

30 April 2025

Quarterly Activities Report and Appendix 4C

For the Quarter Ended 31 March 2025

Pro-Pac Packaging Limited (ASX:PPG, “the Company”) provides the following update on its activities for the quarter ended 31 March 2025.

Summary

- Revenue for the March 2025 quarter was \$62.5 million, a decrease of \$6.2 million compared with the corresponding March 2024 quarter (\$68.7 million), with trading conditions softening.
- On 27 February 2025, the Company reached an agreement with Bennamon Pty Ltd (a wholly owned subsidiary of Kin Group) (“Bennamon”) to extend the \$13.0 million short term finance facility from 31 March 2025 to 1 March 2026.
- As at 31 March 2025 the Company had cash on hand of \$0.5 million and unused facilities of \$2.9 million (refer to Item 7.5).
- Cash flows from operating activities for the quarter represented an outflow of \$4.3 million, reflective of operational performance partially offset by a decrease 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 March 2025.

Revenue performance from continuing operations

The Group’s revenue of \$62.5 million for the 3 months ending 31 March 2025 is set out below:

Revenue by operating segment	Q3 FY25 \$m	%	FY25 YTD \$m	%
Flexibles	48.2	77.1	155.9	76.3
Specialty packaging	14.3	22.9	48.5	23.7
Total	62.5	100.0	204.4	100.0

The Group’s revenue for the 3 months to 31 March 2025 was a decrease of \$6.2 million compared with the corresponding March 2024 quarter (\$68.7 million), with trading conditions softening.

Update on Strategic Review

The Company announced on 1 April 2025 an update on its Strategic Review, the appointment of Chief Transformation Officer, Board Changes, and the ongoing support from its major shareholder Bennamon. Refer to the announcement available on the ASX for further details.

The Company's strategic review is ongoing, whilst it implements plans for improved profitability, reviews allocation of capital and continues to assess its short term and medium term funding arrangements (with a priority on resolving its short term funding requirements).

Directors Shareholding and Independence

Further to the announcement of 1 April 2025, the Company considered the impacts of Directors Shareholding and Independence.

As a result of acquiring a 5% interest in the Company, John Cerini and Mark Blackburn are now classified as substantial shareholders under the Corporations Act 2001 and the ASX Listing Rules, which define a substantial holding as 5% or more of an entity's voting shares.

At this time John Cerini is not considered independent due to his former executive roles with the company.

In relation to Mark Blackburn, the board has reviewed his independence status. The board does not consider his shareholding and the consideration paid to be of a size or nature that would reasonably be expected to influence his decision making or impair his ability to exercise independent judgement.

Accordingly, the board has concluded that Mark Blackburn continues to be an independent director.

Amendment to the terms of the short-term Finance Facility with Bennamon

During the March 2025 quarter, the Company reached an agreement with Bennamon to extend the facility's termination date from 31 March 2025 to 1 March 2026. The Company has fully drawn the \$13.0 million facility.

ScotPac debtor finance facility and further Bennamon support

Subsequent to 31 March 2025 Bennamon provided a \$5.0 million guarantee to ScotPac (subject to certain conditions agreed between Bennamon and ScotPac).

ScotPac temporarily increased the limit of the debtor finance facility from \$30.0 million to \$35.0 million. The increased limit remains in place, subject to ongoing review.

Drawdown availability of the debtor finance facility is subject to the seasonal movements of debtors at any particular point in time (\$24.0 million was available as at 31 March 2025).

The guarantee provided by Bennamon resulted in a commensurate \$5.0 million of funds being available to be drawn within the \$35.0 million limit of the facility (in effect adding to the eligible debtors under the facility).

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 \$0.4 million during the March 2025 quarter to \$2.75 million.

The Company satisfied the reporting requirements of ANZ by 31 March 2025. The Company continues to work closely with its financiers including ANZ and ScotPac as progress is made with the Strategic Review.

Appendix 4C: Item 6 – Payments to related parties

Payments to related parties, and their associates for the quarter ending 31 March 2025 totalled \$2,817,648 comprising:

- Remuneration of \$430,992 paid to key management personnel, in their capacity as Directors and Executives;
- Payment of \$2,386,656 for goods and services received from Visy Industries Pty Ltd and Pact Group Holdings Limited, on arm's length terms.

Cessation of securities

On the 31 March 2025, 6,104,635 performance rights granted to key management personnel and other senior executives lapsed as the relevant performance or vesting conditions were not met or had become incapable of being satisfied.

This total included 5,942,847 performance rights granted to John Cerini whilst he held the position of CEO of the Company.

Appendix 4C: Item 7.6 – Details of Financing Facilities

As at 31 March 2025 the Company's financing facilities comprised:

- \$30.0 million debtor finance facility (of which \$24.0 million was available based on approved invoices);
- \$4.3 million asset finance facility;
- \$13.0 million short term financing facility provided by Bennamon;
- \$2.75 million bank overdraft; and
- standby credit arrangements totalling A\$2.2 million.

As at 31 March 2025, the Company had drawn down A\$43.4 million (undrawn A\$2.9 million).

As at 31 March 2025, the Group had access to the following lines of credit:

	Facility Currency	Maturity Date	Interest Rate	Total Facility limit	Facility available as at 31 March 2025	Utilised as at 31 March 2025	Repayments due within 1 year
Facilities			%	A\$'000	A\$'000	A\$'000	A\$'000
ScotPac debtor financing facility	AUD	02/12/2025	9.30%	27,352	21,349	20,021	Note A
ScotPac debtor financing facility	NZD	02/12/2025	9.37%	2,648	2,648	2,109	Note A
ScotPac asset financing facility	AUD	30/10/2027	12.99%	4,288	4,288	4,288	Note B
Bennamon short-term financing facility	AUD	1/03/2026	10.00%	12,200	12,200	12,200	Note C
Bennamon short-term financing facility	AUD	1/03/2026	10.00%	800	800	800	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	9.30%	2,750	2,750	1,766	Note D
Total Facilities as at 31 March 2025				52,238	46,235	43,351	Note A

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 \$22.1 million outstanding under the facility at 31 March 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 March 2025, \$24.0 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.

As at 31 December 2024 the total facility limit was temporarily increased to \$32.5 million and subsequently reduced to the original facility limit of \$30.0 million on 31 January 2025.

Subsequent to 31 March 2025, ScotPac temporarily increased the limit of the debtor finance facility from \$30.0 million to \$35.0 million. The increased limit remains in place, subject to ongoing review.

Drawdown availability of the debtor finance facility is subject to the seasonal movements of debtors at any particular point in time (\$24.0 million was available as at 31 March 2025).

A \$5.0 million guarantee provided by Bennamon to ScotPac guarantee (subject to certain conditions agreed between Bennamon and ScotPac) resulted in a commensurate \$5.0 million of funds being available to be drawn within the \$35.0 million limit of the facility (in effect adding to the eligible debtors under the facility).

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

On the 12 December Bennamon signed Loan Agreements with the Company which provides for funds of up to A\$13.0 million covering both Australia and New Zealand. These loans are subject to the Company issuing drawdown notices to Bennamon. Under the initial terms, \$3.75 million was available at Bennamon's discretion, with a termination date of 31 March 2025.

During the current quarter, the Group reached an agreement with Bennamon to make the full A\$13.2 million loan facility available for drawdown and to extend the facility's termination date from 31 March 2025 to 1 March 2026.

As at 31 March 2025, the Company had recognised \$0.2 million of accrued interest in relation to this finance facility which is payable on termination of the facility.

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

In accordance with the contractual arrangements, the secured overdraft limit reduced by \$0.4 million during the current quarter to \$2.75 million.

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

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1	Cash flows from operating activities		
1	Receipts from customers	73,599	210,474
1	Payments for		
	(a) research and development	(15)	(110)
	(b) product manufacturing and operating costs	(45,720)	(130,101)
	(c) advertising and marketing	0	0
	(d) leased assets	(132)	(263)
	(e) staff costs	(19,585)	(58,045)
	(f) administration and corporate costs	(10,612)	(27,909)
1	Dividends received (see note 3)	0	0
1	Interest received	5	5
2	Interest and other costs of finance paid	(1,830)	(5,458)
2	Income taxes paid/received	0	0
2	Government grants and tax incentives	0	0
2	Other (provide details if material)	0	0
2	Net cash from / (used in) operating activities	(4,290)	(11,407)
2	Cash flows from investing activities		
2	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	(26)	(422)
	(d) investments	0	0
	(e) intellectual property	(121)	(1,070)
	(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	12	191
	(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
3	Net cash from / (used in) investing activities	(135)	(1,301)
3	Cash flows from financing activities		
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	78,393	233,883
4	Repayment of borrowings	(71,412)	(214,033)
3.70	Transaction costs related to loans and borrowings	(204)	(356)
3.80	Dividends paid	0	0
3.90	Other (repayment of Lease Liability)	(2,498)	(7,374)
3.10	Net cash from / (used in) financing activities	4,279	12,120

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	629	1,081
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,290)	(11,407)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(135)	(1,301)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,279	12,120
4.5	Effect of movement in exchange rates on cash held	3	(7)
4.6	Cash and cash equivalents at end of period	486	486

5	Reconciliation of cash and cash equivalents 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*	486	486
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	486	486

6	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	2,818
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>		

7	Financing facilities	Total facility amount at quarter end \$A'000	Total available facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	Loan facilities			
	Debtor Financing Facility - Scotpac Business Financing	30,000	23,997	22,130
	Asset Financing Facility - Scotpac Business Financing	4,288	4,288	4,288
	Short term Financing Facility - Bennamon Pty Ltd (related entity)	13,000	13,000	13,000
7.2	Credit standby arrangements			
	Interchangeable Letters of Credit and Bank Guarantees - ANZ	2,200	2,200	2,167
7.3	Other (ANZ bank overdraft)	2,750	2,750	1,766
7.4	Total financing facilities	52,238	46,235	43,351
7.5	Unused financing facilities available at quarter end			
	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.			
				2,884

8 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,290)
8.2 Cash and cash equivalents at quarter end (item 4.6)	486
8.3 Unused finance facilities available at quarter end (item 7.5)	2,884
8.4 Total available funding (item 8.2 + item 8.3)	3,370
Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.79
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: Yes. The Company is conducting a strategic review of its businesses, implementing plans for improved profitability, reviewing allocation of capital and continues to assess its short term and medium term funding arrangements (with a priority on resolving its short term funding requirements).	
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: Yes. As detailed in the Quarterly Activities statement, subsequent to 31 March 2025 a further \$5.0 million of the debtor finance facility was able to be drawn following a guarantee of the same being provided by Bennamon Pty Ltd to ScotPac. Should the additional \$5.0 million been available for draw down as at 31 March 2025 the estimated quarters would have been 1.95 instead of reported 0.79. The Company is continuing to work with advisors to explore and execute on plans for longer term funding arrangements and assist with a strategic review of its businesses. As all funding options are being considered (including both debt and equity), we would expect an appropriate longer term funding structure to be executed.	
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: Yes. We have an established business within Australia and New Zealand which we are continuing to look to improve the performance through profit enhancement initiatives, including headcount reduction, procurement improvement activities, price increases, and targeted revenue opportunities. Execution of planned capital projects are subject to the Company's longer term funding arrangements and business performance at the time.	
<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: 30 April 2025



Authorised by:
John Cerni – 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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