

ASX - For immediate release

18 November 2021

Pro-Pac Trading Update

Pro-Pac Packaging Limited (ASX: PPG) (Pro-Pac) would like to provide an update to the market on trading conditions.

During the four months of the financial year to date, Pro-Pac has continued to focus on delivering its strategic priorities, including revenue growth. Pleasingly, organic top line growth in the Flexibles business is evident with a strong book of current orders. In addition, the profitability of the Industrial business continues to improve.

During the first half of the financial year, we have seen the following impacts on the Pro-Pac business:

- **Significant impacts on global supply chains** - container freight and resin supply has become increasingly constrained with associated significant increases in costs. To address this, we have introduced a freight surcharge and price increases. These increases are being progressively implemented across our businesses.
- **Site closures** - disruption due to site closures following four instances of individual team members testing positive for COVID-19. All appropriate safety protocols were followed prior to team members being returned to the sites. There were additional closures across some Victorian sites in October following storm activity. These closures have contributed to production backlogs which our teams are working diligently to overcome.
- **Labour costs** – As a result of COVID-19 business disruptions and commissioning issues associated with the relocation of key assets, labour costs on several sites are substantially above expectations to service customer demand. While this is creating a temporary cost burden on the business, Pro-Pac's focus is on continuity of supply to customers and meeting customer demand.

As a consequence of these factors, Pro-Pac expects its 1H22 underlying PBT result to be broadly consistent with its 2H21 underlying PBT result (\$7.1m).

Pro-Pac looks forward to addressing its investors at its Annual General Meeting on 23 November 2021.

This announcement has been authorised for release by the Board of Directors.

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About Pro-Pac:

Pro-Pac Packaging Limited (ASX: PPG) is an innovative Flexibles, Industrial Specialty Packaging and Rigid 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

Forward-Looking Statements:

Some of the statements in this document constitute “forward-looking statements”. These forward-looking statements reflect Pro-Pac’s current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside Pro-Pac’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Pro-Pac’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this document with caution.