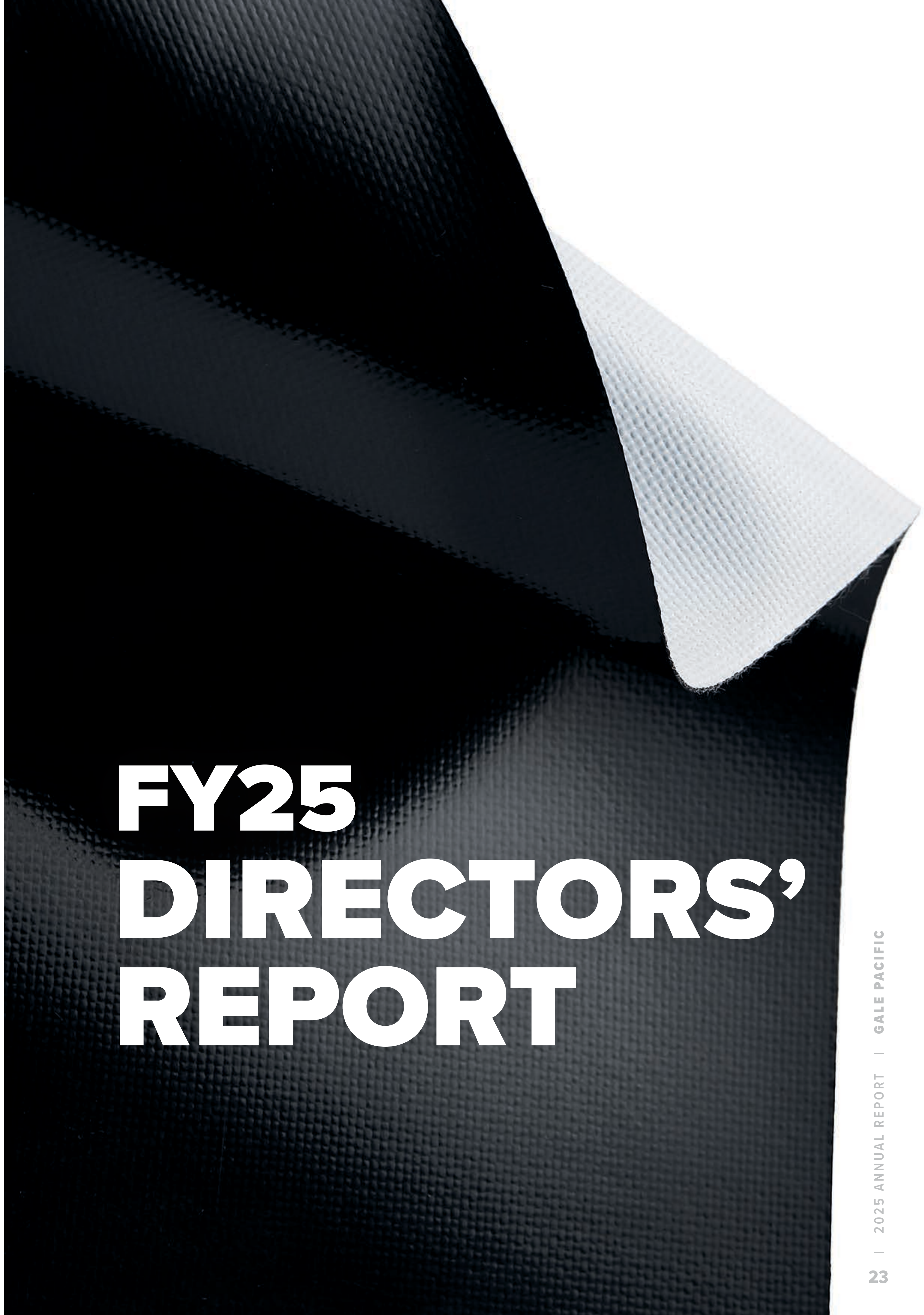
LISA HILL

General Manager People & Capability

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

OUR CUSTOMERS

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



FY25 DIRECTORS' REPORT

Gale Pacific Limited
Directors' report
30 June 2025

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 2025 and the independent Auditor's report thereon.

Changes in state of affairs

Leadership Appointments
In a strategic move to rebase executive leadership in Australia, the Board appointed Troy Mortleman as Chief Executive Officer and Dexter Clarke as Chief Financial Officer. These appointments reflect the company's commitment to driving growth, operational excellence, and long-term shareholder value.

Operational and Trade Environment
GALE's U.S. subsidiary experienced increased cost pressures due to the imposition of tariffs on imports from our manufacturing operations in China. These developments will materially impact the cost structure and competitiveness of our U.S. business moving forward. In response, the company has initiated a comprehensive review of its U.S. operations and global manufacturing footprint, aimed at identifying opportunities for supply chain optimisation and long-term resilience.

These changes represent a meaningful shift in the company's strategic and operational direction and are expected to influence future performance and positioning in key markets.

The current trade conditions and other contributing factors caused a breach in the Tangible Net Worth covenant contained in the finance facilities held with HSBC. The Group's forecasts indicate the covenants need to be modified to reduce the risk of future noncompliance.

These factors indicate that a material uncertainty exists in relation to the group's ability to continue as a going concern, and therefore whether it would be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ to those in the consolidated financial report.

HSBC has confirmed its willingness to work with the company. The company is currently in discussions with HSBC in connection with the resetting of various financial covenants contained in the facility agreements.

Further details are provided in note 1 and note 17 of the consolidated financial report.

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, commercial agricultural / horticultural fabric products to domestic and global markets.

Review of operations

For the year ended 30 June 2025, GALE Pacific Limited recorded a net loss after tax of $5.2 million (FY24: $0.3 million loss), reflecting a challenging second half impacted by geopolitical uncertainty and elevated tariffs in the United States. Revenue was $172.0 million (FY24: $174.0 million), with EBITDA of $12.0 million and normalised EBITDA of $19.9 million. Operating cash flow declined to $0.1 million (FY24: $26.7 million), and net debt increased to $8.9 million (FY24: $0.7 million), primarily due to elevated working capital levels following lower-than-expected sell-through in the Americas.

The Group's financial position remains stable, with total assets of $175.6 million and total liabilities of $85.5 million, resulting in a net asset position of $90.1 million. The liability-to-equity ratio at 30 June 2025 was 0.95 (FY24 0.96).

Principal Uncertainties
The Group faces external uncertainties, particularly in its largest market, the United States. These include:

- Weakened consumer confidence
- Elevated tariffs on imports manufactured in China
- FX volatility, which contributed a $2.1 million expense in FY25
- Unfavourable product mix and margin pressure in key segments

These factors are expected to persist into FY26. In response, the Group has commenced a reset of its U.S. operating model and is accelerating the diversification of its manufacturing footprint to mitigate cost pressures and improve long-term sustainability.

Investment and Dividend Policy
The Group's investment strategy is focused on enhancing operational efficiency and supporting long-term growth. FY25 included $5.8 million in non-recurring costs, including ERP implementation, executive leadership changes, and Capitalised development costs write off.
Trial production in Southeast Asia commenced in the second half, with further investment planned to establish long-term supply partnerships outside China.

Gale Pacific Limited
Directors' report
30 June 2025

Sources of Funding and Capital Structure
The Group funds its operations through a combination of internally generated cash flows and external financing facilities. As at 30 June 2025, the Group had access to debt facilities totalling $71 million, of which $27.5 million was drawn down, leaving $43.5 million undrawn and available to support working capital.
The availability of the facilities in Australia and USA are subject to the levels of eligible working capital assets available as collateral.

The Board regularly reviews the Group's capital structure to ensure it remains appropriate for the business's operational needs and long-term strategic objectives. This includes maintaining a prudent balance between debt and equity, preserving financial flexibility, and ensuring the Group is well-positioned to respond to changing market conditions and investment opportunities.

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
- Continued penetration into the USA and other geographical markets
- Continued improvements and efficiencies in our supply chain and manufacturing facilities

Business risks
Some of these key business risks include:

Strategic Risks

- U.S. trade policies driving uncertainty
- 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

There are no matters that have arisen since 30 June 2025, 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.

Gale Pacific Limited
Directors' report
30 June 2025

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) principals 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.

The Company established its Green House Gas (GHG) Scope 1 and 2 inventory baseline in FY24, which has been updated in FY25 as data collection matures, and has now embedded emissions reporting into its annual reporting regime. The Company's Scope 1 and 2 GHG emissions are calculated with estimations properly noted and are 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:

	2025
Final Dividend for the year ended 30 June 2024	Nil
Interim Dividend for the 6 months ended 31 Dec 2024	Nil

There were no dividends recommended or declared during the half year ended 30 June 2025.

Gale Pacific Limited
Directors' report
30 June 2025

Directors' shareholdings

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

Directors	Fully Paid Ordinary Shares
D Allman	4,500,000
P Landos	-
D McMaster	50,000
T Stianos	600,000

Directors' meetings

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

	Board of Directors' Meetings		Audit and Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
Directors	No of Meetings Eligible to Attend	Attended	No of Meetings Eligible to Attend	Attended	No of Meetings Eligible to Attend	Attended
D Allman	10	10	4	4	1	1
P Landos	10	10	4	4	1	1
D McMaster	10	10	n/a	4	1	1
T Stianos	10	10	4	4	1	1

As at the date of this report, the Company has an Audit & Risk Committee, and a Remuneration & 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 & Nomination Committee are Tom Stianos, David Allman, Donna McMaster and Peter Landos. The current Chairman of the Remuneration & Nomination Committee is Tom Stianos.

Company Secretary

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

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2025

Remuneration report (Audited)

The Directors present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2025. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for the Group's Directors and Executive Key Management Personnel (KMP).

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

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

- Provide competitive rewards to attract high quality executives;
- Provide 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.

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

Name	Position	Term as KMP
Non-Executive Directors		
D Allman	Chairman Non Executive	Full financial year
P Landos	Non Executive	Full financial year
D McMaster	Non Executive	Full financial year
T Stianos	Non Executive	Full financial year
Key Management Personnel		
T Mortleman	Chief Executive Officer - Effective 14 August 2024 (T Mortleman was the General Manager ANZ / Vice President Developing Markets until 13 August 2024)	Full financial year
D Clarke	Chief Financial Officer	Appointed 31 March 2025
A Boccelli	General Manager, Americas Region – Effective 3 July 2025 (A Boccelli was the Global Vice President Supply Chain until 2 July 2025 and was promoted to the current position)	Full financial year
A Bagawandas	A Bagawandas was appointed as Interim Chief Financial Officer from 13 September 2024 to 31 March 2025.	13 September 2024 to 31 March 2025
JP Marcantonio	CEO and Managing Director	Ceased 13 August 2024
S Smith	Chief Financial Officer	Ceased 13 September 2024
C Gibson	Vice President/General Manager of the Americas	Ceased 14 February 2025
E Brown	Global Vice President, Information Technology	Ceased 4 October 2024
M Russell	Global Chief Human Resources Manager	Ceased 13 August 2024

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2025

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 2025:

	30 June 2025	30 June 2024	30 June 2023	30 June 2022	30 June 2021
Sales ('000s)	171,988	173,976	187,564	205,543	205,223
Net profit/(loss) before tax ('000s)	(3,956)	(1,392)	5,310	10,952	17,220
Net profit/(loss) after tax ('000s)	(5,184)	(332)	3,696	7,617	12,327
Share price at start of year	13.0 cents	18.0 cents	29.0 cents	41.0 cents	16.0 cents
Share price at end of year	9.0 cents	13.0 cents	18.0 cents	29.0 cents	41.0 cents
Interim dividend	Nil	Nil	1.00 cent	1.00 cent	2.00 cents
Final dividend	Nil	Nil	Nil	1.00 cent	2.00 cents
Basic earnings/(loss) per share	(1.82) cents	(0.12) cents	1.34 cents	2.76 cents	4.48 cents
Diluted earnings/(loss) per share	(1.82) cents	(0.12) cents	1.30 cents	2.69 cents	4.21 cents

Remuneration Practices

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

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

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

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

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

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

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2025

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

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

The Executive KMP remuneration packages contain the following key elements:
- Primary benefits – salary/fees;
- Cash bonuses (STI)- One-year short term performance cash bonus payments are awarded in accordance with the Company's remuneration policy. The 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 to all vesting conditions being met.

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

Cash bonus (STI)
The Group's KMP have a target STI opportunity which is a percentage of fixed remuneration paid in cash. The CEO is eligible for 50% of their fixed remuneration and other KMP 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 cashflow, specific regional net revenue, earnings before interest and tax, working capital days and individual performance rating. The STI assessment is determined at the end of the financial year and upon approval of the Remuneration committee, is 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. As a result the executives were not eligible for the STI payout.

Share-based payments (LTI)
The Group maintains a performance rights scheme in which KMPs take part. The CEO 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 2025 for KMP was 5,625,000.

713,000 of these rights were granted on 17 March 2023 and cannot vest until 30 September 2025.

1,225,000 of these rights were granted on 18 December 2023 and cannot vest until 30 September 2026.

3,687,000 of these rights were granted on 20 December 2024 and cannot vest until 30 September 2027.

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 KMP 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.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2025

Executive Employment Agreement:

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

Chief Executive Officer

The current CEO, T Mortleman (effective from 14 August 2024) is employed under an ongoing contract which can be terminated with notice by either the Group or the CEO. Under the terms of the present contract, as disclosed to the ASX on 14 August 2024:

- The CEO receives fixed remuneration of $475,000 per annum effective 13 August 2024 reviewed annually
- The CEO target STI opportunity is 50% of fixed remuneration
- The CEO is eligible to participate in the LTI plan on terms determined by the Board, subject to receiving any required shareholder approval.

The outgoing CEO&MD, J P Marcantonio (ceased 13 August 2024) was employed under the contract disclosed to ASX on 23 November 2020:

- The CEO & MD received fixed remuneration of US$472,152 per annum effective 1 October 2023 reviewed annually
- The CEO & MD's target STI opportunity is 50% of fixed remuneration
- The CEO & MD was eligible to participate in the LTI plan on terms determined by the Board, subject to receiving any shareholder approval.

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

Termination Provisions

The KMP termination provisions are as follows:

	Resignation	Termination for cause	Disability	Death or termination other than cause or disability
CEO notice period (by company or executive)	6 Months	None	None	None
Other executives notice period (by company or executive) – Americas	1 Month	None	None	None
Other executives notice period (by company or executive) – Australia	3 Months	None	None	None

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

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2025

Remuneration of Key Management Personnel:

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

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

	Short Term Benefits				Post Employment	Short-term benefits	Performance	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	-	-
Key Management Personnel											
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	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**		

* The Director's Fees payable to P Landos are paid directly to Thorney Investment Group.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2025

Key Management Personnel Equity Holdings:

Fully Paid Ordinary Shares

	Balance at the start of the year No.	Granted as Compensation No.	Received on vesting of performance rights No.	Other[1] Movements No.	Balance at the end of the year No.
2025					
Non-Executive Directors					
D Allman	4,500,000	-	-	-	4,500,000
T Stianos	600,000	-	-	-	600,000
D McMaster	50,000	-	-	-	50,000
Key Management Personnel					
T Mortleman	-	-	152,000	-	152,000
D Clarke	-	-	-	100,000	100,000
J P Marcantonio [2]	7,907,482	-	-	-	7,907,482
A Bagawandas [3]	-	-	250,000	-	250,000
2024					
Non-Executive Directors					
D Allman	4,500,000	-	-	-	4,500,000
T Stianos	600,000	-	-	-	600,000
D McMaster	50,000	-	-	-	50,000
Key Management Personnel					
J P Marcantonio	285,882	-	7,621,600	-	7,907,482

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

Share Based Compensation

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

The performance rights granted on 17 March 2023 are subject to the continuation of employment to 30 September 2025 and satisfying the relevant performance hurdles based on improvements in the Group's diluted earnings per share over the three-year period from 1 July 2022 to 30 June 2025. None of these rights can vest until 30 September 2025.

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. As the EPS conditions have not been met in FY25, the rights have lapsed.

The performance rights granted on 19 October 2023 and 18 December 2023 to the KMP are subject to the continuation of employment to 30 September 2026 and satisfying the relevant performance hurdles based on improvements in the Group's 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.

The performance rights granted on 23 December 2024 to the KMP are subject to the continuation of employment to 30 September 2027 and satisfying the relevant performance hurdles based on improvements in the Group's basic earnings per share over the three-year period from 1 July 2024 to 30 June 2027. None of these rights can vest until 30 September 2027.

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 3.5 cents is achieved for the year ended 30 June 2027 to 100% of Rights vesting if the EPS for the year ended 30 June 2027 is 4.0 cents.

Gale Pacific Limited
Directors' report – Remuneration Report
30 June 2025

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

					Terms and Conditions for Each Grant			
	Vested Number	Granted Number	Grant Date	Value Per Right at Grant Date	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
2025								
Non-Executive Directors	-	-						
KMP	152,000	4,874,000	20/12/24	0.11	Nil	31/12/27	01/10/27	01/10/27
2024								
Non-Executive Directors	-	-						
CEO&MD	-	3,152,000	19/10/23	0.16	Nil	31/12/26	01/10/26	01/10/26
KMP	-	4,236,000	18/12/23	0.16	Nil	31/12/26	01/10/26	01/10/26

Key Management Personnel Performance Rights:
Movements During the Year

	Balance at the start of the year No.	Granted No.	Exercised No.	Lapsed No.	Balance at the end of the year No.	Value of Lapsed Rights $
2025						
Non-Executive Directors						
None	-	-	-	-	-	-
Key Management Personnel						
J P Marcantonio	3,152,000	-	-	(3,152,000)	-	504,320
T Mortleman	1,355,000	2,659,000	(152,000)	(303,000)	3,559,000	48,480
S Smith	1,421,000	-	-	(1,421,000)	-	227,360
A Boccelli	1,369,000	1,028,000	-	(331,000)	2,066,000	52,960
C Gibson	1,352,000	1,187,000	-	(2,539,000)	-	406,240
M Russell	1,537,000	-	-	(1,537,000)	-	245,920
E Brown	642,000	-	-	(642,000)	-	102,720
Total	**10,828,000**	**4,874,000**	**(152,000)**	**(9,925,000)**	**5,625,000**	**1,588,000**
2024						
Non-Executive Directors						
None	-	-	-	-	-	-
Key Management Personnel						
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**

Gale Pacific Limited
Directors' report
30 June 2025

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 33 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 33 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'. Amounts in this report have been rounded in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

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

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

Signed in accordance with a resolution of Directors on 29 August 2025.

David Allman
Chairman

29 August 2025
Melbourne

Ernst & Young
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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 2025, I declare to the best of my knowledge and belief, there have been:

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

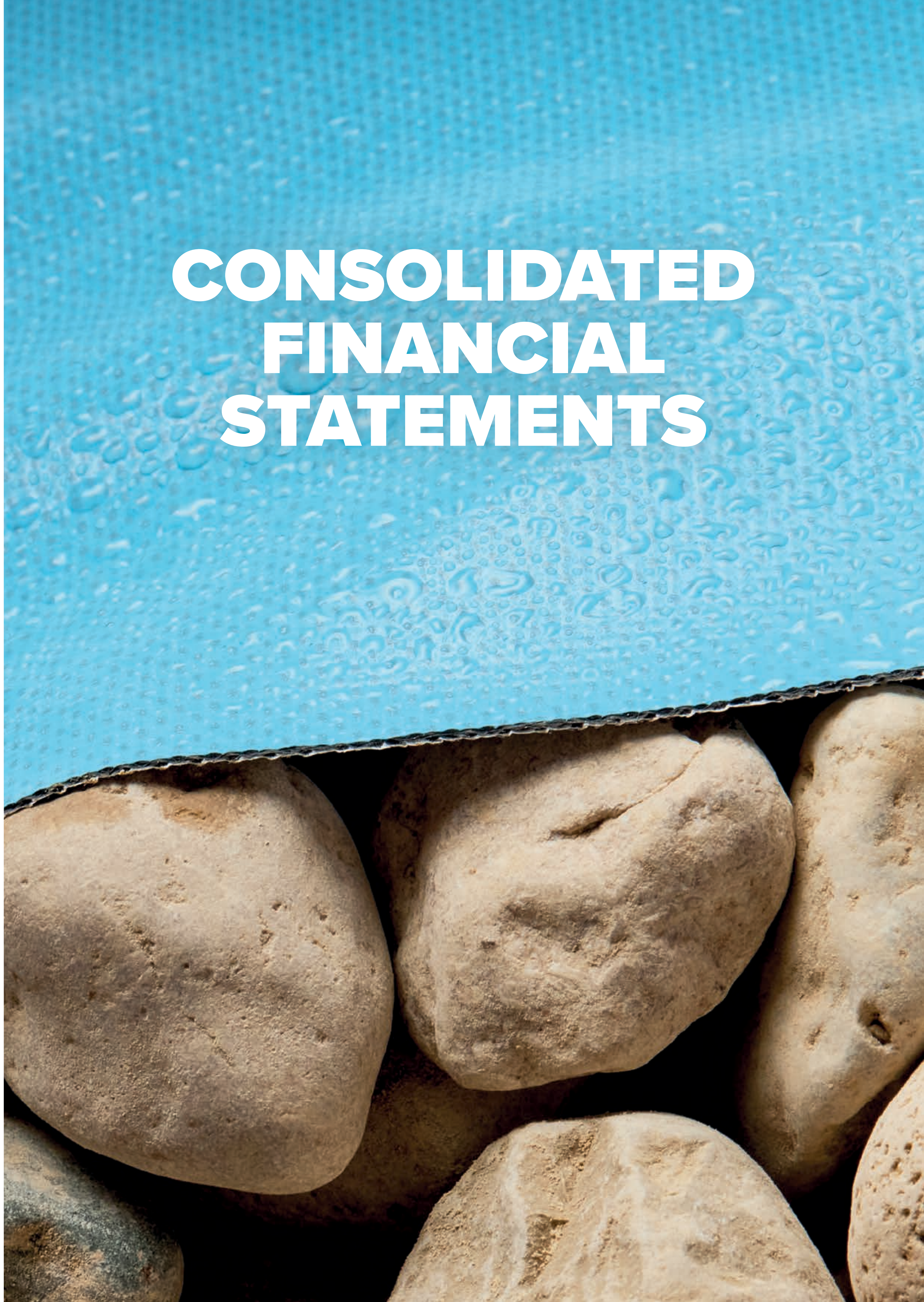
b. No contraventions of any applicable code of professional conduct in relation to the audit; and

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

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

Ernst & Young

Amy Hudson
Partner
29 August 2025



CONSOLIDATED FINANCIAL STATEMENTS

Gale Pacific Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	Consolidated 2025 $'000	2024 $'000
Revenue			
Revenue from contracts with customers	4	171,988	173,976
Other income	5	716	1,028
Expenses			
Raw materials and consumables used		(79,059)	(79,524)
Employee benefits expense	6	(40,127)	(40,362)
Depreciation and amortisation expense	6	(11,860)	(11,808)
Marketing and advertising		(2,751)	(3,098)
Occupancy costs	6	(3,040)	(2,820)
Transport, warehouse and related costs	6	(10,556)	(11,540)
IT Expenses		(8,103)	(7,119)
Other expenses		(17,061)	(16,336)
Finance costs	6	(4,103)	(3,789)
Loss before income tax		(3,956)	(1,392)
Income tax (expense)/benefit	7	(1,228)	1,060
Loss after income tax (expense)/benefit for the year attributable to the owners of Gale Pacific Limited		(5,184)	(332)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax	23	(219)	(225)
Foreign currency translation	23	491	1,160
Other comprehensive income for the year, net of tax		272	935
Total comprehensive (loss)/income for the year attributable to the owners of Gale Pacific Limited		(4,912)	603
		Cents	**Cents**
Basic loss per share	8	(1.82)	(0.12)
Diluted loss per share	8	(1.82)	(0.12)

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

Gale Pacific Limited
Consolidated statement of financial position
As at 30 June 2025

	Note	Consolidated 2025 $'000	2024 $'000
Assets			
Current assets			
Cash and cash equivalents	9	18,603	29,169
Trade and other receivables	10	32,958	35,507
Inventories	11	51,259	46,774
Income tax receivable	7	482	368
Prepayments		3,071	4,175
Total current assets		106,373	115,993
Non-current assets			
Property, plant and equipment	12	26,329	28,212
Intangibles	13	14,899	15,453
Right-of-use assets	15	23,947	22,330
Deferred tax assets	7	4,094	4,605
Total non-current assets		69,269	70,600
Total assets		175,642	186,593
Liabilities			
Current liabilities			
Trade and other payables	16	23,122	28,950
Borrowings	17	27,463	29,874
Lease liabilities	20	6,952	5,991
Derivative financial instrument - hedges	26	388	60
Current tax liabilities	7	290	711
Employee benefits	18	4,839	4,944
Provisions	19	302	229
Total current liabilities		63,356	70,759
Non-current liabilities			
Lease liabilities	21	21,839	20,215
Deferred tax liabilities	7	193	245
Employee benefits		129	72
Total non-current liabilities		22,161	20,532
Total liabilities		85,517	91,291
Net assets		90,125	95,302
Equity			
Issued capital	22	63,403	63,403
Reserves	23	11,052	10,917
Retained profits		15,670	20,982
Total equity		90,125	95,302

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

Gale Pacific Limited
Consolidated statement of changes in equity
For the year ended 30 June 2025

Consolidated	Issued Capital $'000	Reserves (Note 23) $'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 32)	-	(180)	-	(180)
Transfer to Enterprise Reserve Fund	-	341	(341)	-
Balance at 30 June 2024	63,403	10,917	20,982	95,302

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

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

Gale Pacific Limited
Consolidated statement of cash flows
For the year ended 30 June 2025

	Note	Consolidated 2025 $'000	2024 $'000
Cash flows from operating activities			
Loss before income tax (expense)/benefit for the year		(3,956)	(1,392)
Adjustments for:			
Depreciation and amortisation		11,860	11,808
Share-based payments		(265)	(180)
Write off of assets		720	-
Foreign currency gain		(454)	768
Interest Income		(67)	(352)
Interest and other finance costs		4,170	4,141
		12,008	14,793
Change in operating assets and liabilities:			
Decrease in trade and other receivables		2,549	7,662
Decrease/(increase) in inventories		(4,485)	6,570
Decrease/(increase) in prepayments		1,104	(2,268)
Increase/(decrease) in trade and other payables		(5,828)	6,866
Increase/(decrease) in derivative liabilities		109	(2,741)
Decrease in employee benefits		(48)	(260)
Increase/(decrease) in other provisions		73	(395)
		5,482	30,227
Interest Income		67	352
Interest and other finance costs paid		(4,170)	(4,141)
Income taxes refunded/(paid)		(1,304)	225
Net cash from operating activities		75	26,663
Cash flows from investing activities			
Payments for property, plant and equipment	12	(1,855)	(2,220)
Payments for intangibles	13	(1,298)	(4,015)
Proceeds from disposal of property, plant and equipment		48	123
Net cash used in investing activities		(3,105)	(6,112)
Cash flows from financing activities			
Repayment of leases	25	(5,705)	(5,866)
(Repayment)/proceeds of borrowings	25	(2,054)	(9,170)
Net cash used in financing activities		(7,759)	(15,036)
Net (decrease)/increase in cash and cash equivalents		(10,789)	5,515
Cash and cash equivalents at the beginning of the financial year		29,169	23,641
Effects of exchange rate changes on cash and cash equivalents		223	13
Cash and cash equivalents at the end of the financial year	9	18,603	29,169

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

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 1. General information

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

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

145 Woodlands Drive
Braeside, VIC 3195
Australia

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

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

The financial statements were authorised for issue in accordance with a resolution of directors on 29 August 2025. The directors have the power to amend and reissue the financial statements.

Statement of Compliance

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

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

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

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 1. General information (continued)

Basis of preparation

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

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

Going Concern

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

For the year ended 30 June 2025, the Group recorded a net loss after tax of $5,184K (FY24: $332K loss) and has a net current asset position of $43,017K (2024: $45,234K). Current borrowings totalled $27,463K (FY24: $29,874K) with cash and cash equivalents totalling $18,603K (FY24: $29,169K). Net operating cash inflow for the year was $75K, a reduction from the $26,663K inflow reported in FY24 driven largely by changes in working capital.

In response to the challenging international trading conditions, the Group is advancing plans to optimise its operating model, with a particular focus on improving performance in the US market. In addition, activities are underway to diversify the Group's manufacturing footprint outside of China to mitigate the impact of further changes to US tariffs on Chinese imports. As at 30 June 2025 the Group has total financing facilities available comprising multiple facilities with HSBC in Australia, the Americas and China totalling $70,843K ("the Facilities"). As at 30 June 2025, these Facilities are drawn down to $27,463K (undrawn in the amount of $43,380K). As disclosed in note 17 the Group is in breach of its Tangible Net Worth covenant as at 30 June 2025.

As of the date of this report, HSBC has made no demands for the repayment of the borrowings other than in the ordinary course of the Facility agreements. The Group is actively engaging with HSBC to seek a waiver for the covenant breach at 30 June 2025 and is working collaboratively to establish revised covenant measures going forward. The Group's forecasts indicate the covenants need to be modified to reduce the risk of future non-compliance. These measures are expected to reflect the ongoing uncertainty arising from changes to US trade policy. HSBC has confirmed its willingness to work with the Group to restructure future covenant terms.

Existence of these events and conditions indicate that a material uncertainty exists in relation to the Group's ability to continue as a going concern, and therefore whether it would be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ to those in this financial report.

The Directors have considered the Group's cash flow forecasts, funding arrangements, and strategic plans noting there is sufficient liquidity to meet short-term trading obligations. The Directors believe the going concern basis of preparation remains appropriate based on:
· The continued support of the Group's lender, HSBC, including obtaining a waiver of the current covenant breach and the renegotiation of future covenant requirements; and
· The generation of sufficient cashflows from operations to operate within the limits of the Group's financing facilities, via the successful execution of the strategic initiatives aimed at improving operational efficiency and reducing exposure to geopolitical risks.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of recorded liabilities that might be necessary should the consolidated entity not continue as a going concern.

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:

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 2. Material accounting policy information (continued)

AASB 2022-6 Amendments to AASs – Non-current Liabilities with Covenants

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

The AASB issued AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current to clarify the requirements for classifying liabilities as current or non-current, in particular:
* The amendments specify that the conditions existing at the end of the reporting period are those used to determine if a right to defer settlement of a liability exists.
* Management intention or expectation does not affect the classification of liabilities.
* In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at the reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period.

In response to this possible outcome, in December 2022 the AASB issued AASB 2022-6 Amendments to AASs - Non-current Liabilities with Covenants:

* Clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
* Adding presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months.
* Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12months after the reporting date.

These amendments are applied retrospectively. Earlier application was permitted.

The Group has assessed the impact of AASB 2022-6 Amendments to AASs – Non-current Liabilities with Covenants and determined there is no impact to the 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 2025 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 related assets (including goodwill), liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 2. Material accounting policy information (continued)

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

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

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

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

Revenue recognition
The Group recognises revenue as follows:

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

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

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

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

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

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.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 2. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

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

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

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 2. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding'. Amounts in this report have been rounded in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

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. This requires a reassessment of the estimates used at the end of each reporting period.

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

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

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

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Judgement is required in determining the provision for income tax. 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 effective portion of changes in the fair value of cashflow hedge is recognised in other comprehensive income and accumulated in the cash flow hedge reserve within equity. The ineffective portion, if any, is recognised immediately in the income statement.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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

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

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

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

All other costs relating to the ERP 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 Chief Operating Officer (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 '**Total revenue**' and '**Segment EBITDA**' (earnings, before interest, tax, depreciation and amortisation).

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 are allocated to external revenue generating segments where the economic benefit is derived.

Central costs and foreign exchange gain/(loss) are reflected under 'Other items'.

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.

In the current period, the Group has made certain changes in the way operating segment results are being presented following changes in the internal reporting information being reviewed by the CODM. Accordingly, the comparative information in this note has also been restated to align with the above changes.

The operating segments are as follows:

Americas (AMR)	Main sales office is located in North Carolina and the distribution facilities are located both in California and South Carolina (custom window furnishing outsource manufacturing location) 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.
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.

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Note 4. Operating segments (continued)

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

Major customers
During the year ended 30 June 2025 approximately 35% (2024: 36%) of the Group's external revenue was derived from sales to two customers (2024: Two), one customer located in the Australia/New Zealand region and one customer located in the Americas region.

Operating segment information

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

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Note 4. Operating segments (continued)

Consolidated - 2024	Americas (**Restated**) $'000	Australia / New Zealand (**Restated**) $'000	Developing Markets (**Restated**) $'000	Other Items (**Restated**) $'000	Total (**Restated**) $'000
Revenue					
Sales to external customers	85,414	73,873	14,689	-	173,976
Total revenue	85,414	73,873	14,689	-	173,976
Raw materials and consumables	(41,002)	(35,376)	(3,146)	-	(79,524)
Employee benefits	(15,981)	(14,717)	(2,316)	(7,348)	(40,362)
Other expenses	(11,250)	(12,123)	(4,583)	(11,138)	(39,094)
Segment trading EBITDA	17,181	11,657	4,644	(18,486)	14,996
FX gain/(loss)	-	-	-	(791)	(791)
Segment EBITDA	17,181	11,657	4,644	(19,277)	14,205
Depreciation and amortisation	(7,283)	(4,094)	(431)	-	(11,808)
Finance costs	(2,425)	(1,204)	(160)	-	(3,789)
Profit/(Loss) before income tax	7,473	6,359	4,053	(19,277)	(1,392)
Assets					
Segment assets	78,615	50,976	8,559	48,443	186,593
Total assets					186,593
Liabilities					
Segment liabilities	47,457	29,302	1,008	13,524	91,291
Total liabilities					91,291

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 2025 $'000	Consolidated 2024 $'000
Scrap sales	544	618
Government grants	172	410
Other income	716	1,028

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Note 6. Expenses

	Consolidated	
	2025 $'000	2024 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment (note 12)	3,815	5,010
Right-of-use assets (note 15)	6,781	6,077
Total depreciation	10,596	11,087
Amortisation		
Intangible assets (note 13)	1,264	721
Total depreciation and amortisation	11,860	11,808
Employee benefit expense		
Employment costs and benefits	38,757	39,093
Post-employment benefits other than pensions	1,635	1,449
Share-based payment expense	(265)	(180)
Total employee benefit expense	40,127	40,362
Finance costs		
Interest and finance charges paid/payable on borrowings	2,463	2,813
Interest and finance charges paid/payable on lease liabilities	1,707	1,328
Interest income	(67)	(352)
Total finance costs expensed	4,103	3,789
Occupancy costs		
Variable lease payments	1,692	1,552
Utilities	1,000	844
Cleaning & rubbish removal	348	424
Total occupancy costs	3,040	2,820
Transport, warehouse and related costs		
Outbound transportation costs	8,111	9,237
Repairs and maintenance	2,330	2,242
Other	115	61
Total transport, warehouse and related costs	10,556	11,540
The following are the total lease costs recognised:		
Depreciation expense of right-of-use assets	6,781	6,077
Interest expense on lease liabilities	1,707	1,328
Variable lease payments (included in occupancy costs)	1,692	1,552
Total lease related expenses	10,180	8,957

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Note 7. Income tax

	Consolidated	
	2025 $'000	2024 $'000
Income tax expense/(benefit)		
Current tax	665	1,054
Net deferred tax expense/(benefit) - origination and reversal of temporary differences	563	(2,114)
Aggregate income tax expense/(benefit)	1,228	(1,060)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax (expense)/benefit	(3,956)	(1,392)
Tax at the statutory tax rate of 30%	(1,187)	(418)
Non allowable/(non assessable) items	465	(35)
Brought forward loss write off (USA)	3,050	-
Brought forward loss write back (NZ)	(426)	-
Difference in overseas tax rates	(674)	(607)
Income tax expense/(benefit)	1,228	(1,060)

	Consolidated	
	2025 $'000	2024 $'000
Amounts credited directly to equity		
Deferred tax assets	(104)	(97)

	Consolidated	
	2025 $'000	2024 $'000
Deferred tax asset		
Deferred taxes comprises temporary differences and tax losses attributable to:		
Tax losses	2,043	3,618
Property, plant and equipment	(1,095)	(538)
Foreign exchange	(33)	(650)
Capitalised costs	(1,522)	(2,106)
Provisions	162	519
Impairment of receivables	1	25
Other financial liabilities	2,195	1,652
Employee benefits	774	653
Right of use asset	(6,000)	(5,802)
Lease liability	6,898	6,802
Other	671	432
Deferred tax asset	4,094	4,605
Movements:		
Opening balance	4,605	2,391
Credited/(charged) to profit or loss	(615)	2,117
Credited to equity - Tax impact of the cashflow hedges. Refer note 23	104	97
Closing balance	4,094	4,605

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Note 7. Income tax (continued)

	Consolidated 2025 $'000	Consolidated 2024 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	636	509
Provisions	(286)	(320)
Employee benefits	(157)	-
Other	-	56
Deferred tax liability	193	245
Movements:		
Opening balance	245	242
Charged/(credited) to profit or loss	(52)	3
Closing balance	193	245

	Consolidated 2025 $'000	Consolidated 2024 $'000
Income tax receivable		
Income tax receivable	482	368

	Consolidated 2025 $'000	Consolidated 2024 $'000
Current tax liability		
Current tax liability	290	711

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.

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Note 7. Income tax (continued)

Tax Losses Written Off
During the financial year ended 30 June 2025, the Group reassessed the recoverability of carried-forward tax losses and tax losses previously written off by its Subsidiaries.

Based on updated forecasts and taxable income projections, management determined that $3,050k of previously recognised deferred tax assets relating to tax losses incurred by Gale Pacific USA Inc, no longer meet the recognition criteria under AASB 112 *Income Taxes* and $426k of losses previously written off by Gale Pacific (New Zealand) Limited was written back to the deferred tax assets based on the future taxable income of the subsidiary.

As a result, the entity has written off net deferred tax assets amounting to $2,624k, which has been recognised as an income tax expense in the statement of profit or loss.

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

Tax losses

As at 30 June 2025, the Group has the following unused tax losses which could be offset against future taxable income.

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

Type of loss	Amount ($000)	Expiry Date	Jurisdiction
Revenue Loss	5,391	No Expiry date	Australia
Foreign NOL - Federal/state	13,254	No Expiry date on federal /15-20 year expiry on California state ($7,326K)	United States
Foreign NOL	4,500	No Expiry	New Zealand

Management has assessed the recoverability of these losses and determined that a deferred tax asset of $2,043k (2024: $3,618k) is recoverable in respect of $6,912 of these losses shown above (Revenue loss of Australia amounting to $5,391k and Foreign NOL of New Zealand amounting to $1,521k), based on forecast taxable profits.

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.

Note 8. Earnings per share

	Consolidated 2025 $'000	Consolidated 2024 $'000
Loss after income tax attributable to the owners of Gale Pacific Limited	(5,184)	(332)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	284,204,102	282,619,431
Weighted average number of ordinary shares used in calculating diluted earnings per share	284,204,102	282,619,431

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Note 8. Earnings per share (continued)

	Cents	Cents
Basic loss per share	(1.82)	(0.12)
Diluted loss per share	(1.82)	(0.12)

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	
	2025 $'000	2024 $'000
Cash on hand	-	1
Cash at bank	18,603	29,168
	18,603	29,169

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	
	2025 $'000	2024 $'000
Trade receivables	33,369	36,336
Less: Allowance for expected credit losses	(567)	(925)
	32,802	35,411
Other receivables	156	96
	32,958	35,507

Allowance for expected credit losses
The Group has recognised a net release of expected credit loss allowance of $101,000 (2024: net charge of $152,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2025.

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

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	
	2025 $'000	2024 $'000
Trade receivables		
Not Outside of Credit Terms	25,797	30,742
Outside Credit Terms 0-30 Days	5,581	4,028
Outside Credit Terms 31-120 Days	1,048	528
Outside Credit Terms 121 Days to one year	265	219
More than One Year	678	819
	33,369	36,336
Allowance for expected credit losses		
Outside Credit Terms 31-120 Days	-	(3)
Outside Credit Terms 121 Days to one year	(27)	(103)
More than One Year	(540)	(819)
	(567)	(925)

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	
	2025 $'000	2024 $'000
Opening balance	925	1,342
Additional allowances recognised	106	261
Excess allowances released	(207)	(109)
Receivables written off during the year as uncollectable	(257)	(569)
Closing balance	567	925

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 80% (2024: 100%) 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.

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Note 11. Current assets - inventories

	Consolidated 2025 $'000	Consolidated 2024 $'000
Raw materials	11,282	11,447
Work in progress	2,029	2,398
Finished goods	42,346	35,874
Less: Provision for impairment	(4,398)	(2,945)
	37,948	32,929
	51,259	46,774

During the year $1,453K (2024: $340K) was recognised as an expense for inventories carried at net realisable value. This is recognised in **Raw materials and Consumables used**, in the income statement.

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 2025 $'000	Consolidated 2024 $'000
Buildings and leasehold improvements - at cost	18,926	18,857
Less: Accumulated depreciation	(10,033)	(9,313)
	8,893	9,544
Plant and equipment - at cost	121,016	119,130
Less: Accumulated depreciation	(104,151)	(101,312)
	16,865	17,818
Motor vehicles - at cost	308	307
Less: Accumulated depreciation	(210)	(195)
	98	112
Capital work-in-progress - at cost	473	738
	26,329	28,212

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

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 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
Additions	61	934	-	860	1,855
Disposals	-	(48)	-	-	(48)
Exchange differences	68	57	-	11	136
Transfers in/(out)	251	874	-	(1,136)	(11)
Depreciation expense	(1,031)	(2,770)	(14)	-	(3,815)
Balance at 30 June 2025	8,893	16,865	98	473	26,329

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.

Security Pledges

As at 30 June 2025, the Group has pledged the factory building (including land) with a carrying amount of $6,682K owned by **Gale Pacific Special Textiles (Ningbo) Limited**, as security for its financing arrangements with the Group's primary lender for that region, **HSBC Bank (China) Company Limited**. See note 17 for further information.

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Note 13. Non-current assets - intangibles

	Consolidated 2025 $'000	Consolidated 2024 $'000
Goodwill	3,468	3,433
Development - at cost	6,370	6,522
Less: Accumulated amortisation	(2,301)	(1,755)
	4,069	4,767
Patents, trademarks and licenses - at cost	1,697	1,693
Less: Accumulated amortisation	(1,549)	(1,524)
	148	169
Application software - at cost	16,088	9,354
Less: Accumulated amortisation	(9,577)	(8,852)
	6,511	502
Intangible work-in-progress	703	6,582
	14,899	15,453

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 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
Additions	-	567	-	-	731	1,298
Exchange differences	35	-	1	(190)	275	121
Write off of assets	-	(720)	-	-	-	(720)
Transfers in/(out)	-	-	-	6,780	(6,769)	11
Amortisation expense	-	(545)	(22)	(697)	-	(1,264)
Balance at 30 June 2025	3,468	4,069	148	6,511	703	14,899

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

	Consolidated 2025 $'000	Consolidated 2024 $'000
Goodwill		
USA (2025: US$2,044K; 2024: US$ 2,044K)	3,121	3,086
Other	347	347
	3,468	3,433

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

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

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

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

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

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

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

Research and development
Research 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.

During the financial year, the Group recognised $1,100K (2024: $835K) as research and development expenses in the income statement.

The Group reviews the carrying amount of each development costs at each reporting period for indicators of impairment. During the year, management have written off 3 projects that were no longer recoverable due to (i) recent legislative changes surrounding food packaging waste disposal (ii) further development works indicating that a project is no longer commercially viable to produce.

As a result of this an expense of $720k was recognised in the income statement under Other expenses.

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

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

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

Individually material application software

Description : Capitalised expenses relating to D365 ERP solution implemented in October 2024
Carrying Amount : $5,814K
Remaining amortisation period : 9 years and 3 months
Useful life : Finite (10 years)
Impairment : No indicators of impairment identified during the year

Intangible - work-in-progress
Intangible work-in-progress additions represent the capitalised expenses relating to a development of a new E-Commerce website (Coolaroo and Commercial) in accordance with AASB 138 – Intangible Assets and Interpretation 132 – Website costs. This new site is expected to provide future economic benefits through enhanced functionality, improved customer engagement and operational efficiencies over the current existing website.

Costs were capitalised where:
The website is intended to generate future economic benefits beyond advertising or promotional use.
The development activities occurred after the research phase and met the recognition criteria for internally generated intangible assets.
The costs are directly attributable to the development of the website's infrastructure, functionality, and content that enhances usability.

Capitalised costs include:
Software development and coding
Graphic design and user interface creation
Integration of databases and e-commerce functionality

Capitalised website development costs are amortised on a straight-line basis over their estimated useful life of 10 years commencing when the website becomes operational. As at 30 June 2025 the carrying amount of capitalised website development costs was $703k.

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

Impairment indicators

At 30 June 2025, it was assessed that indicators of impairment existed having regard to:
- the Group's market capitalisation being lower than the carrying amount of its consolidated net assets
- the current challenging trading conditions in the USA due to government policy, in particular trade policy

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

The Group has determined the value-in-use based on budgets that have been presented to the Board of Directors over a five-year period, incorporating management's best estimates of future performance, market conditions, and appropriate discount rates with the period extending beyond five years extrapolated using a terminal growth rate of 2.0%.

The assessment did not result in an impairment charge being recognised by the Group for the year ended 30 June 2025.

The impairment assessment indicates that the respective CGUs' recoverable amount exceeded its carrying amount as follows:
- Group level assessment – $4.1 million
- USA CGU assessment – $16.7 million

Other goodwill of $347,000 is not significant in comparison to the Group's total carrying amount of goodwill and is allocated across the Group.
Sensitivity analysis of key assumptions
The Group has determined that the calculations of value-in-use are most sensitive to changes in the following assumptions:

- **Discount rate (post tax)**

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating locations and is derived from its weighted average cost of capital (WACC).

- **Cash flow forecasts – cost of purchases**

The forecast cash flows are based on budgets that have been presented to the Board of Directors. In developing these forecast cash flows, the Group has applied its judgement and best estimate to assume that USA tariffs on products imported from China to the USA will remain at the levels in place at 30 June 2025. If USA tariffs increase over current levels, this would negatively impact earnings in the USA. Should this occur, the Group expects to adopt alternative manufacturing options.
These key assumptions, including changing them in isolation assuming all other assumptions are held constant that would result in the recoverable amount being equal to the carrying amount, are summarised in the table below.

Assumptions	2025 %	2025 Break Even %	2024 %
Group level impairment assessment			
Discount rate (post tax)	11.75	12.1	12.0
% increase in cost of purchases in USA in cash flow forecasts	N/A	0.8	N/A
USA CGU level impairment assessment			
Discount rate (post tax)	12.0	16.0	12.0
% increase in cost of purchases in cash flow forecasts	N/A	4.6	N/A

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

	Consolidated 2025 $'000	Consolidated 2024 $'000
Land and buildings - right-of-use	50,938	43,245
Less: Accumulated depreciation	(26,991)	(20,915)
	23,947	22,330

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 2023	28,429
Disposals	(15)
Additions	402
Exchange differences	89
Other movements	(498)
Depreciation expense	(6,077)
Balance at 30 June 2024	22,330
Additions / reassessment of lease term	8,258
Exchange differences	140
Depreciation expense	(6,781)
Balance at 30 June 2025	23,947

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.

There were no short-term leases in the current financial year (2024 : Nil).

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Note 16. Current liabilities - trade and other payables

	Consolidated 2025 $'000	Consolidated 2024 $'000
Trade payables	11,127	18,281
Sundry payables and accruals - Customer rebates and variable revenue	7,204	7,156
Sundry payables and accruals - Other	4,791	3,513
	23,122	28,950

Refer to note 25 for further information on financial instruments.

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

Note 17. Current liabilities - borrowings

	Consolidated 2025 $'000	Consolidated 2024 $'000
Bank loans	27,463	29,874

During FY24 the Company secured long-term debt financing and group-wide treasury management services from HSBC Bank. The 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 asset-based revolving credit which enables each of the regions to obtain short-term financing using working capital assets as collateral. The Australia facilities require the Group to repay in full principal balances on a monthly basis. The terms of the USA facility requires cash collections from certain receivable balances of the Group to be periodically swept against the loan account for repayment of the loan.

The debt facility in China region is a revolving loan facility with land and buildings as collateral. The working capital loan is typically 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.

Facility Limits are:
Australia: ABL Facility A$20,000,000, date of maturity 3 March 2027
Australia: Capex Facility A$7,500,000, on-demand
USA: Revolving Credit US$20,000,000 ($30,543,000), date of maturity 3 March 2027
China: Working capital Facility: RMB60,000,000 ($12,800,000), renewed annually

The availability of the facilities in Australia and USA are subject to the levels of eligible working capital assets available as collateral.

In the lead-up to 30 June 2025, the Group agreed to a variation of its banking covenant measures with HSBC, reflecting the challenging economic conditions in the US market.

The Group is subject to a Tangible Net Worth covenant and a Fixed Charge Coverage Ratio covenant both of which are subject to testing quarterly. In the process of finalising the 30 June 2025 financial report, the Group determined it was not in compliance with the varied Tangible Net Worth covenant as at 30 June 2025. These financial covenants apply to the total bank loans drawn as at 30 June 2025.

This non-compliance has been formally reported to HSBC. HSBC has confirmed its willingness to work with the Group to restructure future covenant terms. Refer to note 1 Going Concern for further details.

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Note 17. Current liabilities - borrowings (continued)

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 18. Current liabilities - employee benefits

	Consolidated	
	2025 $'000	2024 $'000
Annual leave	1,604	1,745
Long service leave	674	662
Sick leave	51	36
Other benefits - bonus, accrued salaries, gratuity and other	2,510	2,501
	4,839	4,944

Note 19. Current liabilities - provisions

	Consolidated	
	2025 $'000	2024 $'000
Warranties	302	229

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	
	2025 $'000	2024 $'000
Warranty movements		
Carrying amount at the start of the year	229	624
Arising during the year	480	382
Utilised	(407)	(295)
Unused amounts reversed	-	(482)
Carrying amount at the end of the year	302	229

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.

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Note 20. Current liabilities - lease liabilities

	Consolidated	
	2025 $'000	2024 $'000
Lease liability	6,952	5,991

Refer to note 25 for further information on financial instruments.

Note 21. Non-current liabilities - lease liabilities

	Consolidated	
	2025 $'000	2024 $'000
Lease liability - 1 to 5 years	18,576	15,958
Lease liability - greater than 5 years	3,263	4,257
	21,839	20,215

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 2025			
Extension options expected not to be exercised	12,262	30,055	42,317
As at 30 June 2024			
Extension options expected not to be exercised	13,909	28,065	41,974

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Note 22. Equity - issued capital

	Consolidated 2025 Shares	2024 Shares	2025 $'000	2024 $'000
Ordinary shares - fully paid	284,637,642	284,014,642	63,403	63,403

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

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

Share buy-back
No new buy-back scheme was effective for the financial year ended 30 June 2025.

Vesting of performance rights
623,000 rights from a scheme relating to the CEO and executive managers vested during the financial year ended 30 June 2025 (2024: 7,621,600).

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

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

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

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

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

Note 23. Equity - reserves

	Consolidated 2025 $'000	2024 $'000
Foreign currency reserve	1,680	1,189
Hedging reserve - cash flow hedges	(246)	(27)
Share-based payments reserve	3,964	4,229
Enterprise reserve fund	5,654	5,526
	11,052	10,917

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.

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Note 23. Equity - reserves (continued)

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 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
Foreign currency translation *	491	-	-	-	491
Movement in hedge	-	(323)	-	-	(323)
Income tax	-	104	-	-	104
Share-based payment	-	-	(265)	-	(265)
Statutory transfers from retained earnings	-	-	-	128	128
Balance at 30 June 2025	1,680	(246)	3,964	5,654	11,052

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

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

	Consolidated 2025 $'000	2024 $'000
Related party receivable to the Company from Gale Pacific Special Textiles (Ningbo) Limited	10,855	10,734
Related party receivable to the Company from Gale Pacific (New Zealand) Limited	3,525	2,810
Monetary items identified as a net investment in a foreign operation	14,380	13,544

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

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.

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Note 25. Financial instruments (continued)

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

Market risk

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

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

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

The cashflow hedges were assessed for effectiveness and the ineffective portion was charged to the income statement.

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

	Sell Australian dollars		Average exchange rates	
	2025 $'000	2024 $'000	2025	2024
Buy US dollars/sell Australian dollars				
Maturity:				
Less than 6 months	10,535	11,275	0.6331	0.6603
6 - 12 months	1,792	1,438	0.6418	0.6606

	Sell US dollars		Average exchange rates	
	2025 $'000	2024 $'000	2025	2024
Buy Chinese Yuan/sell US Dollars				
Maturity:				
Less than 6 months	-	38,000	-	7.1200

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

	Assets		Liabilities	
Consolidated	2025 $'000	2024 $'000	2025 $'000	2024 $'000
US dollars	40,175	48,931	15,356	24,518
New Zealand dollars	590	668	2	111
Chinese renminbi	756	893	3,486	5,548
UAE dirham	2,135	1,935	-	-
	43,656	52,427	18,844	30,177

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Note 25. Financial instruments (continued)

The Group had net assets denominated in foreign currencies of $24,812K (assets of $43,656K less liabilities of $18,844K as at 30 June 2025 (2024: $22,252K (assets of $52,428K less liabilities of $30,176K)). Based on this exposure, had the Australian dollar strengthened by 5% / weakened by 5% (2024: strengthened by 5% / weakened by 5%) against these foreign currencies with all other variables held constant, the Group's loss before tax for the year would have been $143K lower/higher (2024: $68K lower/higher) and equity would have been $856K lower/higher (2024: $840K 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:

	2025		2024	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	-	18,603	-	29,169
Bank loans	7.00%	(27,463)	7.70%	(29,874)
Net exposure to cash flow interest rate risk		(8,860)		(705)

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 (2024: 100) basis points would have an adverse/favourable effect on loss before tax of $275K (2024: $299K) 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.

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Note 25. Financial instruments (continued)

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

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

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

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Note 25. Financial instruments (continued)

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 2023	39,156	32,100	71,256
Net proceeds / (repayments)	(9,170)	(5,866)	(15,036)
New / extension of leases	-	375	375
Other	(112)	95	(17)
Other movements	-	(498)	(498)
Balance at 30 June 2024	29,874	26,206	56,080
Net proceeds / (repayments)	(2,054)	(5,705)	(7,759)
New / extension of leases	-	8,258	8,258
Forex movements	(357)	32	(325)
Balance at 30 June 2025	27,463	28,791	56,254

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

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

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.

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Note 26. Fair value measurement (continued)

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. Contingent liabilities

Gale Pacific USA Inc (controlled entity) has been notified of a regulatory investigation concerning a loan of US$771,700 obtained in 2020 and subsequently forgiven under the U.S. Small Business Administration's COVID-19 response program. The investigation is ongoing and remains at a preliminary stage, with no formal proceedings initiated to date.

Based on current information, management does not consider it probable that a financial obligation will arise from this matter. Accordingly, no provision has been recognised in the financial statements.

However, due to the nature and potential implications of the investigation, the Company considers this to be a contingent liability and has disclosed it accordingly. The Company is cooperating fully with the relevant authorities and will continue to monitor developments.

Note 28. Related party transactions

Parent entity
Gale Pacific Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

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

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 29. Key management personnel disclosures

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

	Consolidated	
	2025	2024
	$	$
Short-term employee benefits	2,532,022	3,825,495
Post-employment benefits	156,335	180,941
Termination benefits	1,007,526	-
Share-based payments	(245,037)	208,873
	3,450,846	4,215,309

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	$'000	$'000
Loss after income tax	(4,278)	(570)
Total comprehensive loss	(4,497)	(796)

Statement of financial position

	Parent	
	2025	2024
	$'000	$'000
Total current assets	8,876	10,101
Total assets	98,899	95,544
Total current liabilities	23,079	20,804
Total liabilities	35,907	29,078
Equity		
Issued capital	63,403	63,403
Hedging reserve - cash flow hedges	(246)	(27)
Share-based payments reserve	3,965	4,229
Accumulated losses	(4,130)	(1,139)
Total equity	62,992	66,466

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.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 30. Parent entity information (continued)

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

Note 31. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2025 %	2024 %
Gale Pacific (New Zealand) Limited	New Zealand	100%	100%
Gale Pacific FZE	United Arab Emirates	100%	100%
Gale Pacific Special Textiles (Ningbo) Limited	China	100%	100%
Gale Pacific Trading (Ningbo) Limited	China	100%	100%
Gale Pacific USA, Inc.	USA	100%	100%

Note 32. Share-based payments

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

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

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.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 32. Share-based payments (continued)

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

2025

Grant date	Vesting date	Grant date Fair value	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
23/12/2021	30/09/2024	$0.28	2,084,000	-	(623,000)	(1,461,000)	-
06/04/2022	30/09/2024	$0.28	204,000	-	-	(204,000)	-
17/03/2023	30/09/2025	$0.24	2,809,000	-	-	(1,358,000)	1,451,000
19/10/2023	30/09/2026	$0.16	3,152,000	-	-	(3,152,000)	-
18/12/2023	30/09/2026	$0.16	5,860,000	-	-	(3,011,000)	2,849,000
20/12/2024	30/09/2027	$0.11	-	9,165,000	-	(1,187,000)	7,978,000
			14,109,000	9,165,000	(623,000)	(10,373,000)	12,278,000

2024

Grant date	Vesting date	Grant date Fair value	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
30/10/2020	30/09/2023	$0.16	1,129,000	-	-	(1,129,000)	-
23/12/2020	30/09/2023	$0.27	14,000,000	-	(7,621,600)	(6,378,400)	-
23/12/2021	30/09/2024	$0.28	2,084,000	-	-	-	2,084,000
06/04/2022	30/09/2024	$0.28	204,000	-	-	-	204,000
17/03/2023	30/09/2025	$0.24	3,223,000	-	-	(414,000)	2,809,000
19/10/2023	30/09/2026	$0.16	-	3,152,000	-	-	3,152,000
18/12/2023	30/09/2026	$0.16	-	5,860,000	-	-	5,860,000
			20,640,000	9,012,000	(7,621,600)	(7,921,400)	14,109,000

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 3.5 cents is achieved for the year ended 30 June 2027 to 100% of Rights vesting if the EPS for the year ended 30 June 2027 is 4.0 cents.

Time hurdle - The vesting of Rights is also dependent upon the employee remaining in continuous employment with the Company until 30 September 2027.

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.

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

Note 32. Share-based payments (continued)

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

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

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

Note 33. Remuneration of auditors

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

	Consolidated	
	2025 $'000	2024 $'000
Fees to Ernst & Young (Australia)		
Audit of the consolidated financial statements of the company	911	733
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing controlled entities for the consolidated financial statements	63	175
Fees for auditing the statutory financial report of any controlled entities	39	78
	102	253
	1,013	986

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

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

AASB 2024-2 Amendments to AASs – Classification and Measurement of Financial Instruments

These amendments to AASB 7 and AASB 9 Financial Instruments:

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

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

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

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

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

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

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

Gale Pacific Limited
Notes to the consolidated financial statements
30 June 2025

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

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 in the process of 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.

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 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Gale Pacific Limited
Consolidated entity disclosure statement
As at 30 June 2025

The consolidated entity disclosure statement has been prepared in accordance with s.295(3A) of the Corporations Act 2001 and includes information for each subsidiary of the Gale Pacific Limited consolidated Group as at 30 June 2025.

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

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

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

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

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

Gale Pacific Limited
Directors' declaration
30 June 2025

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 38 to page 80) 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 2025 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

David Allman
Chairman

29 August 2025
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 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2025 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Carrying value of inventories

Why significant	How our audit addressed the key audit matter
At 30 June 2025, the Group held $51.3 million in inventories at various locations, representing 29% 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 recent sales invoices for a sample of inventory items with the carrying value of inventories at 30 June 2025. ▶ Assessed the Group's disclosures included in Notes 2 and 11 of the financial report.

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Customer rebates and variable revenue

Why significant	How our audit addressed the key audit matter
The Group has various rebate and other contracted arrangements with its customers that vary on a customer and geographical basis. The Group also provides credit to customers on both a standard and non-standard basis for items including, but not limited to, promotions, 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. The accrual for customer rebates and variable revenue at 30 June 2025 is $7.2 million. Given the varied nature of the arrangements with customers and the judgement required in estimating variable revenue, customer rebates and variable revenue was considered a key audit matter.	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. ▶ 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 payments to assess the accuracy of the accruals process where applicable. ▶ Assessed the Group's disclosures included in Notes 2 and 16 of the financial report relating to judgments used in assessing variable revenue adjustments.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2025 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:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 34 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Gale Pacific Limited for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

Amy Hudson

Amy Hudson
Partner
Melbourne
29 August 2025

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ADDITIONAL SECURITIES EXCHANGE INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 25 August 2025 **(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 2025	7
Performance rights expiring 1 December 2026	7
Performance rights expiring 1 December 2027	8

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 1,051 holders of a total of 284,637,642 ordinary shares of the Company. The voting rights attaching to the ordinary shares are set out in Clause 38 of the Company's Constitution which states as follows:

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

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

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

Ordinary Fully Paid Shares			
Range	Total Holders	Units	% of Issued Capital
1 – 1,000	31	1,730	0.01
1,001 – 5,000	437	227,157	0.08
5,001 – 10,000	229	1,598,254	0.56
10,001 – 100,000	616	18,768,842	6.59
100,001 and over	218	264,041,659	92.76
Total	**1,051**	**284,637,642**	**100**

Performance Rights			
Range	Holders of performance rights expiring 1 December 2025	Holders of performance rights expiring 1 December 2026	Holders of performance rights expiring 1 December 2027
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	7	7	8
Total	**7**	**7**	**8**

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 $0.098 per unit	5,103	112	249,157

SUBSTANTIAL SHAREHOLDERS

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

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

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

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

Shareholder	No.	%
THORNEY HOLDINGS PTY LTD	71,984,262	25.29
WINDHAGER HOLDING AG	44,358,481	15.58
UBS NOMINEES PTY LTD	15,061,220	5.40
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,147,980	2.86
ARD CORPORATION PTY LTD <RIDCORP FAMILY A/C>	7,447,074	2.62
MR KENNETH JOSEPH HALL <HALL PARK A/C>	7,000,000	2.46
RATHVALE PTY LIMITED	4,958,482	1.74
BOND STREET CUSTODIANS LIMITED<ZCERNA – D02137 A/C>	4,500,000	1.58
BNP PARIBAS NOMS PTY LTD	4,404,192	1.55
RUMINATOR PTY LTD	3,950,000	1.39
SENGLEA HOLDINGS PTY LTD <CAMILLERI FAMILY A/C>	3,669,533	1.29
DE FAZIO CAPITAL PTY LTD	3,400,000	1.19
NCH PTY LTD	3,115,895	1.09
CERTANE CT PTY LTD <BC2>	3,074,958	1.08
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	2,700,000	0.95
CHILLEN PTY LIMITED (TALLEN)	2,431,317	0.85
BFA SUPER PTY LTD <GDN SUPER FUND A/C>	2,427,428	0.85
MR LESLIE JOHN FIELD + MRS EVE FIELD	2,270.000	0.80
KALIVA PTY LTD <SUPERANNUATION A/C>	2,000,000	0.70
MR MARK LAWRENCE LAVERY	1,779,647	0.63
TOTAL: TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AS AT REPORTING DATE	**198,680,469**	**69.80**

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	12,726,000	8

There are no persons who hold 20% or more of equity securities in each unquoted class.

ON MARKET BUYBACK

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

ISSUES OF SECURITIES

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

SECURITIES PURCHASED ON-MARKET

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

STOCK EXCHANGE LISTING

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

OTHER INFORMATION

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

CORPORATE DIRECTORY

For the year ended 30 June 2025

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

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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