

31 October 2024

Quarterly Activities Report and Appendix 4C For the Quarter Ended 30 September 2024

Pro-Pac Packaging Limited (ASX:PPG, “the Company”) provides the following update on its activities for the quarter ended 30 September 2024.

Summary

- Revenue was \$68.8 million, slightly lower than the previous quarter (\$69.1 million).
- On 30 October 2024 the Company drew down on a new \$5.0 million Asset Finance Facility with ScotPac.
- As at 30 September 2024 the Company had cash on hand of \$1.1 million and unused facilities of \$2.8 million (refer to Item 7.6).
- Cash flows from operating activities for the quarter represented an outflow of \$1.1 million, reflective of operational performance partially offset by improved net working capital.

Quarterly Activities

There were no material changes to the principal activities of the Company and its subsidiaries (“Group”) for the quarter ended 30 September 2024.

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%.

Based on current contractual arrangements, the ANZ overdraft facility will reduce by \$1.25 million 30 days after the draw down of the \$5.0 million Asset Finance Facility with ScotPac (unless another date is agreed with ANZ).

Revenue performance from continuing operations

The Group's revenue of \$68.8 million for the 3 months ending 30 September 2024 is set out below:

Revenue by operating segment	Q1 FY25 \$m	%
Flexibles	52.6	76.5
Specialty packaging	16.2	23.5
Total	68.8	100.0

The Group's revenue for the 3 months to 30 September 2024 was a slight decrease from the previous quarter (Q4 FY24: \$69.1 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 30 September 2024 totalled \$3,275,576 comprising:

- Remuneration of \$386,025 paid to key management personnel, in their capacity as Directors and Executives;
- Payment of \$2,889,551 for goods and services received from Visy Industries Pty Ltd and Pact Group Limited, on arm's length terms.

Appendix 4C: Item 7.6 – Details of Financing Facilities

As at 30 September 2024 the Group's financing facilities comprised the A\$30.0 million debtor finance facility (of which \$24.5 million was available based on approved invoices and a temporary over advance of \$2.5 million as at 30 September 2024) and A\$4.0 million bank overdraft as well as standby credit arrangements totalling A\$2.2 million.

As at 30 September 2024 the Group had drawn down A\$27.9 million (undrawn A\$2.8 million).

As at 30 September 2024, the Group had access to the following lines of credit:

	Facility Currency	Maturity Date	Interest Rate	Total Facility limit	Facility available as at 30 September 2024	Utilised as at 30 September 2024	Repayments due within 1 year
Secured Facilities			%	A\$'000	A\$'000	A\$'000	A\$'000
ScotPac debtor financing facility	AUD	02/12/2025	8.35%	27,000	21,943	20,848	Note A/B
ScotPac debtor financing facility	NZD	02/12/2025	10.01%	3,000	2,504	1,435	Note A
ANZ Interchangeable Letters of Credit and Bank Guarantees	AUD	Various	n/a	2,200	2,200	2,125	361 / Note C
ANZ Bank Overdraft	AUD	Ongoing	7.35%	4,000	4,000	3,464	Note C
Total Facilities as at 30 September 2024				36,200	30,647	27,872	Note A

Note A

The 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 \$22.283 million outstanding under the facility at 30 September 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. For further information refer to the Company's 30 June 2024 Annual Report.

Note B

As at 30 September 2024, the Australian ScotPac debtor finance facility included a temporary over advance in addition to the approved debtor invoices of \$2.5 million.

This over advance was provided by ScotPac with reference to the in-principal approval of the new \$5.0 million Asset Finance Facility which was in process of finalising documentation. 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.

Note C

The group is currently working with ANZ to prepare a refinance plan to the satisfaction of ANZ by 14 November 2024 (unless another date is agreed with ANZ).

Based on current contractual arrangements, the overdraft facility will reduce by \$1.25 million 30 days after the draw down of the \$5.0 million settlement of the Asset Finance Facility with ScotPac (unless another date is agreed with ANZ).

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

For further information, please contact:

Investors:

Investors:

John Cerini
CEO & Executive Chairman
Email: investors@ppgaust.com.au
Tel: + 61 3 9474 4222

Patsy Ch'ng
CFO
Email: investors@ppgaust.com.au
Tel: +61 3 9474 4222

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 (3 months) \$A'000
1	Cash flows from operating activities		
1	Receipts from customers	71,091	71,091
1	Payments for		
	(a) research and development	(48)	(48)
	(b) product manufacturing and operating costs	(41,773)	(41,773)
	(c) advertising and marketing	0	0
	(d) leased assets	0	0
	(e) staff costs	(20,341)	(20,341)
	(f) administration and corporate costs	(8,313)	(8,313)
1	Dividends received (see note 3)	0	0
1	Interest received	0	0
2	Interest and other costs of finance paid	(1,701)	(1,701)
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	(1,085)	(1,085)
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	(205)	(205)
	(d) investments	0	0
	(e) intellectual property	(520)	(520)
	(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	119	119
	(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	(606)	(606)
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	77,571	77,571
4	Repayment of borrowings	(73,406)	(73,406)
3.70	Transaction costs related to loans and borrowings	(48)	(48)
3.80	Dividends paid	0	0
3.90	Other (repayment of Lease Liability)	(2,410)	(2,410)
3.10	Net cash from / (used in) financing activities	1,707	1,707

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,081	1,081
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,085)	(1,085)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(606)	(606)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,707	1,707
4.5	Effect of movement in exchange rates on cash held	4	4
4.6	Cash and cash equivalents at end of period	1,101	1,101

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*	1,101	1,101
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)	1,101	1,101

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	3,276
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	24,447	22,282
7.2	Credit standby arrangements			
	Interchangeable Letters of Credit and Bank Guarantees - ANZ	2,200	2,200	2,125
7.3	Other (ANZ bank overdraft)	4,000	4,000	3,464
7.4	Total financing facilities	36,200	30,647	27,871
7.5	Unused financing facilities available at quarter end			2,776
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.			

8 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,085)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,101
8.3 Unused finance facilities available at quarter end (item 7.5)	2,776
8.4 Total available funding (item 8.2 + item 8.3)	3,877
Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.57
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: N/A	
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: N/A	
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: N/A	
<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 October 2024



Authorised by:
John Cerni – CEO & Managing Director

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.