

31 January 2025

## Quarterly Activities Report and Appendix 4C For the Quarter Ended 31 December 2024

Pro-Pac Packaging Limited (ASX:PPG, “the Company”) provides the following update on its activities for the quarter ended 31 December 2024.

### Summary

- Revenue was \$73.1 million, an increase of \$4.3 million compared with the previous quarter (\$68.8 million).
- On 30 October 2024 the Company drew down on a new \$5.0 million Asset Finance Facility with ScotPac.
- On the 12 December 2024 the Company entered into a short-term financing facility of \$13.0 million with its major shareholder Bennamon Pty Ltd and related entities (Bennamon).
- As at 31 December 2024 the Company had cash on hand of \$0.6 million and unused facilities of \$8.0 million (refer to Item 7.5).
- Cash flows from operating activities for the quarter represented an outflow of \$6.0 million, reflective of operational performance combined with an increase in working capital for the quarter.

### Quarterly Activities

There were no material changes to the principal activities of the Company and its subsidiaries (“Group”) for the quarter ended 31 December 2024.

#### Appointment of new Chief Executive Officer

On the 21 November 2024, Mr Ian Shannon was appointed Chief Executive Officer and joined the Board as Managing Director replacing Mr John Cerini. John continues to hold the position of Executive Chairman of the Board.

#### Director retirement

On 28 October 2024 Rupert Harrington announced his retirement from the board effective from the end of the 2024 annual general meeting, for personal reasons.

The board intends to appoint another director to replace Rupert in due course.

### New \$5.0 million Asset Finance Facility

On 30 October 2024 the Company drew down on a new \$5.0 million Asset Finance Facility with ScotPac.

The 3-year Facility is subject to monthly principal and interest repayments, with a prevailing interest rate of 12.99%.

### ANZ overdraft facility

Following the drawdown down of the \$5.0 million Asset Finance Facility with ScotPac on the 30 October 2024 and in accordance with the contractual arrangements with ANZ, the ANZ overdraft limit reduced by \$0.8 million during the current quarter to \$3.2 million.

This overdraft limit will be further reduced by \$0.4 million on the 30 January 2024.

### New \$13.0 million short-term Finance Facility

On the 12 December 2024 the Company entered into a short-term facility with its major shareholder Bennamon, to be used to assist the Company whilst it continues to explore longer term funding arrangements.

Bennamon has signed Loan Agreements with the Company which provides for loans of up to A\$13 million covering both Australia and New Zealand. These loans are subject to PPG issuing drawdown notices to Bennamon, \$3.75 million of the total facility is at Bennamon's discretion to elect to advance the monies.

The loan availability period is up until 15 February 2025, with repayment due by 31 March 2025 although this date may be extended by the parties to 30 June 2025.

The loan has an interest rate of 10.0% and there are no fees for any unused commitment. Any unused commitment may be cancelled by either party at any time without incurring any additional fees.

The Company is currently working with advisors to explore and execute on plans for longer term funding arrangements and assist with a strategic review of its businesses.

### Revenue performance from continuing operations

The Group's revenue of \$73.1 million for the 3 months ending 31 December 2024 is set out below:

<b>Revenue by operating segment</b>	<b>Q2 FY25 \$m</b>	<b>%</b>	<b>1H FY25 \$m</b>	<b>%</b>
Flexibles	55.1	75.4	107.7	75.9
Specialty packaging	18.0	24.6	34.2	24.1
<b>Total</b>	<b>73.1</b>	<b>100.0</b>	<b>141.9</b>	<b>100.0</b>

The Group's revenue for the 3 months to 31 December 2024 was an increase of \$4.3 million from the previous quarter (Q1 FY25: \$68.8 million).

#### Activities associated with the establishment of a soft plastics recycling facility

The Group has continued to work with identified potential founding partners to source additional funding required for establishment of the soft plastic film recycling plant. Negotiation of a trade waste agreement with Albury City Council (the approving authority) is ongoing.

During the quarter there were no further funds received from Government grants or capital expenditure made.

Further information has been disclosed in the 2024 Annual Report and prior activities statements.

#### Appendix 4C: Item 6 – Payments to related parties

Payments to related parties, and their associates for the quarter ending 31 December 2024 totalled \$3,328,862 comprising:

- Remuneration of \$438,042 paid to key management personnel, in their capacity as Directors and Executives;
- Payment of \$2,890,820 for goods and services received from Visy Industries Pty Ltd and Pact Group Holdings Limited, on arm's length terms.

#### Appendix 4C: Item 7.6 – Details of Financing Facilities

As at 31 December 2024 the Group's financing facilities comprised:

- \$32.5 million debtor finance facility (of which \$25.4 million was available based on approved invoices);
- \$4.65 million asset finance facility;
- \$13.0 million short term financing facility provided by Bennamon (of which \$9.3 million was available);
- \$3.2 million bank overdraft; and
- standby credit arrangements totalling A\$2.2 million.

As at 31 December 2024 the Group had drawn down A\$36.6 million (undrawn A\$8.0 million).

As at 31 December 2024, the Group had access to the following lines of credit:

	Facility Currency	Maturity Date	Interest Rate	Total Facility limit	Facility available as at 31 December 2024	Utilised as at 31 December 2024	Repayments due within 1 year
Facilities			%	A\$'000	A\$'000	A\$'000	A\$'000
ScotPac debtor financing facility	AUD	02/12/2025	8.35%	28,000	21,881	21,881	Note A
ScotPac debtor financing facility	NZD	02/12/2025	10.01%	4,527	3,506	2,114	Note A
ScotPac asset financing facility	AUD	30/10/2027	12.99%	4,650	4,650	4,650	Note B
Bennamon short-term financing facility	AUD	31/03/2025	10.00%	12,200	8,450	2,725	Note C
Bennamon short-term financing facility	AUD	31/03/2025	10.00%	800	800	398	Note C
ANZ Interchangeable Letters of Credit and Bank Guarantees	AUD	Various	n/a	2,200	2,200	2,167	402 / Note D
ANZ Bank Overdraft	AUD	Ongoing	7.35%	3,160	3,160	2,666	Note D
<b>Total Facilities as at 31 December 2024</b>				<b>55,537</b>	<b>44,647</b>	<b>36,601</b>	<b>Note A</b>

#### **Note A**

The secured debtor finance facility has a committed limit to December 2025. The drawings made under the committed facility limit are however revolving in nature and accordingly, the debt of \$25,387 million outstanding under the facility at 31 December 2024 will be disclosed as a current liability. This facility will continue to be available to be redrawn, subject to eligible sale invoices being presented against the facility until December 2025. As at 31 December 2024, \$25.4 million (30 June 2024: \$23.2 million) of eligible sales invoices had been presented against the facility. For further information refer to the Company's 30 June 2024 Annual Report.

For the period 7 September 2024 to 30 October 2024 (date which Asset Finance Facility was drawn down), an additional 6.0% interest charge on total facilities drawn was applied.

As at 31 December 2024 the total facility limit had been temporarily increased to \$32.5 million, which will reduce to \$30.0 million as at 31 January 2025.

#### **Note B**

The secured 3-year asset financing facility is subject to monthly principal and interest repayments, with a prevailing interest rate of 12.99%.

#### **Note C**

Bennamon has signed Loan Agreements with the Company which provides for loans of up to A\$13 million covering both Australia and New Zealand. These loans are subject to PPG issuing drawdown notices to Bennamon, \$3.75 million of the total facility is at Bennamon's discretion to elect to advance the monies.

The loan availability period is up until 15 February 2025, with repayment due by 31 March 2025 although this date may be extended by the parties to 30 June 2025.

The Bennamon loan is unsecured. Priority is governed by specific Deeds with existing lenders and the Corporations Act (or Companies Act in NZ). Lender consent is required for proposed repayments in certain circumstances.

## **Note D**

The group is currently working with ANZ to prepare a refinance plan to the satisfaction of ANZ by 31 March 2025 (unless another date is agreed with ANZ).

In accordance with the contractual arrangements, the secured overdraft limit reduced by \$0.8 million during the current quarter to \$3.2 million. The overdraft limit will be further reduced by \$0.4 million on the 30 January 2024.

## **Half year results release**

We plan to release our half year results and Interim Financial Report for the period ended 31 December 2024 on 28 February 2025.

First half (unaudited) FY2025 EBITDA (before significant items) was an improvement on second half FY2024 (before significant items).

Our December trading results were below our expectations. Market conditions and exchange rate movements continue to be challenging and will impact expected results in the second half. However, management will continue to implement offsetting margin improvement initiatives.

## **About Pro-Pac:**

Pro-Pac Packaging Limited (ASX: PPG) is an innovative Flexibles and Industrial Specialty Packaging company with a diversified distribution and manufacturing network throughout Australia and New Zealand. Headquartered in Melbourne, Pro-Pac delivers bespoke packaging solutions for a broad group of blue-chip and SME clients in the industrial, food and beverage, health, agriculture and manufacturing sectors. For further information, please visit [www.ppgaust.com.au](http://www.ppgaust.com.au)

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**Appendix 4C**  
**Quarterly cash flow report for entities**  
**subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1</b>	<b>Cash flows from operating activities</b>		
1	Receipts from customers	65,784	136,875
1	Payments for		
	(a) research and development	(47)	(95)
	(b) product manufacturing and operating costs	(42,608)	(84,381)
	(c) advertising and marketing	0	0
	(d) leased assets	(131)	(131)
	(e) staff costs	(18,119)	(38,460)
	(f) administration and corporate costs	(8,984)	(17,297)
1	Dividends received (see note 3)	0	0
1	Interest received	0	0
2	Interest and other costs of finance paid	(1,927)	(3,628)
2	Income taxes paid/received	0	0
2	Government grants and tax incentives	0	0
2	Other (provide details if material)	0	0
<b>2</b>	<b>Net cash from / (used in) operating activities</b>	<b>(6,032)</b>	<b>(7,117)</b>
<b>2</b>	<b>Cash flows from investing activities</b>		
2	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	(191)	(396)
	(d) investments	0	0
	(e) intellectual property	(429)	(949)
	(f) other non-current assets	0	0
2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	60	179
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2	Cash flows from loans to other entities	0	0
2	Dividends received (see note 3)	0	0
3	Government grants received	0	0
<b>3</b>	<b>Net cash from / (used in) investing activities</b>	<b>(560)</b>	<b>(1,166)</b>
<b>3</b>	<b>Cash flows from financing activities</b>		
3	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3	Proceeds from issue of convertible debt securities	0	0
3	Proceeds from exercise of options	0	0
3	Transaction costs related to issues of equity securities or convertible debt securities	0	0
4	Proceeds from borrowings	77,919	155,490
4	Repayment of borrowings	(69,215)	(142,621)
3.70	Transaction costs related to loans and borrowings	(104)	(152)
3.80	Dividends paid	0	0
3.90	Other (repayment of Lease Liability)	(2,466)	(4,876)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>6,134</b>	<b>7,841</b>

<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,101	1,081
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,032)	(7,117)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(560)	(1,166)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,134	7,841
4.5	Effect of movement in exchange rates on cash held	(14)	(10)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>629</b>	<b>629</b>

<b>5</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances*	629	629
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>629</b>	<b>629</b>

<b>6</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter</b> <b>\$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	3,329
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7</b>	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Total available facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	<b>Loan facilities</b>			
	Debtor Financing Facility - Scotpac Business Financing	32,527	25,387	23,995
	Asset Financing Facility - Scotpac Business Financing	4,650	4,650	4,650
	Short term Financing Facility - Bennamon Pty Ltd (related entity)	13,000	9,250	3,123
7.2	<b>Credit standby arrangements</b>			
	Interchangeable Letters of Credit and Bank Guarantees - ANZ	2,200	2,200	2,167
7.3	<b>Other (ANZ bank overdraft)</b>	<b>3,160</b>	<b>3,160</b>	<b>2,666</b>
7.4	<b>Total financing facilities</b>	<b>55,537</b>	<b>44,647</b>	<b>36,601</b>
7.5	<b>Unused financing facilities available at quarter end</b>			<b>8,046</b>
	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.			
7.6	Details included in the Quarterly Activity Report.			

<b>8 Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(6,032)
8.2 Cash and cash equivalents at quarter end (item 4.6)	629
8.3 Unused finance facilities available at quarter end (item 7.5)	8,046
8.4 Total available funding (item 8.2 + item 8.3)	8,675
<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>1.44</b>
8.5 <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Refer Quarterly Activities Statement.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Refer Quarterly Activities Statement.	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Refer Quarterly Activities Statement.	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025



Authorised by: .....  
John Cerni – Executive Chairman

**Notes**

- 1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity’s activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
  - 2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
  - 3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
  - 4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [name of board committee – eg Audit and Risk Committee]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.
  - 5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
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