

Not for release or distribution in the United States

Monday, 5 September 2022

Pro-Pac Packaging Limited (ASX:PPG) announces a fully underwritten A\$30 million pro rata accelerated renounceable entitlement offer to repay existing debt facilities to provide additional financial flexibility and support the working capital requirements of the business

Executive Summary

- Pro-Pac Packaging Limited (**PPG** or the **Company**) to raise approximately A\$30 million by way of a pro rata accelerated renounceable entitlement offer of new ordinary shares in PPG to eligible existing shareholders, comprising an accelerated institutional entitlement offer and a retail entitlement offer.
- Proceeds raised (net of offer costs) will be used to repay existing debt facilities with remaining cash to be applied to provide additional financial flexibility and support the working capital requirements of the business.
- Post completion of the offer, PPG is expected to have a net debt position of A\$0.6 million
- Kin Group, PPG's largest shareholder, has committed to take up its entitlement in full and sub-underwrite up to the remainder of the Offer on the terms referred to below.
- Certain other major shareholders and Directors are supportive of the Offer and have committed to take up their entitlements in full.
- Pipeline of identified operational expenditure savings of \$6.4 million per annum, with approximately \$4.6 million expected to be realised in FY23.
- **PPG's shares will remain in suspension until the commencement of trading on Wednesday, 7 September 2022.**

Overview of the Offer

PPG is undertaking a fully underwritten 1.24 for 1 pro rata accelerated renounceable entitlement offer to raise approximately A\$30 million (**Offer**). The Offer will comprise an accelerated institutional entitlement offer (**Institutional Entitlement Offer**) and a retail entitlement offer (**Retail Entitlement Offer**).

The fixed issue price of A\$0.30 (**Offer Price**) per fully paid ordinary share (**New Share**) represents a:

- 52.8% discount to the last close price of A\$0.635 on Friday, 26 August 2022;

For personal use only

- 33.3% discount to the Theoretical Ex-Rights Price (**TERP**)¹ of A\$0.450; and
- 41.1% discount to the 5-day volume weighted average price (**VWAP**) of A\$0.510

The Offer is comprised of the following parts:

1. the Institutional Entitlement Offer - eligible institutional shareholders will be approached and required to decide whether or not they will take up their entitlement. Entitlements under the Institutional Entitlement Offer are renounceable but not able to be traded on ASX. Entitlements not taken up by eligible institutional shareholders and entitlements of ineligible institutional shareholders will be offered under a bookbuild to certain institutional investors (including those eligible institutional shareholders who took up their full entitlement);
2. the Retail Entitlement Offer - eligible retail shareholders will be allotted entitlements under the Retail Entitlement Offer under the offer booklet (**Retail Entitlement Offer Booklet**) and are required to decide whether or not they will take up their entitlement. Entitlements under the Retail Entitlement Offer are renounceable but not able to be traded on ASX; and
3. the Bookbuild and Oversubscription Facility - entitlements not taken up by eligible shareholders and entitlements of ineligible shareholders will be offered under a bookbuild to certain institutional investors, to be conducted after the close of the institutional Entitlement Offer and Retail Entitlement Offer (**Bookbuild**). Eligible retail shareholders who take up their full entitlement may also apply for additional New Shares at the price at which entitlements of renouncing and ineligible shareholders are sold under the Bookbuild, under an oversubscription facility established by the Company (**Oversubscription Facility**). There is no cap on the number of New Shares that eligible retail shareholders may apply for under the Oversubscription Facility.

If the price at which the entitlements of renouncing shareholders or ineligible shareholders are sold under the Bookbuild exceeds the Offer Price of A\$0.30, that premium amount will be paid on a pro-rata basis to renouncing or ineligible Shareholders.

The Offer provides eligible shareholders with the opportunity to take up all or part of their entitlements. Approximately 101 million New Shares, representing approximately 124% of PPG's issued capital will be issued under the Offer. New Shares issued under the Offer will rank pari passu with existing shares from their dates of issue.

Eligible retail shareholders, being shareholders on PPG's register at 7:00pm (Melbourne time) on Wednesday, 7 September 2022 with an address in Australia or New Zealand, will have the opportunity to take up their Entitlement. More information on the Retail Entitlement Offer will be provided in the Retail Entitlement Offer Booklet, including a personalised entitlement and acceptance form, expected to be dispatched on Monday, 12 September 2022.

¹ The TERP is a theoretical price at which a PPG share will trade immediately after the ex-date for the Offer assuming 100% take up of the Offer. The TERP is a theoretical calculation only and the actual price at which PPG shares will trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to PPG's closing price of \$0.635 per share on Friday, 26 August 2022.

PPG's Executive Chairman, Jonathan Ling noted *"We are pleased to offer our shareholders the opportunity to participate in the pro rata accelerated renounceable entitlement offer. The Offer Price of A\$0.30 represents a 33.3% discount to the Theoretical Ex-Rights Price for eligible shareholders. At the completion of the Offer, PPG will be in a financially improved position than we were before, with net debt of A\$0.6 million. We thank our shareholders for their support as we continue to execute on the Company's strategy."*

Major Shareholder and Director Support

Kin Group, PPG's largest shareholder, have committed to take up their entitlement in full and sub-underwrite the remainder of the Offer and will be allocated the higher of: (i) 57.6% of the shortfall shares; or (ii) its pro rata proportion of the shortfall shares based on the commitments of all sub underwriters to the Offer.

Kin Group will also be entitled to nominate up to two directors of Pro-Pac in the next 12 months, provided Kin Group's voting power in Pro-Pac is more than 50%. If Kin Group's voting power is 50% or less but more than 20%, Kin Group will be entitled to nominate one director.

Certain other major shareholders and Directors are supportive of the Offer and have committed to take up their entitlements in full.

Use of Proceeds

The proceeds of the Offer will be used to repay the syndicated debt facility of A\$5.0 million, repay the working capital facility of A\$4.3 million, and for general working capital requirements of the business. Post completion of the Offer, PPG is expected to have a net debt position of A\$0.6 million. This represents 0.3x Net Debt / LTM EBITDA.

Timetable

Event	Indicative date
Announce Offer and conduct institutional bookbuild	Monday, 5 September 2022
Institutional Entitlement Offer shortfall bookbuild	Tuesday, 6 September 2022
Announce results of Institutional Entitlement Offer	Wednesday, 7 September 2022
Suspension lifted and PPG shares recommence trading	Wednesday, 7 September 2022
Record date for Offer (7:00pm Melbourne time)	Wednesday, 7 September 2022
Retail Entitlement Offer opens	Monday, 12 September 2022
Settlement of Institutional Entitlement Offer	Wednesday, 14 September 2022
Allotment and ASX quotation of Institutional Entitlement Offer shares	Thursday, 15 September 2022
Retail Entitlement Offer closes (5:00pm Melbourne time)	Thursday, 6 October 2022
Announce results of Retail Entitlement Offer	Monday, 10 October 2022
Retail shortfall bookbuild	Wednesday, 12 October 2022
Settlement of Retail Entitlement Offer	Friday, 14 October 2022
Allotment of Retail Entitlement Offer shares	Monday, 17 October 2022
ASX quotation of Retail Entitlement Offer shares	Tuesday, 18 October 2022

1. Timetable is subject to change without notice. All dates and times displayed are Melbourne, Australia time

Additional Information

Further details of the Offer, including applicable dates are set out in the accompanying investor presentation also provided to the ASX today. The investor presentation contains important information including key risks and international offer restrictions with respect to the Offer.

The Board has authorised that this document be given to the ASX.

Further information

For further information, please contact:

Kathleen Forbes
Company Secretary
Email: investors@ppgaust.com.au
Tel: (61 3) 9474 4222

About Pro-Pac Packaging Limited

Pro-Pac Packaging is a diversified manufacturing and distribution business providing innovative flexible and industrial packaging solutions for a broad group of blue-chip clients and small-to-medium enterprises. Pro-Pac Packaging has its corporate office in Melbourne, overseeing an international footprint including Australia and New Zealand. Pro-Pac Packaging's securities are listed and quoted on the ASX. For further information on Pro-Pac Packaging visit www.ppgaust.com.au.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be registered, under the US Securities Act of 1993, as amended (the "Securities Act") and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the Securities Act and applicable US state securities laws.

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of PPG, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in Ukraine.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of PPG's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing impact of COVID-19 as well as the military conflict in Ukraine, and except as required by law or regulation, none of PPG, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to PPG as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of PPG, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

The information in this announcement is in summary form and does not contain all the information necessary to fully evaluate the transaction or investment. It should be read in conjunction with PPG's other periodic and continuous disclosure announcements lodged with the ASX. The announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and does not form the basis of any contract or commitment. All persons should consider seeking appropriate professional advice in reviewing this announcement.