GALE PACIFIC LIMITED

(ASX: GAP)

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2026 AGM CHAIRMAN'S ADDRESS

This year marks GALE Pacific's 75th anniversary. This is a significant milestone for a business built in Australia that today operates globally with trusted brands, strong customer relationships and deep technical expertise.

In FY26, revenue declined 9.6% from prior year to **$155.5 million**, principally reflecting softer demand in the Americas, major geopolitical and conflict disruptions in the Middle East and lower grain fabric volumes in Australia. Despite these challenges, EBITDA increased 2.5% to **$12.3 million**, driven by an EBITDA margin improving to 7.9%.

Clearly, the level of profitability remains well below where we want it to be for shareholders. However, considerable progress was made in a number of areas during the year.

Importantly, the Company's operating metrics improved with operating expenses reducing by **$7.2 million** from prior year while inventory reduced by **$8.6 million**. These outcomes result from the numerous proactive steps taken by management to simplify the business, lower expenses and implement tighter operational controls.

Operating cash flow increased to **$21.4 million,** and as a result GALE finished the year with **$4.9 million net cash**, compared with $8.9 million of net debt a year earlier, a $13.8 million improvement.

Our focus is now shifting from resetting the business model and strengthening the balance sheet, towards **sustainable, profitable growth**, while maintaining the cost, cash and operational disciplines established.

GALE has enduring strengths: trusted brands, technical expertise, vertically integrated capabilities and longstanding customer relationships. The strategy now is to use those strengths more effectively to generate demand, expand customers and categories, and grow our Consumer and Commercial businesses. A number of key management appointments have been made recently to enhance the team's capabilities in pursuing our growth objectives.

The external environment remains challenging with continuing conflict in the Middle East, cost pressures, and rising interest rates suppressing consumer demand.

However, GALE enters FY27 with stronger foundations, a clear strategic focus, a stronger financial position, and an enhanced management team.

On behalf of the Board, I would like to thank our employees, customers, suppliers and business partners for their contribution and our shareholders for their continued support.

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Authorised by the Gale Pacific Limited Board of Directors

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