

ASX RELEASE INTERIM RESULTS FOR H1 FY25



GALE Pacific Limited
(ASX: GAP)
27 February 2025

Positive Momentum with Key Share Gains and Earnings Growth

GALE Pacific Limited (GALE, the Company), a leading global manufacturer of innovative and sustainable knitted, coated and advanced polymer fabric products, today announced results for the 6 months ended 31 December 2024 (H1 FY25), highlighting strong growth across key regions.

\$ million	H1 FY25	H1 FY24	Change %
Revenue	90.7	77.0	18
EBITDA	5.6	2.5	122
EBIT	0.2	(4.0)	104
Profit before tax	(1.6)	(6.1)	73
Net profit after tax	(1.0)	(4.4)	78
Basic EPS (cents)	(0.34)	(1.56)	
Final Dividend (cents per share)	Nil	Nil	
Net cash from operating activities	(2.4)	19.6	(112)
Net cash (debt)	(7.0)	(2.2)	(219)

All financial data in this report is recorded in Australia dollars (AU\$)

FINANCIAL HIGHLIGHTS

- **EBITDA:** \$5.6 million, an increase of **\$3.1 million** compared to the prior period, in line with guidance.
- **Normalised EBITDA:** **\$10.3 million**, an increase of **\$7.8 million**, excluding one-off costs related to the implementation of Dynamics 365 ERP and executive leadership changes.
- **Revenue:** \$90.7 million, representing a **18%** increase or **\$13.7 million** higher than the prior period, with growth recorded across all key operating regions.
- **Net Debt:** **\$7.0 million** as of 31 December 2024, compared to **\$2.2 million** at 31 December 2023.
- **Net Cash from Operating Activities:** **\$(2.4) million**, down from **\$19.6 million** in the prior period from working capital increases associated with higher inventory balances to support second half growth initiatives and increased debtor balances from higher revenue.
- **Full Year EBITDA Guidance:** **\$18 - 20 million**

The Company's Directors have decided **not to declare an interim dividend**, prioritising reinvestment in growth opportunities.

KEY DRIVERS OF PERFORMANCE

- **Share Gains in the United States:** Increased product placements with existing retail partners, together with continued growth in the Commercial architectural shade segment.
- **Grain Storage Demand in Australia:** Coated fabric volume increase partly driven by market share gains.
- **Peak Trading Success in Australian Retail:** Record sell-through at Bunnings during December.
- **Middle East Strength:** Strong revenue growth with share gains achieved in Saudi Arabia and disciplined credit management.
- **Currency impact:** The strengthening of the US Dollar at the end of the half resulted in an FX expense of \$2.3 million (prior year gain of \$0.4 million) with non-cash impacts of balance sheet revaluation across the Company accounting for \$1.4 million.
- **Non-recurring costs:** associated with the implementation of the new ERP platform, Dynamics 365 and executive leadership changes totalled \$4.7 million for the half. Dynamics 365 was successfully implemented during the half without any impact on service delivery.

CEO Troy Mortleman commented, “We are encouraged by our performance in the first half of FY25. Our Australia/New Zealand business benefited from strong retail momentum and increasing demand for coated fabric in grain storage. Our Developing Markets segment showed exceptional growth, particularly in the Middle East as we grew share in Saudi Arabia and maintained positive revenue and margin growth in the UAE. The highlight of the period was the outstanding performance in the Americas, where share growth and new customer wins drove meaningful gains through expanded range placements within existing customers, alongside securing distribution with new retailers that will commence across the second half of the year. With this momentum, GALE is well positioned for continued growth in H2 FY25 and beyond.”

SEGMENT RESULTS

Americas

Result for the half year to	H1 FY25	H1 FY24	Change %
Revenue	31.4	29.7	6
EBITDA	6.1	2.2	180

- Retail revenue growth driven by share gains, despite overall weak consumer demand.
- Expanded product range placements in over 2,300 stores, including the expansion of HeatShield roller shades currently being rolled out in over **1,000 Home Depot locations**.
- Secured new trading agreements with the 3rd largest home improvement retailer in the US with approximately 350 stores, and the 2nd largest specialty pet retailer in the US with approximately 1,500 stores, which will commence in the second half.
- Record revenue in the Commercial architectural shade segment driving positive year-on-year revenue and margin improvement.
- Growth in Latin America through new distribution channels.
- Improved margins delivered through product mix alongside benefits from outsourced custom roller shade production.
- Disciplined operating cost control.

Australia/New Zealand

Result for the half year to	H1 FY25	H1 FY24	Change %
Revenue	52.3	42.6	23
EBITDA	8.9	6.5	37

- Coated fabric volumes for grain storage increased driven partly by competitor share gains. A quarter of total volume used by our largest end use customer now coming from fabric manufactured with closed loop recycled materials containing GALE IP.
- Record December sell-through at Bunnings, supported by strong inventory fulfillment.
- Increased shelf space at Bunnings New Zealand through harmonised Trans-Tasman ranging.
- Continued growth in the paper contract coating and horticultural project segments.

Developing Markets

Result for the half year to	H1 FY25	H1 FY24	Change %
Revenue	7.0	4.7	50
EBITDA	3.0	0.7	342

- Revenue increase in the Middle East driven by project wins and share gains in Saudi Arabia.
- UAE revenue growth with improved margins and disciplined credit management, reducing outstanding debtor balances by 55%.
- Europe saw significant revenue growth, driven by early shipments to distributors in Spain and Italy to support the peak trading period.
- Improved margin performance across both the Middle East and Europe driving earnings growth.

Other Items

Result for the half year to	H1 FY25	H1 FY24	Change %
Corporate costs	(10.0)	(7.2)	(39)
FX	(2.3)	0.4	(575)

- Overall corporate costs increased by \$2.8 million compared to prior year with \$4.7 million of non-recurring costs in the first half associated with the implementation of Dynamics 365 and executive leadership changes.
- Corporate costs expected to be lower in H2 and into FY26 compared to prior periods.
- The strengthening of the US Dollar at the end of the half resulted in an FX expense of \$2.3 million compared to a gain of \$0.4 million in the prior period, with the non-cash impacts of balance sheet revaluation totalling \$1.4 million for the half.

OUTLOOK AND GUIDANCE

GALE Pacific remains focused on leveraging its strategic growth pillars to maintain momentum through the second half of FY25:

- **United States:** Continued revenue growth expected as share gains across retail channels are sustained, although the recent impact of additional tariffs on our products may have an adverse impact.
- **Australia:** Softening demand expected in some commercial segments.
- **Middle East:** Strong run rates to continue across the UAE and Saudi Arabia.
- **Cost Control:** Disciplined cost management and benefits from structural changes expected to deliver additional savings.

Full-Year EBITDA Guidance: \$18 to \$20 million.

GALE Pacific is confident in its ability to deliver continued growth and value creation through FY25 and beyond, supported by a robust operational foundation and new product and market opportunities.

INVESTOR AND ANALYST WEBINAR

CEO, Troy Mortleman, and Interim CFO, Arjun Bagawandas, will hold a webinar briefing for analysts and investors on 27 February 2025 at 2:00pm 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://s1.c-conf.com/diamondpass/10044462-2bm0jo.html>



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 600 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 fabrics technology business 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).

For further information please contact:

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