

Half Year Results for the Period Ended 31 December 2025

GALE Pacific Limited
(ASX: GAP)
25 February 2026

Operational discipline and cash generation underpin first half performance

GALE Pacific Limited (GALE or the Company) today reported its results for the half year ended 31 December 2025 (H1 FY26), demonstrating strong cash generation and lower operating costs despite softer trading conditions in key markets.

\$ Million	H1 FY26	H1 FY25	Change %
Revenue	82.0	90.7	(9.5)
EBITDA	5.3	5.6	(4.9)
Net Profit (Loss) after Tax	(3.3)	(1.0)	(230)
Net Cash from Operating Activities	15.1	(2.4)	740
Net Cash / (Debt)	1.9	(8.9)	122

Note: Percentages are calculated using unrounded figures and may not reconcile to amounts presented in \$ millions due to rounding.

Financial Highlights

Operating cash inflow of \$15.1 million, a \$17.5 million improvement on the prior corresponding period (PCP) driven by improved working capital.

Net cash/(debt) position of \$1.9 million at 31 December 2025.

EBITDA of \$5.3 million, exceeding November 2025 guidance provided at the AGM, supported by margin improvement initiatives, reduced overheads and optimisation benefits in the U.S. business.

Revenue of \$82 million, down 9.5% on the PCP, reflecting softer U.S. demand and a weather-impacted start to the Australian retail season.

Net loss after tax of \$3.3 million, reflecting lower revenue, partially offset by operating model efficiencies.

Key Drivers of Performance

- Working capital efficiency delivering improved operating cashflow.
- Implementation of operating efficiencies delivered a more streamlined cost base.
- U.S. trading conditions impacted significantly in H1 FY26 by U.S. trade policies and weaker consumer confidence.
- Refined inventory fulfillment approach implemented with major retailers in the U.S. to reduce overstocking.
- Softer start to Aust/NZ Summer peak trading season for Coolaroo product range due to inclement weather.
- Solid grain season in Australia, however lower volumes compared to H1 FY25.
- Elevated geopolitical instability impacting some Middle East markets.

Regional Results

Australia / New Zealand

Overall revenue declined 5.4%, driven largely by lower Commercial revenue (9.8% lower) from lower grain storage fabric volume compared to the prior year, despite being above our initial expectations at the commencement of the volume winter harvest period. Retail revenue declined 2.1% on the PCP from a slower start to the summer peak trading season due to adverse weather across the East Coast reducing demand for the Company's consumer shade products. Despite this, overall EBITDA improved 11.3% through margin and operating cost focus. During the first half the Company secured the long-term contract extension with a high volume Commercial customer.

Americas

Revenue declined 19.9% due to weaker underlying retail demand combined with the non-repeat of inflated inventory fulfillment to our retail partners in the prior period. Broader macroeconomic factors relating to much weaker consumer sentiment and uncertainty surrounding U.S. trade policy, impacted sell through of the Company's product through major retailers during the final stages of the peak North American summer trading season.

The company has implemented a deliberate and more measured approach to managing inventory fulfillment with major retailers and this reset contributed significantly to the year-on-year variance in retail revenue from both the U.S and Canada (22.8% lower). Commercial revenue was more resilient despite elevated project cost pressures (7.1% lower).

Progress towards a more streamlined operating model started to deliver operating cost benefits late in the half, however, EBITDA was significantly lower (78.4%) than the prior year because of lower retail sales performance. Despite this, the Company has made solid progress towards securing new retail customers alongside range extensions and store expansions with existing customers to drive future growth.

Developing Markets

Revenue grew 6.7% from continued market expansion in the Company's higher margin commercial product category. Markets in the Middle East grew slower than expected due to unfolding geopolitical turmoil in the region which has slowed commencement of large projects that utilise GALE architectural shade fabric. However, the Company has commenced trials in the fast-growing water containment and horticulture segments in the UAE which will drive category diversification and increase revenue resilience.

New sales capability was established in Thailand to focus on growth in Southeast Asia, and shortly after the end of the half, a new distribution agreement was signed in India. EBITDA was marginally lower than the prior period due to the increased investment in sales capability which should start to deliver benefits in the second half of FY26.

GALE CEO Troy Mortleman commented:

"While trading conditions in the U.S. remain challenging and the Australian retail season started later than usual, the first half demonstrates that the changes we've made to our operating model are delivering tangible results.

We achieved improved margins except for U.S. retail, materially reduced our cost base and generated strong operating cash flow, which significantly strengthened our balance sheet position. Importantly, the business is now more resilient, with a streamlined U.S. operating structure and steady progress being achieved in diversifying our overall manufacturing footprint.

We enter the second half focused on maintaining disciplined execution—continuing to drive productivity, protect margins and maintain strong cash conversion."

Going Concern

The Directors consider the going concern basis of preparation of the Interim Financial Report to be appropriate, having regard to the Group's operating cash flow performance, the continued support of its lender, including covenant waivers, and the proposed amendments to the Group's financing facilities, as disclosed in the financial statements.

The independent auditor's review report includes a paragraph drawing attention to this material uncertainty.

Outlook

The Company is encouraged by the progress achieved during the first half, particularly in relation to operating discipline and cash generation.

While global trading conditions remain challenging, GALE enters the second half of FY26 with a more efficient cost base, improved cash conversion, a strengthened U.S. operating model and progress towards a more diversified manufacturing structure.

Management remains focused on productivity and continued implementation of strategic initiatives, particularly those that will deliver growth across all regions.

Given the level of uncertainty that persists in the U.S. Retail market, the Company believes it is prudent to refrain from providing full year guidance at this time.

Investor and analyst webinar

Chief Executive Officer, Troy Mortleman and Chief Financial Officer, Dexter Clarke will hold a webinar briefing for analysts and investors on Wednesday, 25 February 2026 at 11am (AEDT).

An accompanying presentation will be available via the ASX announcements platform before the call. Attendees are required to register beforehand. After registering, a confirmation email will be sent containing information on how to join the webinar.

The webinar will include an opportunity for attendees to ask questions. Alternatively, investors can submit questions before to the webinar via investor.relations@galepacific.com.

To register, please go to: <https://events.teams.microsoft.com/event/a70ce3a4-0adc-4320-8d1e-2154bfa0e6a3@24c273b3-c88e-4a8b-a196-eb387bcc499d>



About GALE Pacific

GALE Pacific is a market-leading manufacturer of technical fabrics used for consumer and commercial applications around the world. Founded in Melbourne, Australia in 1951, today GALE has operations in Australia, New Zealand, the United States, China, and Dubai and employs more than 400 people worldwide. GALE's products are sold across Australia, New Zealand, Asia, the Americas, Europe, the Middle East, and a growing number of additional markets.

GALE's products are recognised around the world for their innovative technology, quality, durability, and reliability. 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.

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.

GALE's core strategy is to accelerate its growth as a world-class global shade solution provider through product innovation, category expansion, expanded distribution in existing and new markets, and improved operational efficiency and flexibility.

GALE Pacific Limited's shares are listed on the Australian Securities Exchange (code: GAP).

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