2025 Half Year Results

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All dollar values are in Australian dollars (A$) unless otherwise stated.

Non-IFRS Financial Information
This presentation uses Non-IFRS financial information including capital expenditure, PBT, PBT margin, gearing, net debt, operating cash flow, operating cash flow conversion and working capital. This information represents Non-IFRS measures used by the Group, the investment community and Pro-Pac Packaging's Australian peers with similar business portfolios. Pro-Pac Packaging discloses these measures where it better reflects what the company considers to be the underlying performance of the Group.
Certain Non-IFRS financial information has not been subject to review by the Group's external auditor; however, reconciliations have been provided to balances contained in the interim financial report.

Pro-Pac Company Overview

Pro - Pac Group, is an Australian & New Zealand flexible packaging business that is focused on using its manufacturing and investment expertise to capitalise on key industry trends including innovation and sustainability, to provide total packaging solutions for a wide range of industries across multiple segments.

We offer a combination of product and service solutions for:-

Primary Packaging

Packaging that touches and/or houses the product (trays, produce bags, wrap, and pouches).

Secondary Packaging

Packaging that contains multiples of the product for shipping (film, cartons, void fill& packaging consumables).

Tertiary Packaging

Packaging that protects and secures the total package(s) during transport (stretch wrap, stretch hoods & protective sheets).

Safety Performance

- The LTIFR remains in single digits since FY24 indicating stability.

  HY25 LTIFR at 9.41 (FY24: 8.77)

- The TRIFR has increased slightly by 7% from FY24. We anticipate this to improve by FY25 as we continue to improve the safety culture across the group.

  HY25 TRIFR at 19.67 (FY24: 18.43)

- Pro Pac remains committed to the management of the physical and mental wellbeing of all workers. We believe all injuries are preventable and encourage a shared commitment to health, safety and wellbeing.

TRIFR: Total Recordable Injury Frequency Rate per million hours worked
LTIFR: Lost Time Injury Frequency Rate per million hours worked

Group Financial Results

Group Financial Performance

A$ million	1H25	1H24	v 1H24 Change	2H24	v 1H25 Change
Statutory results:					
Revenue	142.9	158.9	(16.0)	136.3	6.6
Profit/(loss) after tax	(36.8)	(6.9)	(29.9)	(46.9)	10.1
Operating results:					
EBITDA pre-AASB 16	(6.4)	1.2	(7.6)	(8.8)	2.4
EBIT	(8.9)	(2.6)	(6.3)	(12.9)	4.0
PBT*	(12.8)	(5.5)	(7.3)	(16.6)	3.8
*PBT Margin**	(9.0)%	(3.5)%	(5.5)%	(12.2)%	3.2%
Significant items	(24.4)	-	(24.4)	(25.8)	1.4

** Non-IFRS measure as defined in the Appendices Page 18*

Results Headlines

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%.

EBITDA pre-AASB 16 decreased during the half year to a loss of $6.4 million from a profit of $1.2 million in 1H24. This is largely due to the reduced volumes and revenues for the period.

Pre-tax loss from significant items for the half-year increased to $24.4 million (1H24: nil), which included $20.7 million of impairment losses and $3.2m non-trading provisions and accruals.

Balance Sheet

Balance Sheet

A$ million	DEC-24	JUN-24	Change
Working capital*	61.8	62.8	(1.0)
Net debt*	(41.1)	(27.8)	(13.3)
Other net assets	24.9	46.1	(21.2)
Net assets	45.6	81.1	(35.5)
Share capital	320.5	320.5	-
Other equity	(274.9)	(239.4)	(35.5)

** Non-IFRS measure as defined in the Appendices Page 18*

Balance Sheet Results

Working capital decreased by $1.0 million during the half-year:

- Receivables – increase of $5.8 million primarily due to December 2024 quarter revenues exceeding those in the June 2024 quarter;
- Inventories – decrease of $7.2 million primarily due a reduction in raw material holdings compared to June 2024.

Net debt increased in the current period from $27.8 million to $41.1 million (excludes government grant of $7.3 million (June 24: $7.3 million)). This is largely attributed to the negative earnings result in the current period.

Cashflow

Cash Management

A$ millions	1H25	1H24	Change
Net cash flows from operating activities	(7.1)	0.9	(8.0)
Net cash flows from investing activities	(1.1)	(4.9)	3.8
Net cash flows from financing activities	7.8	(1.8)	9.6
Net increase/(decrease) in cash	(0.4)	(5.8)	5.4

** Non-IFRS measure as defined in the Appendices Page 18*

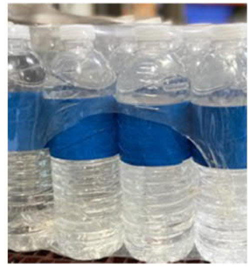
Cashflow Results

- Cash flows from operating activities were an outflow of $7.1 million, compared to an inflow of $0.9 million in the corresponding period which was reflective of the negative pre-AASB16 EBITDA for the period
- Cash flows from investing activities was an outflow of $1.1 million which included $0.9 million spent on the development of the new ERP system. There was minimal spend on plant and equipment during the period, with prior period capital expenditure including $2.6 million of payments for a new printing press, which became operational in Q3FY24.
- Cashflows from financing activities was an inflow of $7.8 million which included proceeds from the new financing facilities (asset finance $5 million; Short-term facility $3.1 million)

Operating Segment Performance






Flexibles

A$ million	1H25	1H24	Change
Revenue	108.6	124.5	(15.9)
EBITDA pre-AASB 16 before corporate costs	(2.3)	5.6	(7.9)
Corporate costs*	(5.1)	(5.0)	(0.1)
EBITDA pre-AASB 16 after corporate costs	(7.4)	0.7	(8.1)
EBIT	(10.1)	(3.0)	(7.1)

** Non-IFRS measure as defined in the Appendices Page 18, Post AASB-16*

Result Headlines

Revenue decreased by 12.8% to $108.6 million (1H24: $124.4 million) reflecting the impact of reduced volumes attributed to:

- A material reduction in sales to our major customer in the middle east ($13.6 million revenue impact); and
- Other Flexibles volumes 3% lower than the prior period.

The lower revenue volumes also impacted the reduction in profitability during the year to an EBITDA pre-AASB 16 before corporate costs loss of $2.3 million from a $5.6 million profit in 1H24.

The business continues to look to improve on operating performance in the face of a difficult trading environment.

Specialty Packaging

A$ million	1H25	1H24	Change
Revenue	34.2	34.4	(0.2)
EBITDA pre-AASB 16 before corporate costs	3.3	2.6	0.7
Corporate costs*	(1.6)	(1.4)	(0.2)
EBITDA pre-AASB 16 after corporate costs	1.7	1.2	0.5
EBIT	1.8	1.2	0.6

** Non-IFRS measure as defined in the Appendices Page 18, post AASB-16*

Result Headlines

Revenue volumes decreased by 0.6% to $34.2m (1H24: $34.4m). This movement includes $0.4 million relating to non-core market segments.

Volumes excluding exited market categories were up 0.6%

EBITDA pre-AASB 16 before corporate costs profit increased by $0.7 million to $3.3 million from a profit of $2.6 million in 1H24.

This is largely attributable to a strategy concentrated on cost reduction and margin improvement.

Investing in the Circular Economy

- PPG has committed to becoming an industry leader in the recycled plastics and circular economy through the development of a soft plastics recycling facility.
- The Company has been awarded a grant of $13.9m to build a $50m+ facility (including building and development costs). The company has received $10.5m in grant funding to date, with $3.2m paid in deposits on equipment.
- The grant was received from the Federal Government's Modern Manufacturing Initiative to establish a soft plastic film recycling plant and create a circular economy for the plastic waste through the development of recycled raw materials which can be used in packaging films and products manufactured by PPG and its business partners.
- Discussions with interested industry collaboration partners is being undertaken to establish a consortium of equity and sponsor parties to optimise the collection of feedstock, processing of waste plastic films and the offtake of manufactured products with recycled content.
- 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.

Outlook

FY25 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.

Appendices

Reconciliations - Group

The impact on the profit or loss for 1H25 is shown in the table below:

A$ millions	1H25 Pre-AASB 16	1H25 Adopt AASB 16	1H25 Post-AASB 16	1H24 Pre-AASB 16	1H24 Adopt AASB 16	1H24 Post-AASB 16	2H24 Pre-AASB 16	2H24 Adopt AASB 16	2H24 Post-AASB 16
Revenue	142.9	-	142.9	158.9	-	158.9	136.3	-	136.3
Operating expenditure	(149.3)	6.1	(143.2)	(157.7)	5.4	(152.3)	(145.1)	6.6	(138.5)
EBITDA*	(6.4)	6.1	(0.3)	1.2	5.4	(6.6)	(8.8)	6.6	(2.2)
Depreciation and amortisation expense	(4.0)	(4.6)	(8.6)	(4.6)	(4.6)	(9.2)	(5.5)	(5.2)	(10.7)
EBIT*	(10.4)	1.5	(8.9)	(3.4)	0.8	(2.6)	(14.3)	1.4	(12.9)
Finance costs, net	(2.6)	(1.3)	(3.9)	(1.8)	(1.1)	(2.9)	(2.1)	(1.6)	(3.7)
PBT*	(13.0)	0.2	(12.8)	(5.2)	(0.3)	(5.5)	(16.4)	(0.2)	(16.6)
Significant items	(24.4)	-	(24.4)	-	-	-	(25.8)	-	(25.8)
Profit/(loss) before income tax	(37.4)	0.2	(37.2)	(5.2)	(0.3)	(5.5)	(42.2)	(0.2)	(42.4)

** Non-IFRS measure as defined in the Appendices Page 18*

Reconciliations

Reconciliation to net debt

A$ millions	DEC-24	JUN-24
Borrowings	34.4	21.6
Less: cash and cash equivalents	(0.6)	(1.1)
Net Debt*	33.8	20.5
Less: Government grant proceeds	7.3	7.3
	41.1	27.8

Working capital

A$ millions	JUN-24	JUN-24
Trade Receivables	65.1	59.3
Inventory	56.5	63.8
Trade Payables	(59.8)	(60.3)
Working Capital	61.8	62.8

Significant items – continuing operations

A$ millions	DEC-24	DEC-23
Impairment losses	(20.7)	-
Costs associated with prior period asset write downs	(0.4)	-
Non-trading provisions and results	(3.2)	
Restructuring costs	(0.1)	-
Significant items	(24.4)	-

** Non-IFRS measure as defined in the Appendices Page 18*

Definitions of Non-IFRS Financial Measures

Unless otherwise stated in this presentation, all metrics are disclosed post-AASB 16

1H24 means the half year (6 months) ended 31 December 2023

1H25 means the half year (6 months) ended 31 December 2024

2H24 means the half year (6 months) ended 30 June 2024

Adjusted EBITDA means EBITDA before AASB 16 Leases for the last 6-months, adjusted for material acquisitions or disposals

Capital expenditure represents payments for property, plant and equipment, and intangible assets, less disposal proceeds

EBIT refers to profit/(loss) before significant items, finance costs, interest income and income taxes

EBIT margin is calculated as EBIT divided by revenue

EBITDA means profit/(loss) before significant items, depreciation and amortisation, finance costs, interest income and income taxes

EBITDA pre-AASB 16 means EBITDA before AASB 16 Leases

PBT refers to profit/(loss) before significant items and income taxes

PBT margin is calculated as PBT divided by revenue

Corporate costs and segment analysis During 1H25 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).

Net debt leverage ratio is calculated as net debt divided by LTM Adjusted EBITDA

LTM means the last 12-month period

Net debt is calculated as borrowings, less cash and cash equivalents and government grant proceeds net of deposits paid

NPAT refers to profit/(loss) before significant items after income taxes

Operating cash flow is defined as net cash flows from operating activities, plus payment for significant items, income taxes paid and net interest paid

Free cash flow represents operating cash flow, less capital expenditure

Operating cash flow conversion is defined as operating cash flow divided by LTM EBITDA

ROI refers to return on investment

Working capital refers to trade and other receivables and inventories less trade and other payables

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