APPENDIX 4D
Interim Financial Report for the half-year ended 31 December 2024

Pro-Pac Packaging Limited

ABN 36 112 971 874

Half-year ended ('Reporting Period')	Half-year ended ('Corresponding period')
31 December 2024	31 December 2023

Results for announcement to the market		%		$'000
Revenue from continuing operations	Down	10.1%	to	142,896
Revenue from discontinued operations	n/a	n/a	to	nil
Net loss from continuing operations after tax	Up	>100%	to	(36,781)
Net loss from discontinued operations after tax	n/a	n/a	to	Nil
Net loss for the period attributable to shareholders	Up	>100%	to	(36,781)

Dividends / Distributions	Amount per security	Franked amount per security	Total dividend amount $'000
Current half-year to 31 December 2024			
Interim dividend (per ordinary share)	0.0¢	0.0¢	-
Final dividend for year ended 30 June 2024	0.0¢	0.0¢	-
Prior half-year to 31 December 2023			
Interim dividend (per ordinary share)	0.0¢	0.0¢	-
Final dividend for year ended 30 June 2023	0.0¢	0.0¢	-

Net tangible assets	Reporting Period	Previous Reporting Period
Net tangible asset backing per ordinary security	$0.03*	$0.39

*$0.11 including the $ 16.1 million (tax effected) of carry forward tax losses, R&D tax offsets, and debt deductions which have not been recognised on the balance sheet as at 31 December 2024.

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For profit commentary and any other significant information needed by an investor to make an informed assessment of the financial results of Pro-Pac Packaging Limited (PPG), please refer to the accompanying Interim Financial Report.

K Forbes

Kathleen Forbes
Company Secretary
Dated: 28 February 2025

Pro-Pac Packaging Limited
ABN 36 113 971 874

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

CONTENTS

DIRECTORS' REPORT

The Directors present their report on Pro-Pac Packaging Limited (the Company) and the entities it controlled (the Group) during the half-year ended 31 December 2024.

DIRECTORS

The Directors in office during the half-year and up to the date of this report are:

Rupert Harrington (Non-executive Director, retired 21 November 2024)
Mark Blackburn (Non-executive Director)
John Cerini (CEO and Executive Chairman, resigned CEO effective 21 November 2024)
Ian Shannon (CEO and Managing Director, appointed effective 21 November 2024)

PRINCIPAL ACTIVITIES

The principal activities of the Group are the manufacture and distribution of flexible and industrial specialty packaging products.

There have been no significant changes in the nature of these activities during the half-year ended 31 December 2024.

OPERATING AND FINANCIAL REVIEW

To assist in the evaluation of the financial performance of the Group, certain measures are used that are not recognised under the Australian Accounting Standards or International Financial Reporting Standards ('IFRS') and therefore, these are considered to be non-IFRS measures.

Non-IFRS measures

This report includes the following non-IFRS measures:

- PBT represents profit/(loss) before income taxes and significant items;
- EBIT represents PBT before finance costs and interest income;
- EBITDA represents EBIT before depreciation and amortisation;
- EBITDA pre-AASB 16 means EBITDA before AASB 16 *Leases;*
- Adjusted LTM EBITDA means EBITDA before AASB 16 *Leases* for the last 12-months, adjusted for material acquisitions or disposals;
- Significant items are identified as favourable or unfavourable transactions which are outside of normal operating activities and are excluded from the segment results presented to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance;
- Working capital represents trade and other receivables and inventories, less trade and other payables;
- Net debt is calculated as borrowings, less cash and cash equivalents; and
- Net debt leverage ratio is calculated as net debt divided by Adjusted LTM EBITDA for the last 12-months.

Although the Board of Directors believe that these measures provide useful information about the financial position and performance of the Group, they should be considered to be supplementary to the interim consolidated statement of comprehensive income and interim consolidated statement of financial position presented in accordance with Accounting Standards. As these non-IFRS measures are not defined in the Accounting Standards, the way the Group may calculate these measures may differ from similarly titled measures used by other companies.

Financial performance

Group results	31 December 2024 $'000	31 December 2023 $'000	Change
Revenue	142,896	158,908	(10.1)%
Expenses	(149,312)	(157,750)	(5.3)%
EBITDA pre-AASB 16	(6,416)	1,158	>(100)%
Rental expense	6,147	5,447	12.9%
EBITDA	(269)	6,605	>(100)%
EBITDA margin	(0.2)%	4.2%	(4.4)%
Depreciation and amortisation	(8,681)	(9,222)	(5.9)%
EBIT	(8,950)	(2,617)	>(100)%
EBIT margin	(6.3)%	(1.6)%	(4.7)%
Finance costs, net	(3,885)	(2,893)	34.3%
PBT	(12,835)	(5,510)	>(100)%
PBT margin	(9.0)%	(3.5)%	(5.5)%
Significant items	(24,444)	-	100%
Loss before income tax	(37,279)	(5,510)	>(100)%
Income tax expense	498	(1,423)	>(100)%
Loss after income tax	(36,781)	(6,933)	>(100)%

Revenue

Revenue decreased 10.1% to $142.9 million (2023: $158.9 million) during the half-year reflecting the impact of:

- Sales to our major customer in the Middle East have materially affected revenue's half-year on half-year result, with a reduction of $13.6 million;
- Excluding sales to our major customer in the Middle East, Flexibles volumes were lower by 3.0%, which reflects difficult trading conditions on the back of reduced consumer spending patterns and the weather conditions in both Australia and New Zealand which have an impact on our agricultural volumes.
- Price increases were implemented during the period for recovery of costs of doing business, with the impact reduced due to lower volumes highlighted above.
- Specialty Packaging maintained volumes half year on half year, with volumes excluding exited market categories up 0.6%.

PBT & EBITDA pre-AASB 16

PBT from continuing operations declined during the half-year to a loss of $12.8 million (EBITDA pre-AASB 16 loss of $6.4 million) from $5.5 million loss (EBITDA pre-AASB 16 profit of $1.2 million) in 2023 primarily due to the reduced volumes and revenues for the period.

The Group continues to look to improve profitability in the face of challenging market conditions.

Significant items

Pre-tax loss from significant items for the half-year increased to $24.4 million (2023: $nil), which included $20.7 million impairment loss and $3.2 million non-trading provisions and accruals.

Balance sheet

	31 December 2024 $'000	30 June 2024 $'000	Change
Current assets	126,161	127,039	(0.7)%
Non-current assets	82,022	110,296	(25.6)%
Total assets	208,183	237,335	(12.3)%
Current liabilities	121,829	114,010	6.9%
Non-current liabilities	40,763	42,234	(3.5)%
Total liabilities	162,592	156,244	4.1%
Net assets	45,591	81,091	(43.8)%
Working capital	61,789	62,760	(1.5) %
Net debt (excluding government grant proceeds)	41,107	27,798	47.9%
Net debt	33,805	20,496	64.9%
Net debt leverage ratio (using adjusted LTM EBITDA)	<0.0x	4.6x	n/a

Working capital decreased by $1.0 million during the half-year, primarily due to:

- Receivables – increase of $5.8 million or 9.8%; with December 2024 quarter revenues exceeding those in the June 2024 quarter. Partially offset by:
- Inventories – decrease of $7.2 million or 11.3% primarily due to reduced raw material holdings compared to the June 2024 period.

Net debt increased by $13.3 million to $41.1 million during the period, which was a result of the negative earnings during the period.

Cash flows

	31 December 2024 $'000	31 December 2023 $'000	Change
Net cash flows from operating activities	(7,117)	899	>(100)%
Payments for plant and equipment, net of proceeds	(217)	(3,055)	(92.9)%
Payment for intangible assets	(949)	(1,864)	(49.1)%
Proceeds from/(repayments of) borrowings, net of transaction costs	12,717	2,621	>100%
Repayment of lease liability principal	(4,876)	(4,426)	10.2%

Cash flows from operating activities were an outflow of $7.1 million, which was reflective of trading results and interest cost for the period.

Net capital expenditure was $1.2 million (1H24: $4.9 million), including $0.9 million (1H24: $1.4 million) of payments in relation to the development of the new ERP system. There was minimal spend on plant and equipment for the period, with the prior period capital expenditure including $2.6 million of payments for a new Printing Press, which became operational in Q3FY24.

REVIEW OF OPERATING SEGMENTS

Flexibles Packaging

	31 December 2024 $'000	31 December 2023 $'000	Change
Revenue	108,650	124,465	(12.7)%
EBITDA pre-AASB 16 before corporate costs	(2,334)	5,669	>(100)%
Corporate Costs	(5,109)	(5,004)	2.1%
EBITDA – pre-AASB 16 after corporate costs	(7,443)	665	>(100)%
EBIT	(10,056)	(3,013)	>100%
PBT	(11,027)	(4,009)	>100%
PBT margin	*(10.1)%*	*(3.2)%*	*(6.9) bps*

Revenue decreased by 12.7% to $108.6 million (2023: $124.5 million) during the half-year reflecting the impact of:

- Sales to our major customer in the Middle East have materially affected revenue's half-year on half-year result, with a reduction of $13.6 million;
- Excluding sales to our major customer in the Middle East, Flexibles volumes were lower by 3.0%, which reflects difficult trading conditions on the back of reduced consumer spending patterns and the weather conditions in both Australia and New Zealand which have an impact on our agricultural volumes.
- Price increases were implemented during the period for recovery of costs of doing business, with the impact reduced due to lower volumes highlighted above.

The EBITDA pre-AASB 16 performance declined during the period primarily due to the reduced volumes and revenues for the period. The business continues to look to improve on operating performance in the face of a difficult trading environment.

Specialty Distribution

	31 December 2024 $'000	31 December 2023 $'000	Change
Revenue	34,246	34,443	(0.6)%
EBITDA pre-AASB 16 before corporate costs	3,324	2,633	26.2%
Corporate costs	(1,611)	(1,380)	16.7%
EBITDA pre-AASB 16 after corporate costs	1,713	1,253	36.7%
EBIT	1,792	1,156	55.0%
PBT	1,366	940	45.3%
PBT margin	*4.0%*	*2.7%*	1.3 bps

Revenue decreased by 0.6% to $34.2 million (2023: $34.4 million), which included $0.4 million reduction relating to non-core market segments. Volumes excluding exited market categories were up 0.6%.

The EBITDA pre-AASB 16 performance was an improvement on the prior period as the business concentrated on cost reduction and margin improvement.

DIRECTORS' REPORT

DIVIDENDS

There were no distributions paid or declared to equity holders of the parent entity during the half-year ended 31 December 2024 and the prior period.

OUTLOOK

First half FY2025 EBITDA (before significant items) was an improvement on second half FY2024 (before significant items), however we expect full year FY2025 to be below FY2024 EBITDA (before significant items).

Market conditions and exchange rate movements continue to be challenging and will impact expected results in the second half.

The business continues to perform below expectations, and accordingly we are currently working with advisors to undertake a strategic review of our businesses and to explore and execute on plans for improved profitability and longer term funding arrangements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the half-year ended 31 December 2024.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to 31 December 2024, the Group agreed with Bennamon Pty Ltd that the full amount of the $13.0m loan is available to be drawn and the termination date be extended from 31 March 2025 to 1 March 2026.

There were no other specific matters or circumstances that have occurred subsequent to balance date that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent years.

ROUNDING

The amounts contained in the Interim Financial Report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this Instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2024 has been received and can be found on page 9 of the Interim Financial Report.

DIRECTORS' REPORT

This Directors' Report is signed in accordance with a resolution of the Board of Directors pursuant to Section 306(3)(a) of the *Corporations Act 2001*.

Signed in Melbourne on 28 February 2025.

John Cerini
Executive Chairman

Ian Shannon
Chief Executive Officer and Managing Director

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Pro-Pac Packaging Limited

As lead auditor for the review of the half-year financial report of Pro-Pac Packaging Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pro-Pac Packaging Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

K Bodenham

Kylie Bodenham
Partner
28 February 2025

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended	Notes	31 December 2024 $'000	31 December 2023 $'000
Revenue from contracts with customers	3, 4	142,896	158,908
Raw materials and consumables used		(82,356)	(89,594)
Employee benefits expense		(37,449)	(38,836)
Occupancy, distribution, administration and selling expenses		(28,613)	(24,495)
Impairment losses		(20,681)	-
Depreciation and amortisation expense		(8,681)	(9,222)
Other income		1,490	622
Interest income		1	18
Finance costs		(3,886)	(2,911)
Loss before income tax		(37,279)	(5,510)
Income tax (expense)/benefit		498	(1,423)
Loss after income tax		(36,781)	(6,933)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss in subsequent years (net of income tax):			
Change in fair value of cash flow hedges		1,231	(1,325)
Exchange differences arising on translation of foreign operations		(192)	223
Other comprehensive income/(loss), net of income tax		1,039	(1,102)
Total comprehensive loss		(35,742)	(8,035)
Earnings per share			
EPS (cents) – Basic		(20.24)	(3.82)
EPS (cents) – Diluted		(20.24)	(3.82)
EPS from continuing operations (cents) – Basic		(20.24)	(3.82)
EPS from continuing operations (cents) – Diluted		(20.24)	(3.82)

The Interim Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Notes	31 December 2024 $'000	30 June 2024 $'000
Current assets			
Cash and cash equivalents		629	1,081
Trade and other receivables	5	65,108	59,310
Inventories		56,512	63,741
Current tax assets		42	121
Derivative financial assets	5	1,750	64
Other assets	5	2,120	2,722
Total current assets		126,161	127,039
Non-current assets			
Property, plant and equipment	9	41,030	53,990
Right-of-use assets	9	34,064	41,501
Intangible assets	9	6,928	14,805
Total non-current assets		82,022	110,296
Total assets		208,183	237,335
Current liabilities			
Trade and other payables	5	59,831	60,291
Derivative financial liabilities	5	-	76
Borrowings	5	31,298	21,577
Lease liabilities		9,454	9,836
Other liabilities		10,979	11,232
Employee entitlements		9,848	10,284
Other provisions		419	714
Total current liabilities		121,829	114,010
Non-current liabilities			
Borrowings	5	3,136	-
Lease liabilities		34,193	38,634
Employee entitlements		494	501
Deferred tax liabilities		-	22
Other provisions		2,940	3,077
Total non-current liabilities		40,763	42,234
Total liabilities		162,592	156,244
Net assets		45,591	81,091
Equity			
Issued capital	6	320,538	320,538
Reserves		2,668	1,387
Accumulated losses		(277,615)	(240,834)
Total equity		45,591	81,091

The Interim Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended	Notes	Issued Capital $'000	Accumulated losses $'000	Reserves $'000	Total $'000
Balances as at 1 July 2024		320,538	(240,834)	1,387	81,091
Loss after income tax		-	(36,781)	-	(36,781)
Other comprehensive income, net of income tax		-	-	1,039	1,039
Total comprehensive income/(loss)		-	(36,781)	1,039	(35,742)
Share-based payments expense		-	-	242	242
Balances as at 31 December 2024		320,538	(277,615)	2,668	45,591
Balances as at 1 July 2023		320,538	(187,070)	2,312	135,780
Loss after income tax		-	(6,933)	-	(6,933)
Other comprehensive income, net of income tax		-	-	(1,102)	(1,102)
Total comprehensive income/(loss)		-	(6,933)	(1,102)	(8,035)
Share-based payments expense		-	-	27	27
Balances as at 31 December 2023		320,538	(194,003)	1,237	127,772

The Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended	Notes	31 December 2024 $'000	31 December 2023 $'000
Cash flows from operating activities			
Receipts from customers		136,875	158,068
Payments to suppliers and employees		(140,364)	(155,166)
Income tax received		-	610
Interest received		-	18
Interest paid		(3,628)	(2,631)
Net cash flows from/(used) in operating activities		(7,117)	899
Cash flows from investing activities			
Payments for property, plant and equipment		(396)	(3,055)
Payments for intangible assets	3	(949)	(1,864)
Proceeds from sale of property, plant and equipment		179	-
Net cash flows used in investing activities		(1,166)	(4,919)
Cash flows from financing activities			
Repayment of borrowings		(142,621)	(150,270)
Proceeds from borrowings		155,490	152,891
Transaction costs related to borrowings		(152)	-
Repayment of lease liability principal		(4,876)	(4,426)
Net cash flows from/(used) in financing activities		7,841	(1,805)
Net increase/(decrease) in cash and cash equivalents		(442)	(5,825)
Cash and cash equivalents at the beginning of the half-year		1,081	8,323
Effect of foreign exchange		(10)	20
Cash and cash equivalents at the end of the half-year		629	2,518

The Interim Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

The interim consolidated financial statements of Pro-Pac Packaging Limited (the Company) and its controlled entities (the Group) for the half-year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 28 February 2025.

The Company is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group is principally engaged in the manufacture and distribution of flexible and industrial packaging products. Further information on the nature of the operations and principal activities of the Group is provided in the Directors' Report.

NOTE 2. BASIS OF PREPARATION

The interim consolidated financial statements for the half-year ended 31 December 2024 have been prepared in accordance with AASB 134 *Interim Financial Reporting*. The interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and therefore, the interim consolidated financial statements should be read in conjunction with the Group's annual report for the year ended 30 June 2024.

The financial statements present reclassified comparative information where required for consistency with the current period presentation.

Going concern

During the half-year ended 31 December 2024 the Group incurred a net loss after tax of $36.8 million (2023: loss $6.9 million), which included non-cash items of $28.2 million for significant items (including impairment losses), depreciation and amortisation (plant and equipment and intangibles).

Cash flow from operating activities was an outflow of $7.1 million (2023: inflow of $0.9 million).

The Directors believe the Group is a going concern which is based on the following factors;

- The Directors consideration of forecast trading results and cash flows;
- Operating within the limits and obligations of its Facilities and maintaining the continuing support of its financiers;
  - As at 31 December 2024 the Group had cash on hand of $0.6 million and unused financing facilities of $8.0 million. The total unused limit of the financing facilities was $18.9 million, however this was not fully available based on the eligible sales invoices presented against the debtor finance facility as at balance date and $3.7 million of funding which was at the discretion of Bennamon Pty Ltd. The unused financing facilities comprised of:
    - $6.1 million of the $13.0 million short term financing facility with Bennamon Pty Ltd, which had a termination date of 31 March 2025.

      Subsequent to 31 December 2024, the Group agreed with Bennamon Pty Ltd that the full amount of $13.0m is available to be drawn and the termination date be extended from 31 March 2025 to 1 March 2026.
    - $1.4 million of the $30.0 million debtor finance facility, which is subject to eligible sale invoices being presented against the facility ($25.4 million at 31 December 2024).
    - $0.5 million of the $3.2 million bank overdraft facility, which operates on an ongoing basis subject to compliance with financial covenants (the Group has received a waiver in relation to covenant requirements for 31 December 2024).

      As part of the waiver, the Group has agreed the overdraft facility will decrease to $2.75 million as at 31 January 2025 and is subject to a refinance plan to the satisfaction of ANZ by 31 March 2025.
    - $0.1 million of the $2.2 million standby credit arrangements (collectively the "Facilities").

  Refer to note 5 for further details of the operation of the Facilities.

- The group is currently working with advisors to undertake a strategic review of its businesses and to explore and execute on plans for improved profitability and longer term funding arrangements.

- The Group is currently working with identified potential founding partners to source additional funding required for the purchase and installation of equipment for the soft plastic film recycling plant as discussed below.

- The ability of the Group to generate sufficient funds from operating activities to meet its financial obligations as and when they fall due.

The generation of sufficient funds from operating activities is dependent upon the successful execution of the current initiatives (including headcount and cost reduction programs) by the business to improve the operating efficiency of the Group's manufacturing operations and achievement of revenue volume forecasts. The generation of sufficient funds is dependent upon stable market conditions and for the cash collection profile to be materially in line with the Group's cash flow forecasts.

If revenue volumes materially differ to forecast and only a minimal level of these operating efficiencies is achieved, and the Group is not able to generate sufficient funds from operating activities to meet its financial obligations and operate within the limits of its Facilities, a material uncertainty would exist in relation to the Group's ability to continue as a going concern. On this basis, the Group would need to consider other sources of funding, or it would be required to realise its assets and extinguish its liabilities other than in the normal course of business and potentially at amounts different to those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Cashflows associated with the establishment of a soft plastics recycling facility

The Group has received $10.5 million in Government grant proceeds through the Federal Government's Modern Manufacturing Initiative for the establishment of a soft plastic film recycling plant. Proceeds received in relation to this grant are to be used in line with the terms and conditions of the grant agreement.

The Group has made $3.2 million in deposits for equipment in line with the terms and conditions of the grant agreement. These deposits are refundable should the group not proceed with a purchase order.

The Group is currently working with identified potential founding partners to source additional funding required for the purchase and installation of equipment for the soft plastic film recycling plant.

The Group expects to secure funding from founding partners during 2025, at which point purchase orders will be placed and monies spent on the purchase and installation of equipment.

As a result of delays in regulatory and local council approvals, the completion date of project is not expected in line with the original government grant agreement. The Group is working closely with the Government in relation to the future milestones and requirements of the project to ensure compliance with the terms and conditions of the grant.

New accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2024, except for the adoption of amendments and interpretations effective as of 1 July 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time from 1 July 2024, but do not have a material impact on the interim consolidated financial statements of the Group for the half-year ended 31 December 2024.

NOTE 3. SEGMENT & GROUP RESULTS

The Group has identified its operating segments based on the internal reports that are regularly reviewed and used by the chief operating decision-maker in assessing financial performance and determining the allocation of resources.

Segments

The Group is organised into the following operating segments:

Flexibles	Specialty	Unallocated
The Flexibles packaging segment primarily manufactures flexible packaging materials incorporating products such as stretch and shrink wrap, agricultural silage packaging, fresh produce bags, barrier and lidding films and industrial protective films.	The Specialty packaging segment sources and distributes industrial packaging materials and related consumer products (previously known as Distribution)	Unallocated contains interest on external borrowings and the elimination of intersegment transactions within the Group and certain Group level charges that are not allocated to respective segments for the purpose of evaluating financial performance.

Segment results

To assist in the evaluation of the financial performance of the Group, certain measures are used that are not recognised under the Australian Accounting Standards or International Financial Reporting Standards (IFRS) and therefore, these are considered to be non-IFRS measures.

This report includes the following non-IFRS measures:

- PBT represents profit/(loss) before income taxes and significant items;
- EBIT represents PBT before finance costs and interest income;
- EBITDA represents EBIT before depreciation and amortisation;
- Working capital represents trade and other receivables and inventories, less trade and other payables;
- Net debt is calculated as borrowings, less cash and cash equivalents; and
- Significant items are identified as favourable or unfavourable transactions which are outside of normal operating activities and are excluded from the segment results presented to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

Although the Board of Directors believe that these measures provide useful information about the financial position and performance of the Group, they should be considered to be supplementary to the consolidated statement of comprehensive income and consolidated statement of financial position presented in accordance with Accounting Standards. As these non-IFRS measures are not defined in the Accounting Standards, the way the Group may calculate these measures may differ from similarly titled measures used by other companies.

Reclassification of comparatives

During the half year the Group changed its methodology for allocating corporate costs from an EBITDA based allocation to a revenue-based allocation to better reflect the contributions of each reporting segment. As a result, comparative figures have been restated to ensure consistency with the current periods presentation. This change does not impact the Group's total profit/(loss).

NOTE 3. SEGMENT & GROUP RESULTS (CONT'D)

For the half-year ended 31 December 2024	Flexibles $'000	Specialty $'000	Un-allocated $'000	Total $'000
External revenues	108,650	34,246	-	142,896
Intersegment revenues	(2)	-	2	-
Segment revenues	108,648	34,246	2	142,896
Segment results (PBT)	(11,027)	1,366	(3,174)	(12,835)
Significant items				(24,444)
Profit before income tax				(37,279)
Income tax expense				498
Profit after income tax				(36,781)

For the half-year ended 31 December 2023	Flexibles $'000	Specialty $'000	Un-allocated $'000	Total $'000
External revenues	124,465	34,443	-	158,908
Intersegment revenues	399	-	(399)	-
Segment revenues	124,864	34,443	(399)	158,908
Segment results (PBT)	(4,009)	940	(2,441)	(5,510)
Significant items				-
Profit before income tax				(5,510)
Income tax expense				(1,423)
Profit after income tax				(6,933)

Significant items

	Notes	31 December 2024 $'000	31 December 2023 $'000
Restructuring costs		116	-
Costs associated with prior period asset write downs		459	-
Impairment losses		20,681	-
Non-trading provisions and accruals	(a)	3,188	-
Significant items		24,444	-

(a) Includes allowance for expected credit losses and the best estimate for accruals which are of a non-trading nature.

The income tax impact of significant items during the half-year is $nil (December 2023: $nil), while payments in respect of significant items during the half-year were $870,000 (December 2023: $79,000) which included the settlement of restructuring provisions.

NOTE 3. SEGMENT & GROUP RESULTS (CONT'D)

Capital investment

The Group continues to invest in strategic initiatives to optimise operational footprint, increase manufacturing capability and drive efficiency in operations as shown in the cash flows used in investing activities in the Interim Consolidated Statement of Cash Flows.

During the half-year, capital investment included:

- $949,000 (December 2023: $1,357,000) spent on the development of the new ERP system.

NOTE 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the half-year ended 31 December 2024	Flexibles $'000	Specialty $'000	Un-allocated $'000	Total $'000
Type of goods or services				
Sale of manufactured goods	108,648	-	2	108,650
Sale of distribution goods	-	34,246	-	34,246
Revenue from contracts with customers	108,648	34,246	2	142,896
Geographic markets				
Australia	84,999	34,246	2	119,247
New Zealand	23,649	-	-	23,649
Revenue from contracts with customers	108,648	34,246	2	142,896
Timing of revenue recognition				
Goods transferred at a point in time	75,805	34,246	2	110,053
Services transferred over time	32,843	-	-	32,843
Revenue from contracts with customers	108,648	34,246	2	142,896

For the half-year ended 31 December 2023	Flexibles $'000	Specialty $'000	Un-allocated $'000	Total $'000
Type of goods or services				
Sale of manufactured goods	124,864	-	(399)	124,465
Sale of distribution goods	-	34,443	-	34,443
Revenue from contracts with customers	124,864	34,443	(399)	158,908
Geographic markets				
Australia	98,099	34,443	(399)	132,143
New Zealand	26,765	-	-	26,765
Revenue from contracts with customers	124,864	34,443	(399)	158,908
Timing of revenue recognition				
Goods transferred at a point in time	94,633	34,443	(399)	128,677
Services transferred over time	30,231	-	-	30,231
Revenue from contracts with customers	124,864	34,443	(399)	158,908

NOTE 5. FINANCIAL ASSETS & LIABILITIES

An overview of financial assets and liabilities, other than cash and cash equivalents, held by the Group as at balance date were as follows:

	Notes	31 December 2024 $'000	30 June 2024 $'000
Financial assets at amortised cost:			
Trade and other receivables		65,108	59,310
Other assets		2,120	2,722
Derivatives designated as a hedging instrument:			
Cash flow hedges		1,750	64
Total financial assets		68,978	62,096
Current financial assets		68,978	62,096
Non-current financial assets		-	-
Financial liabilities at amortised cost:			
Trade and other payables		59,831	60,291
Borrowings	(a)	34,434	21,577
Derivatives designated as a hedging instrument:			
Cash flow hedges		-	76
Total financial liabilities		94,265	81,944
Current financial liabilities		91,129	81,944
Non-current financial liabilities		3,136	-

(a) Borrowings are interest-bearing liabilities, with variable interest rates applicable.

Fair value hierarchy

Financial assets and liabilities are measured at amortised cost which approximates fair value.

Cash flow hedges relate to foreign exchange forward contracts and have been valued using external valuations, leveraging market rates (Level 2 inputs in the fair value hierarchy). This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Borrowings

	Notes	31 December 2024 $'000	30 June 2024 $'000
Current			
Bank overdraft	(b)	2,666	3,518
Debtor financing facility	(a)	23,995	18,059
Asset financing facility	(c)	1,514	-
Short-term financing facility	(d)	3,123	-
Current borrowings		31,298	21,577
Non-Current			
Asset financing facility	(c)	3,136	-
Non-current borrowings		3,136	-

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NOTE 5. FINANCIAL ASSETS & LIABILITIES (CONT'D)

At balance date, the Group had access to the following lines of credit:

As at 31 December 2024	Notes	Utilised $'000	Unutilised $'000	Total $'000
Debtor financing facility	(a)	23,995	8,532	32,527
Bank overdraft	(b)	2,666	494	3,160
Asset financing facility	(c)	4,650	-	4,650
Short-term financing facility	(d)	3,123	9,877	13,000
Contingent funding facilities	(e)	2,167	33	2,200
Total facilities		36,601	18,936	55,537

As at 30 June 2024	Utilised $'000	Unutilised $'000	Total $'000
Debtor financing facility	18,059	11,941	30,000
Bank overdraft	3,518	1,482	5,000
Asset financing facility	-	-	-
Short-term financing facility	-	-	-
Contingent funding facilities	2,217	533	2,750
Total facilities	23,794	13,956	37,750

a) The debtor financing 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 $24.0 million outstanding under the facility at 31 December 2024 has been 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. As at 31 December 2024, $25.4 million (30 June 2024: $23.2 million) of eligible sales invoices had been presented against the facility.

The Interest rate applicable for the Australia debtors financing facility is floating and is charged monthly using the relevant bank bill swap rate (BBSY) on the 4th day of each month as determined by the Australian Securities Exchange (ASX) plus an agreed margin. For the New Zealand debtors financing facility the interest is calculated using the bank bill market rate (BKBM) plus an agreed margin.

For the period 7 September 2024 to 30 October 2024 (date which asset financing 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.

b) Following the drawdown down of the $5.0 million asset financing facility on the 30 October 2024 and in accordance with the contractual arrangements with ANZ, the ANZ overdraft limit reduced by $1.8 million during the current period to $3.2 million.

This overdraft limit will be further reduced by $0.4 million on 30 January 2025.

The interest rate applicable is floating and is charged monthly using the relevant bank bill swap rate (BBSY) on a daily basis as determined by the ANZ screen rate.

c) On 30 October 2024 the Company drew down on a new $5.0 million asset financing facility.

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

d) On the 12 December 2024 the Company entered into a short-term financing facility with its major shareholder Bennamon Pty Ltd and related entities (Bennamon).

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.

Subsequent to 31 December 2024, the Group agreed with Bennamon Pty Ltd that the full amount of the $13.0m loan is available to be drawn and the termination date be extended from 31 March 2025 to 1 March 2026.

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NOTE 5. FINANCIAL ASSETS & LIABILITIES (CONT'D)

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 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.

e) The contingent funding facilities limit including interchangeable letters of credit and bank guarantees reduced to $2.2 million on the 30 September 2024.

NOTE 6. ISSUED CAPITAL

Issued capital as at 31 December 2024 amounted to $320,538,000 (181,687,711 ordinary shares). There were no movements in the issued capital of the company in either the current or the prior half-years.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of, and amounts paid, on the shares held. The fully paid ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

NOTE 7. RELATED PARTY TRANSACTIONS

Transactions with related parties

The Group entered into the following transactions with entities considered to be related parties of the Group:

For the half-year ended 31 December 2024	Notes	Sales $'000	Purchases $'000	Trade receivable $'000	Trade payable $'000	Short-term loan $'000
Kin Group Pty Ltd	(a),(b)	4,186	-	1,750	-	3,123
Pact Group Holdings Limited	(a)	1,914	157	1,086	14	-
Visy Industries Pty Ltd	(a)	4,347	5,623	3,625	1,274	-

For the half-year ended 31 December 2023	Notes	Sales $'000	Purchases $'000	Trade receivable $'000	Trade payable $'000	Short-term loan $'000
Kin Group Pty Ltd	(a)	2,493	-	968	-	-
Pact Group Holdings Limited	(a)	1,804	-	1,249	-	-
Visy Industries Pty Ltd	(a)	5,794	5,787	3,371	1,086	-

(a) Sales to, and purchases from, related parties are made on terms equivalent to those that prevail in arm's length transactions. Amounts outstanding at balance date are unsecured, interest free and settlement occurs in cash.

(b) During the current period the Group entered into a short-term financing facility with its major shareholder Bennamon Pty Ltd, a wholly owned subsidiary of Kin Group Pty Ltd. Refer note 5 (d) for further details. As at 31 December 2024, interest accrued on the loan was $13,879.

Kin Group Pty Ltd

Mr Raphael Geminder owns 65.8% (June 2024: 65.8%) of the Company through Bennamon Pty Ltd. Kin Group Pty Ltd owns 100% of the shares in Bennamon Pty Ltd and the Group supplies flexible film packaging and other food packaging products to Kin Group Pty Ltd and its controlled entities.

NOTE 7. RELATED PARTY TRANSACTIONS (CONT'D)

Kin Group Pty Ltd is recognised as the ultimate parent entity of the Group given its capacity to control decision making given it owns greater than a 50% interest in the Group. With that being said, the Group operates with an independent Board of Directors and executive team and there is no intervention in the day-to-day operations or key decision making made by Kin Group Pty Ltd.

Pact Group Holdings Limited

The Group is an exclusive supplier of certain products such as flexible film packaging, plastic bags and tapes to Pact Group Holdings Limited under an agreement through to 31 December 2021 and is now continuing on a month-on-month basis. The Group also purchases goods from Pact Group Holdings Limited. The ultimate parent of the Group has control over Pact Group Holdings Limited by virtue of its share ownership in, and representation on the Board of Directors of Pact Group Holdings Limited. Consequently, Pact Group Holdings Limited is a related party of the Group.

Visy Industries Pty Ltd

Visy Industries (Visy), a related party of Pro-Pac Packaging Limited, is a supplier to and a customer of Pro-Pac Packaging Limited. The Group purchases products such as cardboard boxes from Visy and sells flexible packaging to Visy.

Key Management Personnel (KMP)

There have been no significant changes since the end of the last annual reporting period to compensation arrangements with KMP.

NOTE 8. DIVIDENDS

There were nil distributions paid or declared to equity holders of the parent during the half-year ended 31 December 2024 and the prior period.

NOTE 9. NON-CURRENT ASSETS & IMPAIRMENT TESTING

Impairment testing

Brand names and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Plant, equipment and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal (FVLCD) and its value-in-use (VIU). The VIU is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset. Assets that do not have independent cash flows are grouped together to form a cash-generating unit (CGU).

Following a detailed assessment under VIU, it was identified that the carrying amount of Property, Plant & Equipment, intangible assets (Brand names, customer contracts, and IT development costs) and Right of Use Assets of the Integrated Packaging Group Australia and Flexibles New Zealand CGUs were impaired by $16,020,000 and $4,661,000 respectively. On this basis, an impairment loss of $20,681,000 was recognised during the half-year ended 31 December 2024.

Methodology and Testing of Recoverable Amount

Value-in-Use

The recoverable amount of each group of CGUs is based on VIU, which has been determined using a discounted cash flow model based on a five-year forecast estimated by management, together with a terminal value.

The cash flow forecasts are comprised of EBITDA as a proxy for operating cash flows, plus expected working capital movements and sustainable levels of maintenance capital expenditure.

NOTE 9. NON-CURRENT ASSETS & IMPAIRMENT TESTING (CONT'D)

Key assumptions

The following key assumptions have been used to determine the recoverable amounts of each group of CGUs and the assumptions adopted are set out below.

- *Discount rates*

  Discount rates applied in determining the recoverable amounts are based on the pre-tax weighted average cost of capital of the respective industries in which the group of CGU's operates, which is considered reflective of the current market assessment of the risks specified to each CGU taking into consideration the time value of money.

- *Growth rates*

  The earnings forecast in the first year of the forecast period is consistent with the forecasts approved by the directors. The EBITDA assumptions adopted to determine the forecast cash flows for the second year and each subsequent year within the forecast period (EBITDA compound annual growth rates) are in line with, or below, independent published expectations of growth in these industries.

- *Long-term growth rate*

  Long-term growth rates adopted to extrapolate cash flows beyond the five-year forecast period is considered in line with, or below, external market expectations of long-term growth in these industries.

Operating segments

Impairment testing results of Specialty operating segment and Flexibles operating segment lower-level CGUs

As at balance date, the carrying amount of intangible assets and other non-financial non-current assets tested for impairment have been allocated as per below Specialty operating segments and Flexibles operating segment lower-level CGUs:

		Flexibles Operating segment lower-level CGUs			
As at 31 December 2024	Specialty Operating segment $'000	Flexibles New Zealand $'000	Perfection Packaging $'000	Integrated Packaging Australia $'000	Total $'000
Property, plant and equipment	1,361	4,178	17,643	17,848	41,030
Right-of-use assets	7,876	6,733	7,090	12,365	34,064
Brand names	-	-	-	-	-
Customer contracts & other intangibles	3,562	-	-	3,366	6,928
Total	12,799	10,911	24,733	33,579	82,022

		Flexibles Operating segment lower-level CGUs			
As at 30 June 2024	Specialty Operating segment $'000	Flexibles New Zealand $'000	Perfection Packaging $'000	Integrated Packaging Australia $'000	Total $'000
Property, plant and equipment	1,566	6,272	18,453	27,699	53,990
Right-of-use assets	9,231	7,267	7,827	17,176	41,501
Brand names	-	-	-	5,910	5,910
Customer contracts & other intangibles	300	-	-	8,595	8,895
Total	11,097	13,539	26,280	59,380	110,296

NOTE 9. NON-CURRENT ASSETS & IMPAIRMENT TESTING (CONT'D)

[(1)]As part of December 2024 half-year impairment assessment and in response to deteriorating market conditions, it was determined that the recoverable amount of the Flexibles operating segment CGU was below its carrying value.

Consequently, an impairment loss of $20,681,000 has been recognised for the half-year ended 31 December 2024 (2023: nil impairment). As the Flexibles operating segment has been divided into 3 lower-level CGUs, the impairment loss has been allocated to these specific CGUs as follows:

- the recoverable number of Flexibles New Zealand was below its carrying amount, resulting in impairment losses of $4,661,000 for the half year ended 31 December 2024 (2023: nil); and
- the recoverable amount of Integrated Packaging Australia was below its carrying amount, resulting in impairment losses of $16,020,000 for the half year ended 31 December 2024 (2023: nil).
- the impairment analysis of Perfection Packaging identified that the recoverable amount exceeded the carrying amount and therefore no impairment was recorded for the half-year ended 31 December 2024 (2023: nil).

[(2)]The impairment analysis of the Specialty CGU identified that the recoverable amount exceeded the carrying amount and therefore no impairment was recorded for the half-year ended 31 December 2024 (2023: nil impairment).

The carrying value of property, plant and equipment, right of use assets, brand names and other intangibles as of 31 December 2024 reflect balances after accounting for the impairment loss.

Refer below for headroom information and sensitivity analysis.

Sensitivity analysis – Specialty operating segment

The table below includes details of the amount by which the recoverable amount exceeded its carrying amount ('Headroom') for the Specialty CGU at 31 December 2024, together with value assigned to each key assumption used in determining the recoverable amount ('Adopted assumption') and the value of each key assumption at which the recoverable amount is equal to its carrying amount when moved in isolation ('Breakeven assumption').

	December 2024	June 2024
	Specialty	Specialty
Headroom ($'000)	29,561	6,852
Discount rates		
Adopted assumption (%)	13.11	12.65
Breakeven assumption (%)	33.39	17.78
EBITDA compound annual growth rates		
Adopted assumption (%)	2.04	2.35
Breakeven assumption (%)	(7.44)	(0.45)
Long-term growth rates		
Adopted assumption (%)	2.5	2.5
Breakeven Assumption (%)	>(100)	>(100)

The directors consider that a reasonably possible unfavourable movement in key assumptions used to determine the recoverable amount may result in impairment.

NOTE 9. NON-CURRENT ASSETS & IMPAIRMENT TESTING (CONT'D)

The table below discloses the sensitivity of the recoverable amount of each group of CGUs to reasonable possible changes in each key assumption when moved in isolation.

	December 2024	June 2024
	Specialty	Specialty
Discount rate		
Revised assumption (%)	14.11	13.65
Impact on recoverable amount ($'000)	(3,714)	(1,763)
EBITDA compound annual growth rates		
Revised assumption (%)	1.04	1.35
Impact on recoverable amount ($'000)	(3,118)	(2,445)
Long-term growth rates		
Revised assumption (%)	1.5	1.5
Impact on recoverable amount ($'000)	(1,842)	(488)

Sensitivity analysis – Flexibles operating segment – lower-level CGUs

The table below includes details of the amount by which the recoverable amount exceeded its carrying amount ('Headroom') for each CGUs at 31 December 2024, together with value assigned to each key assumption used in determining the recoverable amount ('Adopted assumption') and the value of each key assumption at which the recoverable amount is equal to its carrying amount when moved in isolation ('Breakeven assumption').

	December 2024			June 2024		
	Flexibles New Zealand	Perfection Packaging	Integrated Packaging Australia	Flexibles New Zealand	Perfection Packaging	Integrated Packaging Australia
Headroom ($'000)	-	1,617	-	3,065	-	-
Discount rates						
Adopted assumption (%)	14.01%	13.71	13.50	13.62	13.32	13.47
Breakeven assumption (%)	14.01%	14.16	13.50	14.94	13.32	13.47
EBITDA compound annual growth rates						
Adopted assumption (%)	17.22	>100	21.88	8.51	23.22	4.93
Breakeven assumption (%)	17.22	>100	21.88	6.16	23.22	4.93
Long-term growth rates						
Adopted assumption (%)	2.5	2.50	2.50	2.50	2.5	2.5
Breakeven Assumption (%)	2.5	1.53	2.50	(0.90)	2.5	2.5

NOTE 9. NON-CURRENT ASSETS & IMPAIRMENT TESTING (CONT'D)

Flexibles operating segment – other Flexibles CGUs (cont'd)

The directors consider that a reasonably possible unfavourable movement in key assumptions used to determine the recoverable amount may result in impairment.

The table below discloses the sensitivity of the recoverable amount of each group of CGUs to reasonable possible changes in each key assumption when moved in isolation.

	December 2024			June 2024		
	Flexibles New Zealand	Perfection Packaging	Integrated Packaging Australia	Flexibles New Zealand	Perfection Packaging	Integrated Packaging Australia
Discount rates						
Revised assumption (%)	15.01	14.71	14.50	14.62	14.32	14.47
Impact on recoverable amount ($'000)	(1,677)	(3,449)	(3,884)	(2,836)	(3,276)	(5,625)
EBITDA compound annual growth rates						
Revised assumption (%)	16.22	>100	20.88	7.51	22.22	3.93
Impact on recoverable amount ($'000)	(782)	(83)	(2,460)	(1,304)	(1,216)	(4,685)
Long-term growth rates						
Revised assumption (%)	1.50	1.50	1.50	1.50	1.50	1.50
Impact on recoverable amount ($'000)	(703)	(1,658)	(1,504)	(1,079)	(1,498)	(2,592)

NOTE 10. SUBSEQUENT EVENTS

Subsequent to 31 December 2024, the Group agreed with Bennamon Pty Ltd that the full amount of the $13.0m loan is available to be drawn and the termination date be extended from 31 March 2025 to 1 March 2026.

There were no other specific matters or circumstances that have occurred subsequent to balance date that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent years.

DIRECTOR'S DECLARATION

In accordance with a resolution of the Board of Directors of Pro-Pac Packaging Limited and its controlled entities (the Group), we state that:

In the opinion of the Directors:

(a) The interim consolidated financial statements and notes of the Group:

(i) Give a true and fair view of its financial position as at 31 December 2024 and of its performance for the half-year then ended; and

(ii) Comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and:

(b) There are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable.

Going concern

This declaration is made on the basis of the matters set out in Note 2 of the financial statements.

Signed in accordance with a resolution of the Board of Directors pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Board of Directors on 28 February 2025.

John Cerini
Executive Chairman

Ian Shannon
Chief Executive Officer and Managing Director

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Shape the future
with confidence

Independent Auditor's Review Report to the Members of Pro-Pac Packaging Limited

Conclusion

We have reviewed the accompanying half-year financial report of Pro-Pac Packaging Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2024, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to the Going Concern section on page 14 in the half-year financial report, which outlines the factors relevant to the Group's assessment of its ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

K Bodenham

Kylie Bodenham
Partner
Melbourne
28 February 2025