



1H FY24 RESULTS

20 FEBRUARY 2024





AGENDA

- Results Overview
- Regional Overview
- Company Strategy
- FY24 Outlook

ABOUT GALE PACIFIC

Founded in Melbourne, Australia, in 1951, GALE Pacific is the market-leading manufacturer of technical fabrics used for consumer and commercial applications around worldwide. Today, GALE employs more than **550+ people** based in Australia, China, the United States, Europe, and Asia, with products recognised around the world for their quality, durability, sustainability, and reliability.

GALE Pacific is on a mission to inspire life to thrive with textile innovations guided by four principles:
Design, Comfort, Protection, and Sustainability.



The Company's commercial products, marketed under the GALE Pacific Commercial® brand, include knitted, coated, and advanced polymer fabrics used in a growing number of applications across the agricultural, horticultural, aquacultural, architectural, construction, mining, and packaging 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



The Company's consumer products, marketed under the Coolaroo® brand, include outdoor roller shades, shade sails, shade and garden fabrics, shade structures, and pet products. They can be found at market-leading major retailers, both in-store and online, around the world.

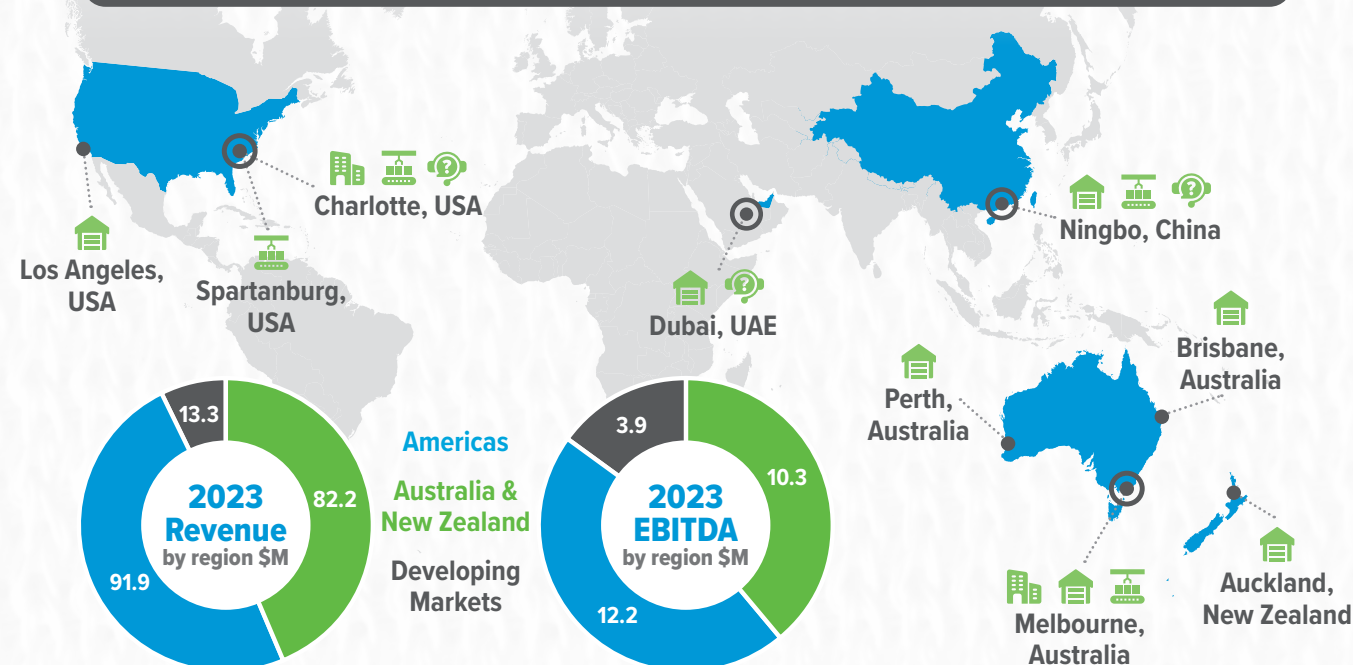
PRODUCT CATEGORIES

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



BUSINESS OVERVIEW

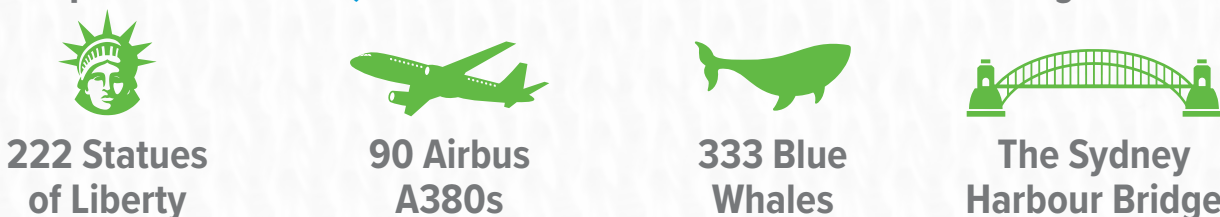
Map legend:  Head Office  Sales Office  Warehouse  Manufacturing



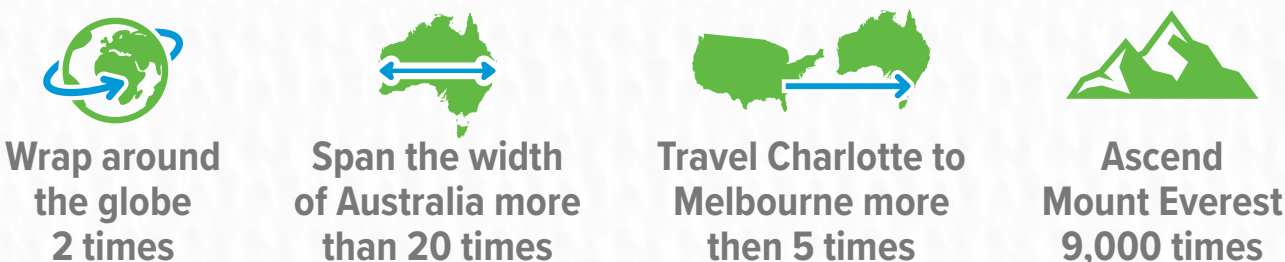
DID YOU KNOW?

Since the start of FY19 GALE Pacific has...

processed over **50,000 tonnes** of material. That is the same weight as:



& produced over **80 million metres** or **262 million feet** of fabric. That would:



COMPANY MILESTONES

1951

Harry and Barbara Gale establish Gale Scarves in Victoria, Australia. Barbara weaves products from home, while Harry sells them to local merchants.

1974

The Gales experimented with new materials and processes, eventually creating a fabric which doesn't fray or tear under tension – resulting in the invention of high density polyethylene shade fabric.

1982

The demand for shade fabric continues to grow, prompting entry into the U.S. market with the opening of the first GALE office in Orlando, Florida. GALE has been servicing major U.S. retailers and distributors ever since.

1996

GALE relocates the head office, assembly floor, and warehouse to Braeside, Melbourne. The Coolaroo® brand is born, and all consumer products are consolidated under one brand.

2000

GALE Pacific lists on the Australian Securities Exchange (ASX: GAP). GALE acquires the coated fabrics business from VISY, enabling innovation such as Landmark grain covers and growth into new verticals. GALE Middle East established.

2005

GALE builds and opens its wholly-owned, state of the art, purpose-built manufacturing facility in Ningbo, China to serve our growing global customer base.

2018

Roller Shades expand in the U.S. and Australia making it GALE's largest category. Cancer Council Australia's 2020 endorsement of Coolaroo and GALE Pacific products reinforces the Company's leadership role in sun protection.

2023

US HQ moves to Charlotte, North Carolina, a major US textile hub and home to some of our largest customers. New textile innovations, Heat Shield® and Ecobanner, launch.

GALE PACIFIC DIFFERENTIATORS



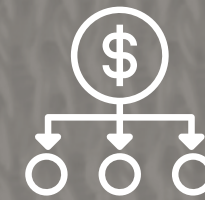
**Category & market
leading brands**



**High quality,
innovative products**



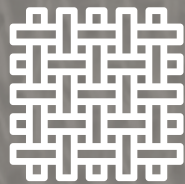
**Customer
partnerships**



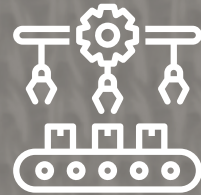
**Consumer & commercial
diversification**



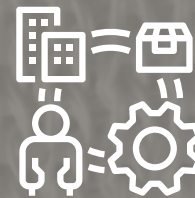
**Sustainable
product portfolio**



**Technical fabrics
expertise**



**Vertically integrated
manufacturing**



**Global distribution
& supply chain**



**On-trend, outdoor
environments**



**Sun safety
awareness**

RESULTS OVERVIEW

MACRO BACKDROP | RESULT DRIVERS

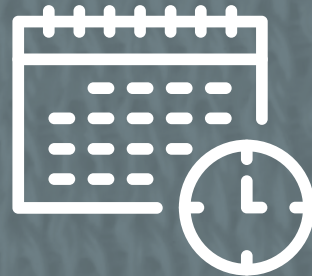
Challenging trading conditions leading to demand headwinds in 1H FY24 due to:



Unfavorable weather across Australia led to dampened demand



Improved global supply chain led to inventory reductions at customers



Shipments for US summer moved from 1H to 2H due to reduced lead times



Continued rotation of consumer spending from goods to services



High interest rates and persistent inflation



Housing market challenged by affordability & availability

RESULTS FOR 1H FY24

Profit before tax of \$(6.1)m was lower compared to the \$0.6m delivered in 1H FY23 with revenue of \$77.0m lower compared to \$92.6m delivered in 1H FY23.

The Directors have decided not to declare an interim dividend (prior year 1.0 cent, 100% franked).

	1H FY24 A\$ million	1H FY23 A\$ million	Change %
Revenue	77.0	92.6	(17)
EBITDA	2.5	7.9	(68)
EBIT	(3.9)	2.1	(>100)
Profit before tax	(6.1)	0.6	(>100)
Net profit after tax	(4.4)	0.1	(>100)
Basic EPS <i>(cents)</i>	(1.56)	0.03	-
Interim Dividend <i>(cents per share)</i>	-	1.0	-
Net cash from operating activities	19.6	(11.7)	>100%
Net cash (debt)	(2.4)	(24.7)	90%

RESULTS FOR 1H FY24

Net cash from operating activities of \$19.6m at 31 December 2023 improved over 31 December 2022 from lower global inventory, cost discipline and strong cash collection in the Americas region.

Net debt of \$2.2m improved over the prior year from working capital improvements and includes \$1.4m of spending on Microsoft Dynamics 365.

Net Cash from Operating Activities

\$19.6 million

1H FY23: \$(11.7)m

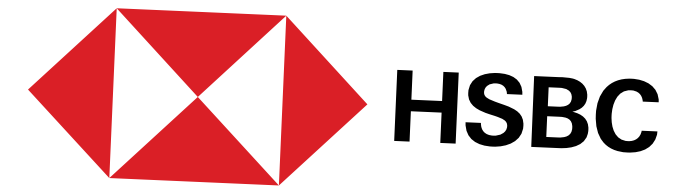
Net Debt

\$2.2 million

1H FY24: \$24.7m

GLOBAL DEBT FINANCING & TREASURY TRANSITION

- GALE Pacific has secured long-term debt financing and group-wide global treasury management services from **HSBC Bank**
- The Company's borrowing capacity will increase to approximately **AUD \$85.0m**, up from approximately AUD \$60.0m under its previous borrowing arrangement with ANZ Bank
- Streamlined, asset-based lending structure enables GALE to **reduce total borrowing and interest costs**
- Provides the capacity for increased investments in new product innovation and capital expenditure, as well as inventory to fuel the elements outlined in the Company's **Growth Acceleration Plan**.
- United States, Australia, and China debt facilities will be fully closed following the settlement of outstanding ANZ Bank loan balances in the coming weeks



REGIONAL OVERVIEW

AMERICAS

- **Revenue 1H FY24: \$29.7 million, 21% decline vs 1H FY23**
- Continued retailer inventory destocking; Q3 vs Q2 promotional load-ins; lower consumer spending; ongoing housing challenges.
- New product placements in 2H lead by Coolaroo® with Heat Shield® shade and pet products.
- Record revenue for Commercial architectural shade fabrics in 1H and planned for full year FY24
- Improved forecasting and inventory management, reduced lead times, working capital and debt while maintaining high levels of service.
- Increased capacity and efficiency of custom roller shade production in Spartanburg to fuel relaunch of the customer category in 2H.



	1H FY24	1H FY23	1H FY22	Change % FY23	Change % FY22
Revenue	29.7	37.6	32.9	(21)	(10)
EBITDA	(0.5)	1.3	(0.3)	(140)	(59)

AUSTRALIA/NEW ZEALAND

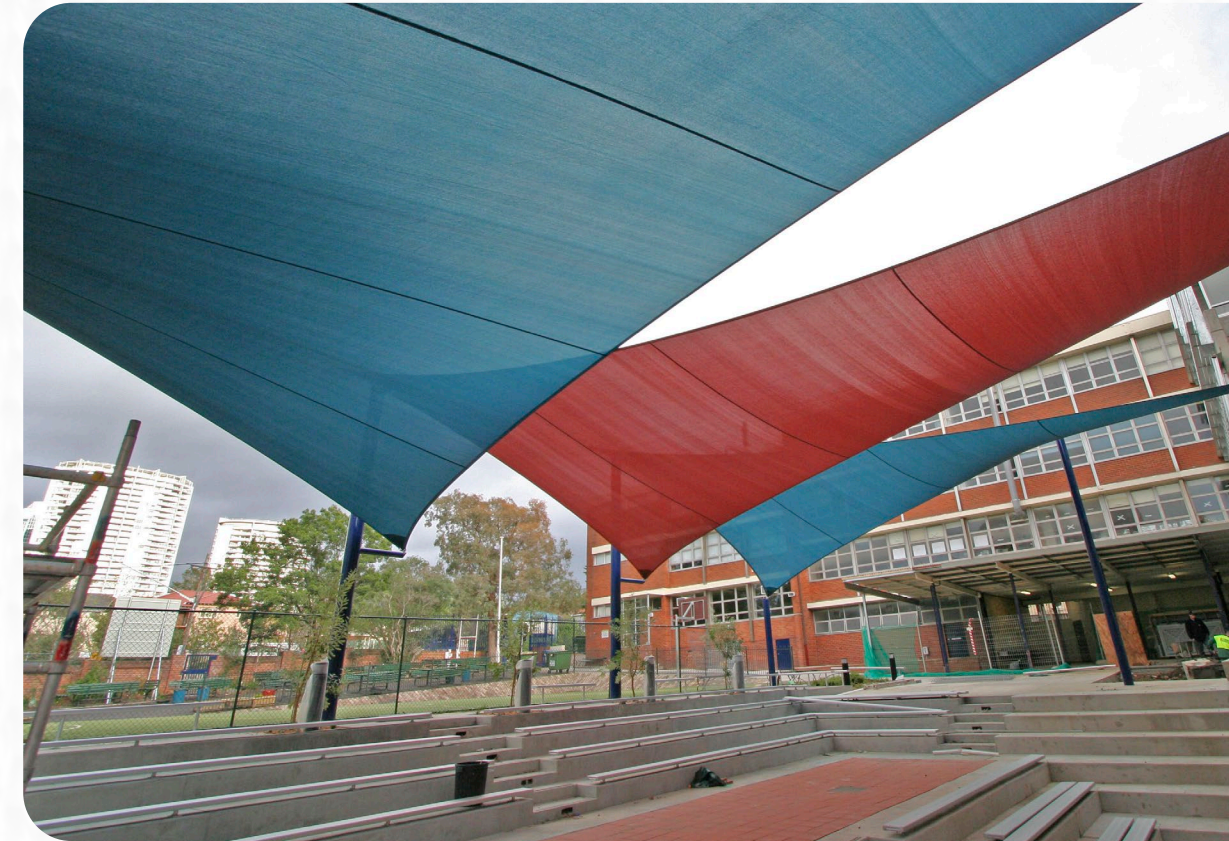
- **Revenue 1H FY24: \$42.6 million, 15% decline vs 1H FY23**
- **Poor weather across region, dampened demand for commercial grain handling and water containment fabrics, and consumer home shade categories.**
- **New consumer products: Coolaroo® with Heat Shield® shades; umbrella range at Bunnings; and gazebo/pergola distribution to major new retailer**
- **Ecobanner® awarded default position at largest out-of-home ad agency**
- **Successful trials of recycled Landmark® grain fabrics at GrainCorp**
- **Improved demand for coated non-woven products for commercial food distribution; record demand planned for 2H & FY.**
- **Efficiency initiatives completed in Q4 FY23: continued benefits in 2H FY24**



	1H FY24	1H FY23	1H FY22	Change % FY23	Change % FY22
Revenue	42.6	50.2	57.0	(15)	(25)
EBITDA	4.8	8.1	7.0	(40)	(31)

DEVELOPING MARKETS

- **Revenue 1H FY24: \$4.7 million, 3% decline vs 1H FY23**
- **Reduced demand for consumer products in Japan, shift in demand timing in Italy and Spain, and lower commercial fabric demand in Israel due to ongoing conflict.**
- **Orders in Israel have been secured for Q3 with further recovery into Q4**
- **Increased commercial shade project investment demand in Q4, planned in 2H**
- **Increased project activity, share gains, and business expansion in Saudi Arabia**
- **Overall & long dated debtors decreased in 1H; further reductions planned for 2H due to improved collections and tighter credit policy.**



	1H FY24	1H FY23	1H FY22	Change % FY23	Change % FY22
Revenue	4.7	4.8	6.0	(3)	(22)
EBITDA	0.4	1.2	1.3	(71)	(73)

COMPANY STRATEGY

COMPANY STRATEGY

**To build GALE Pacific into a faster-growing,
world-class global fabrics technology business**



**Product
Innovation**



**Category
Growth**



**Improved
Operations**



**New
Markets**

GROWTH ACCELERATION PLAN

The Growth Acceleration Plan defines how we will grow our company over the coming years by focusing our efforts, investments and teams on growing our categories, markets, supply chain, capabilities and people.

CATEGORIES

Consumer and commercial technical fabrics and associated finished goods



VALUES

Integrity | Respect
Collaboration
People
Community
Innovation



VISION

Build GALE Pacific into a fast-growing, world-class, global fabrics technology business



TEAM

A high-performance culture of great leaders and functional experts known for best-in-class results



MARKETS

Americas
Australia & New Zealand
Developing Markets

GROWTH ACCELERATION PLAN

HOW WE GROW

Delivered with **EDGE:**
Every Day Great Execution



CATEGORIES

Develop and launch breakthrough innovation in our core categories

Accelerate new & near-neighbour category entry

Accelerate penetration via leadership brand activation and communication



MARKETS

Drive category growth in retail & commercial in Australia & the U.S.

Rapidly expand distribution & availability in the U.S.

Extend our borders into Latin America & Southeast Asia; expand Canada, Middle East & Europe

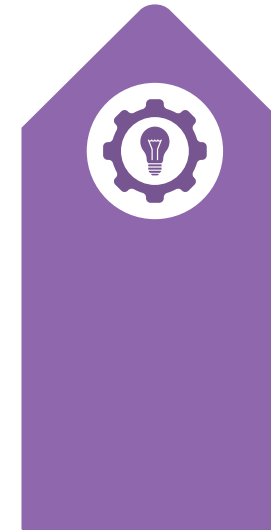


PEOPLE

Develop our functional leadership capabilities throughout organisation

Embed our Attract, Engage, Develop organisational development model

Build & empower the team to **double** by becoming an employer of choice for **top talent** to **grow** their **careers**



CAPABILITIES

Simplify our business and ways of working for improved clarity, efficiency & execution

Build & implement the right global IT strategy, tools & team to enable our growth plans

Deepen our insights & innovation capabilities to accelerate our growth strategy



SUPPLY CHAIN

Leverage one Global GALE Supply Chain - Plan, Procure, Manufacture, Deliver, Distribute & Serve

Enhance utilisation, efficiency & flexibility across our global supply chain and operations

Expand productivity delivery & **attack** trapped cost of failure



GROWTH ACCELERATION PLAN CATEGORIES



Heat reflective technology makes fabrics up to 10°C cooler and leading to category GROWTH and customer EXPANSION



Digital and in-store awareness and trial campaigns led to record sell through and impressions

JCDecaux

ooh!

ecobanner™

PVC-free printable banner fabric capable of 100% closed loop recycle & reuse solution



Develop & Launch breakthrough innovation in our core categories

Accelerate penetration via leadership brand activation and communication

Accelerate new and near neighbour category entry



GROWTH ACCELERATION PLAN

MARKETS



Launching new ranges of on-shelf Roller Shades including Heat Shield® integrated fabrics, new packaging, and new merchandising.



New breakthrough umbrella range and new Heat Shield® shade products



Expanding Coolaroo outdoor roller shades with Heat Shield® across 189 new stores in 2H24



Core shade & pet expansion in LATAM; Market development in Saudi Arabia

Drive Category Growth
in retail & commercial in
Australia & the U.S.

Rapidly Expand
distribution & availability
in the United States

Extend Our Borders into
Latin America & Southeast
Asia; expand Canada,
Middle East & Europe



GROWTH ACCELERATION PLAN

PEOPLE

GALE Leadership Behaviours "Leadership is action, not position." - Simon Sinek	Drives for Results - Communicates clear vision consistently - Holds self and others accountable - Doesn't give up - Owns successes and failures - Inspires us in tough times	Develops and Empowers Others - Provides timely open and honest feedback - Empowers individuals and teams - Makes everyone feel valued for the work they do - Sets SMART goals - Owns people's individual growth plan
Acts with Courage - Challenges the status quo - Makes tough decisions - Is not afraid to have difficult conversations - Actively breaks the team through challenges	Exemplifies Authenticity - Willing to be vulnerable - Genuinely cares for people on their team - Words and actions match - Makes employees feel open and comfortable - Has a consistent approach to decision making	Fosters Collaboration - Develops ideas with input from others - Maintains an open mind and listens - Is inclusive - Breaks teamwork between functions - Creates a learning environment

"Leadership is not about titles or the corner office. It's about the willingness to step up, put yourself out there, and look into courage. The world is desperate for brave leaders. It's time for all of us to step up." - Simon Sinek

New Training & Development, Leadership Behaviours and Performance Management Launched



Global engagement well above benchmarks; recognition & communication; engagement teams launched in AUS, US & China.

Executive functional and regional leadership reorganization complete; new, high caliber, capability and capacity Americas team in place to deliver growth aspirations for both the Company and individuals.

Develop our functional leadership capabilities throughout organization

Embed our Attract, Engage, Develop organizational development model

Build & empower the team to double by becoming an employer of choice for top talent to grow their careers



GROWTH ACCELERATION PLAN CAPABILITIES



Dynamics 365

Further improved demand planning led to lower global and regional teams with clear operating processes and defined accountability for improved, more efficient outcomes.



Dynamics 365

ERP transition to Microsoft Dynamics 365 on time, on budget, in scope, with go-live planned for late quarter four.



Innovative Heat Shield® technology being launched to new categories: custom roller shade, pet bed, and commercial shade.

Simplify our business and ways of working for improved clarity, efficiency, & execution

Build & implement the right global IT strategy, tools & team to enable our growth plans

Deepen our insights & innovation capabilities to accelerate our growth strategy



GROWTH ACCELERATION PLAN

SUPPLY CHAIN

Lowered global inventory and working capital in 1H; increased efficiency & turns

Restructuring programs in Australia & custom roller shade manufacturing transition complete, savings reading through in FY24

New efficiency projects launched in FY23 reading through in FY24 with additional cost reduction initiatives planned for 2H.

Leverage one Global GALE Supply Chain – Plan, Procure, Manufacture, Deliver, Distribute & Serve

Enhance utilisation, efficiency & flexibility across our global supply chain and operations

Expand productivity and deliverability, and attack trapped cost of failure



OUTLOOK

The Company expects improved results in the second half, driven largely by:

- the launch of patented new Coolaroo with Heat Shield® shade products in the US,
- increased distribution of core product ranges across new retailer locations in the US,
- incremental promotional placements across retailers in the US,
- core range on-hand inventory increases across Americas customers in preparation for the northern hemisphere summer selling season,
- sell-through improvement compared to the prior corresponding period across US retail customers,
- favourable trading conditions and market share gains resulting in increased demand for the Company's commercial fabric ranges in the US, Australia, and the Middle East,
- relative input cost stability,
- further operational efficiency initiatives,
- increased manufacturing volumes,
- favorable product mix and pricing consistency leading to margin expansion.



THANK YOU



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Disclaimer: Statements contained in this presentation, particularly those regarding possible or assumed future performance, estimated company earnings, potential growth of the Company, industry growth or other trend projections are or may be forward looking statements. Such statements relate to future events and expectations and therefore involve unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward looking statements.