ASX Announcement

Appendix 4D and 2024 Half-Year Report and Accounts

Date: 15 February 2024

In accordance with ASX Listing Rules, Pact Group Holdings Ltd (ASX: **PGH**, the **Company**) encloses for release its Appendix 4D and consolidated financial report for the half-year ended 31 December 2023.

The 2024 Half-Year Results Release will be provided separately.

It is recommended that these documents be read in conjunction with the annual financial report of Pact Group Holdings Ltd for the period ended 30 June 2023, together with any public announcements made by the Company in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001* (Cth).

This announcement and the enclosed documents are authorised for release by the Board of the Company.

For further information contact:

Carolyn Ireland
General Manager: Investor Relations & Transformation
T +61 403 045 905

APPENDIX 4D

Half-Year Report

Name of entity:	**Pact Group Holdings Ltd**
ABN:	**55 145 989 644**

Half-year ended ('current period')	Half-year ended ('previous corresponding period')
31 December 2023	**31 December 2022**

Results for Announcement to the Market		Change %		Amount $'000
Revenue and other income from continuing operations	Down	4.3%	to	904,629
Revenue and other income from discontinued operations	Down	11.5%	to	53,710
(Loss) after tax from continuing operations	Down	161.0%	to	(8,007)
Profit after tax from discontinued operations				67,351
Net profit for the period attributable to members	Up	147.9%	to	59,344

Dividends[1]	Amount per security (cents)	Franked amount per security (cents)	Total dividend amount ($'000)
Current year to 31 December 2023			
Interim Dividend (per ordinary share)	-	-	-
Prior year to 30 June 2023			
Final Dividend (per ordinary share)	-	-	-
Interim Dividend (per ordinary share)	-	-	-

(1) The Directors have determined that there will be no interim dividend in relation to the half-year ended 31 December 2023.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security[2]	$0.43	$0.03

(2) Net tangible assets excludes goodwill and other intangible assets (refer to the Consolidated Statement of Financial Position in the *Half-Year Consolidated Financial Report*).

For the profit commentary and any other significant information needed by an investor to make an informed assessment of the results for Pact Group Holdings Ltd please refer to the accompanying *Half-Year Consolidated Financial Report*.

Kathryn de Bont
Company Secretary

Dated: 15 February 2024

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

PACT GROUP HOLDINGS LTD

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

*Pact Group Holdings Ltd (ASX: **PGH**) (**Pact** or the **Company**) and its subsidiaries (collectively, the **Group**) have reported revenue of $951.2 million for the half-year ended 31 December 2023, down 5% compared to the prior corresponding period (**pcp**). The statutory net profit after tax for the half-year was $59.3 million, compared to a statutory net profit after tax of $23.9 million in the pcp. Underlying net profit after tax (**NPAT**[4]) for the half-year was $21.1 million, compared to $26.3 million in the pcp.*

OVERVIEW

- Total Revenue down 4.7% to $951.2 million (pcp: $$998.2 million).
- Underlying EBITDA[1] down 2.9% to $137.0 million (pcp: $141.0 million).
- Underlying EBIT[2] up 3.9% to $78.3 million (pcp: $75.4 million).
- Underlying NPAT[4] down 19.9% to $21.1 million (pcp: $26.3 million).
- On 1 December 2023, the Group divested 50% of its crate pooling and crate manufacturing business (**Crates Business**) and retained the remaining 50% forming a joint venture in partnership with global infrastructure investment manager, Morrison & Co. Therefore, the Crates Business has been classified as Discontinued Operations[3] in the 1H FY24 Financial Statements.
- Underlying EBIT[2] of $78.3 million (pcp: $75.4 million) is made up of Underlying EBIT[2] from Continuing Operations of $62.1 million (pcp $62.4 million), and underlying EBIT[2] of $16.2 million (pcp: $13.0 million) from Discontinued Operations.
- The total Group reported EBIT of $161.0 million (pcp: $72.1 million) includes in underlying adjustments before tax a $103.5 million gain on sale from the Crates Business.
- Revenue decline is due to:
  - Reduced demand across the packaging segment across Australia (industrial, health and personal care segments), New Zealand (late start to the dairy season) and China (subdued economic activity). The impact of these trends was partially offset by solid sales performance in Materials Handling & Pooling and the Contract Manufacturing segment.
  - The impact of the divestment of the Crates Business with sales in 1H FY24 including five months of revenue versus six months of revenue in HY23.
- Despite a challenging environment, Underlying EBIT[2] improved as cost volatility across the supply chain reduced and commodity prices softened.
- The Group focussed on managing controllable costs with a transformation program commenced in September 2023.
- Net debt[6] of $428.5 million and Gearing[4] at 2.7x largely due to the settlement of the Crate transaction (see: Discontinued Operations commentary).
- Capital expenditure of $63.8 million in line with the pcp includes $10.8 million of capital expenditure on Discontinued Operations. Continuing Operations capital spend includes investments in upgrading platforms, expanding capacity and the relocation of facilities.
- Our strategy to *Lead the Circular Economy* continues to be advanced:
  - 50% divestment of the Crates Business to Morrison & Co to accelerate reuse crate growth across Australia and New Zealand.
  - Continued momentum in building a national network of plastics recycling infrastructure:
    - A new $50 million facility capable of recycling the equivalent of up to one billion 600ml PET plastic beverage bottles a year commenced operations in Melbourne in December 2023, coinciding with the start of Victoria's Container Deposit Scheme.
    - A new facility capable of recycling HDPE resin in Melbourne is due for commissioning in the first quarter of the 2024 calendar year.
  - Construction of a new Contract Manufacturing facility in NSW with a state-of-the-art filling line is due to open in the second half of FY24.
- The Board has resolved not to pay an interim dividend in respect to 1H FY24.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

KEY FINANCIAL HIGHLIGHTS

Group Sales Revenue - $ millions	Dec 2023	Dec 2022	Change %
Revenue – Continuing Operations	**897.7**	938.0	*(4.3%)*
Revenue – Discontinued Operations[3]	**53.5**	60.2	*(11.2%)*
Revenue – Total Group	**951.2**	998.2	*(4.7%)*

Group Financial Performance - $ millions	Dec 2023	Dec 2022	Change %
Underlying EBITDA[1]	**137.0**	141.0	*(2.9%)*
Segment Underlying EBIT[2]			
Packaging & Sustainability	***48.4***	*57.3*	*(15.5%)*
Materials Handling & Pooling – Continuing Operations	***10.1***	*5.3*	*91.1%*
Contract Manufacturing	***3.5***	*(0.2)*	*n/m*
Underlying EBIT[2] – Continuing Operations	**62.1**	62.4	*(0.5%)*
Materials Handling & Pooling – Discontinued Operations[3]	**16.2**	13.0	*24.7%*
Underlying EBIT Total Group	**78.3**	75.4	*3.9%*
Underlying NPAT[4]	**21.1**	26.3	(20.0%)
Reported Net Profit After Tax	**59.3**	23.9	148.0%
Interim Dividend – cents per share	**-**	-	*n/a*

Note: Underlying EBITDA, Underlying EBIT and Underlying NPAT are non-IFRS financial measures and have not been subject to review by the Company's external auditor. Refer to page 10 for definitions.

Reconciliation of Statutory Income - $ millions	Dec 2023	Dec 2022
Statutory profit before income tax expense for continuing operations	(6.5)	21.8
Statutory profit before income tax expense for discontinued operations	119.1	12.3
Statutory profit before income tax expense	**112.6**	**34.1**
Net finance costs and loss on de-recognition of financial assets	48.4	38.0
Reported EBIT	**161.0**	**72.1**
Underlying adjustment (income) /expense	(82.7)	3.3
Underlying EBIT	**78.3**	**75.4**
Depreciation and amortisation expense	58.7	65.6
Underlying EBITDA	**137.0**	**141.0**
Statutory net profit	59.3	23.9
Underlying adjustments before tax	(82.7)	3.3
Tax benefit on underlying adjustments	44.5	(0.9)
Underlying NPAT	**21.1**	**26.3**

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

GROUP RESULTS

$'000	Dec 2023	Dec 2022	Change %
Revenue	**951,246**	998,184	*(4.7%)*
Other income (excluding interest revenue)	**6,473**	6,942	
Expenses	**(820,750)**	(864,144)	
Underlying EBITDA[1]	**136,969**	140,982	*(2.9%)*
EBITDA Margin	**14.4%**	14.1%	
Depreciation and amortisation	**(58,649)**	(65,608)	
Underlying EBIT[2]	**78,320**	75,374	*3.9%*
EBIT Margin	**8.2%**	7.6%	
Underlying adjustments (before tax)	**82,687**	(3,250)	
Reported EBIT	**161,007**	72,124	123.2%
Net finance costs expense	**(48,431)**	(38,020)	
Income tax expense	**(8,803)**	(11,070)	
Tax on underlying adjustments	**(44,429)**	900	
Net Profit After Tax	**59,344**	23,934	*148.0%*

Revenue

Group Revenue for the half-year was down 4.7% to $951.2 million compared to the prior corresponding period (pcp) of $998.2 million.

Underlying EBIT[2]

Group reported underlying EBIT for the half-year was $78.3 million, $2.9 million (3.9%) favourable to the pcp.

Net Finance Expense

Net financing costs for Continuing Operations for the half-year were $48.4 million, an increase of $10.4 million compared to the pcp. The increase primarily relates to higher interest on borrowings and lease interest. Bank and loan interest is $7.6 million higher than the prior period. In addition, interest on lease liabilities is $2.8 million higher than the prior period.

Income Tax Expense

The income tax expense for the half-year (excluding tax on underlying adjustments) was $8.8 million, representing an average tax rate of 29.5% of underlying net profit before tax, consistent with the statutory tax rates payable by the Group across its main operating geographies, and essentially in line with the prior period (29.6%). Tax on underlying adjustments was a cost of $44.4 million for the half-year in relation to the items noted above and compared to a benefit of $0.9 million in the pcp.

Net Profit After Tax

The reported net profit after tax for the half-year was $59.3 million compared to a reported net profit after tax of $23.9 million for the prior half-year. Excluding underlying adjustments, NPAT was $21.1 million, a decrease of $5.2 million or 20.0% compared to $26.3 million in the pcp.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

BALANCE SHEET

$'000	Dec 2023	Jun 2023	Change %
Cash	**78,123**	79,061	*(1.2%)*
Other current assets	**415,688**	431,373	*(3.6%)*
Property, plant & equipment	**951,380**	1,048,217	*(9.2%)*
Intangible assets	**316,787**	428,503	*(26.1%)*
Investments in joint ventures	**146,720**	46,812	213.4%
Other assets	**44,883**	48,220	*(6.9%)*
Total Assets	**1,953,581**	2.082,186	*(6.2%)*
Lease liabilities	**515,505**	532,361	*(3.2%)*
Bank borrowings	**506,574**	664,628	*(23.8%)*
Other liabilities payables & provisions	**468,365**	476,506	*(1.7%)*
Total Liabilities	**1,490,444**	1,673,495	*(10.9%)*
Net Assets	**463,137**	408,691	*13.3%*
Net Debt including lease liabilities[7]	**943,956**	1,117,928	*(15.6%)*
Net Debt[7]	**428,451**	585,567	*(26.8%)*

Net debt at 31 December 2023 of $428.5 million was down $157 million versus 30 June 2023 due to the proceeds received for the Crate transaction. This result was partially offset by capital expenditure of $63.8 million in the first half of the year. Net debt was also $204.8 million lower than 31 December 2022 ($633.3 million). Net debt including lease liabilities at 31 December 2023 of $943.9 million reduced by $174 million.

The Group has significant undrawn debt capacity, with $329.7 million in committed undrawn facilities.

Movement in assets and liabilities are predominately due to the divestment of the Crates Business in November. The decrease in property, plant and equipment of $96.8 million includes the impact of the Crate transaction with $105.6 million divested. The underlying increase of $8.8 million is largely related to capital investments, including additional capital in the new site at Horsely Park in the Contract Manufacturing segment, in excess of depreciation.

The decrease in intangible assets of $111.7 million relates mainly to the Crate transaction with $113.5 million of intangibles allocated to the disposal group and the increase in investments in joint ventures includes the $97.2 million investment in the 50% equity investment in Marquis Holdco Pty Ltd (the new Crates Business joint venture).

Financing Metrics	Dec 2023	Dec 2022	Change
Gearing[5]	**2.7x**	3.2x	*(0.5)*
Gearing (including leasing)[5]	**3.8x**	4.1x	*(0,3)*
Interest Cover[6]	**3.1x**	5.2x	*(2.1)*
Interest Cover (including leasing)[6]	**2.9x**	4.2x	*(1.3)*

At 31 December 2023 Gearing was 2.7x, a decrease of 0.5x compared to the pcp. This is a significant improvement as a result of the completion of the Crate transaction. Including the impact of lease accounting, Gearing was 3.8x (compared to 4.1x in the pcp). Rolling twelve-month interest cover at 3.1x was 2.1x lower than the pcp due mainly to the higher interest expense in the period as noted above (excluding lease interest). Including the impact of lease accounting, interest cover was 2.9x (compared to 4.2x in the pcp).

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

CASHFLOW

Key Items - $'000	Dec 2023	Dec 2022	Change %
Net cash flows provided by operating activities	**26,920**	49,968	*(46.1%)*
Payments for property, plant and equipment	**(63,846)**	(64,550)	*1.1%*
Payments for investments in associates and joint ventures	**(5,833)**	(869)	*(571.2%)*
Proceeds from sale of divestment group	**225,740**	-	*n/a*
Payments for deferred acquisition consideration	**-**	(20,097)	*n/a*
Proceeds from sale of property, plant and equipment	**42**	28	*50.0%*
Repayment of borrowings	**(372,979)**	(350,941)	*(6.3%)*
Repayment of lease liability principal	**(25,432)**	(26,879)	*5.4%*
Payment of dividends	**-**	(5,164)	*n/a*

Statutory net cash flows provided by operating activities was $26.9 million for the half-year, $23.0 million lower than the prior half-year. The operating cash flows includes $16.8 million in 1H FY24 for underlying adjustments relating to transaction costs and business restructuring cashflows for Continuing Operations, higher than the pcp by $13.6 million. Finance cost payments were also $13 million adverse due to increased rates and higher average net debt.

Payments for property, plant and equipment were $63.8 million for the half-year, down $0.8 million on the pcp. Of this amount, $53 million relates to the Continuing Operations. Of the1H FY24 spend, $10.8 million relates to investment in the Materials Handling & Pooling segment and was required as part of the terms of the Crate transaction. In line with our strategy, investment has focussed on upgrading our packaging capability to enable the inclusion of increased recycled content, increasing our capacity and relocating facilities with $30 million invested across the Packaging & Sustainability segment in Australia, New Zealand and Asia. In the Materials Handling & Pooling segment, we have invested $7 million expanding our capability to manufacture mobile garbage bins. In Contract Manufacturing we have invested $16 million, largely on our new facility and state-of-the-art liquid filling line in NSW.

Payments for investments in associates and joint ventures of $5.8 million and $0.9 million in the pcp relate to further investments in Pact's joint ventures that are building a national network of recycling infrastructure to supply high-quality food grade recycled resins.

Payments for deferred acquisition consideration of $20.1 million in 1H FY23 relates to the acquisition of Synergy Packaging (acquired in the second half of FY22).

Repayments of lease liability principal (net of incentive received) represents the payment of liabilities recognised after the adoption of AASB16 in FY20.

The dividend payment in 1H FY23 of $5.2 million reflects the 1.5 cents per share final dividend from FY2022 (paid in October 2022).

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

GROUP RESULTS – CONTINUING OPERATIONS

$'000	Dec 2023	Dec 2022	Change %
Revenue	**897,768**	937,950	*(4.3%)*
Other income (excluding interest revenue)	**6,241**	6,517	
Expenses	**(785,473)**	(824,700)	
Underlying EBITDA[1]	**118,536**	119,767	*(1.0%)*
EBITDA Margin	**12.5%**	*12.1%*	
Depreciation and amortisation	**(56,418)**	(57,398)	
Underlying EBIT[2]	**62,118**	62,369	*(0.4%)*
EBIT Margin	**6.6%**	*6.3%*	
Underlying adjustments (before tax)	**(20,801)**	(3,250)	
Reported EBIT	**41,317**	59,119	*(30.1%)*
Net finance costs expense	**(47,841)**	(37,357)	
Income tax expense	**(5,792)**	(9,532)	
Tax on underlying adjustments	**4,309**	900	
Net (Loss) / Profit After Tax	**(8,007)**	13,130	*(161.0%)*

Revenue

The Group experienced a softness in volumes across 1H FY24 due to the cost-of-living crisis in Australia and New Zealand, and subdued demand in China. Total Revenue from Continuing Operations for 1H FY24 was $897.8 million compared to the pcp of $937.9 million, a decline of $40.1 million or 4.3%.

Revenue for the Packaging & Sustainability segment of $623.6 million for the half-year was $37.0 million (5.6%) behind the pcp with volume impacted by weak demand in the industrial and personal care segments, late start up to the New Zealand dairy season impacting steel volumes and a slow China economy from sluggish economic activity.

Revenue for the Materials Handling & Pooling segment for Continuing Operations of $116.0 million for the half-year was $2.4 million (2.1%) below the pcp. Whilst there has been growth in demand for mobile garbage bins (5.5%), this increase was more than offset by a reduction in demand for Retail Accessories.

Contract Manufacturing revenue was 0.6% higher due to the continuation of price recoveries but volumes were down due to cost-of-living pressures influencing consumer buying patterns.

Underlying EBIT[2]

Underlying EBIT from continued operations for the half-year was $62.1 million down $0.3 million or 0.4% on the pcp. Partially offsetting the reduction in volumes has been an improvement in supply chain stability and lower commodity prices, enabling an improvement in margins as costs stabilised.

The Packaging & Sustainability segment delivered an underlying EBIT for the half-year of $48.4 million, $8.9 million (15.6%) down on the pcp. The Continuing Operations of the Materials Handling & Pooling segment delivered an incremental $5.1 million of Underlying EBIT with volume growth in mobile garbage bins and improved margins and cost control in Retail Accessories. Contract Manufacturing's turnaround continues, delivering $3.5 million of Underlying EBIT, up $3.7 million on the pcp.

Further detail on revenue and earnings in each of the Group's operating segments is contained in the Review of Operations below.

Underlying Adjustments

Pre-tax underlying adjustments for Continuing Operations for the half-year were an expense of $20.8 million. This primarily related to transaction costs of $1.9 million and net business restructuring costs of $14.3 million, including redundancy costs relating to the transformation program and other structural changes ($8.9 million). In addition, the Group recognised an impairment loss of $3.9 million relating to the investment in Australian Recycled Plastic Pty Ltd, a joint venture that is in the Packaging & Sustainability segment.

Pre-tax underlying adjustments for the prior half-year were an expense of $3.3 million. This primarily related to transaction costs of $2.9 million and net business restructuring costs of $1.8 million, partly offset by income of $1.3 million from a re-assessment of costs associated with the profit on the sale of property in China in the prior period.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

GROUP RESULTS - DISCONTINUED OPERATIONS

On 30 November 2023, the Group divested 50% of its Crate Pooling and Crate Manufacturing business (Crate transaction) and retained the remaining 50% forming a joint venture in partnership with global infrastructure investment manager, Morrison & Co. As a result, the Crates Business has been classified as Discontinued Operations in the 1H FY24 Financial Statements. The joint venture business has been rebranded as Viscount Reuse, operating as an independent entity accelerating growth opportunities in Australia and New Zealand and focussing on expanding its capabilities. Viscount Reuse continues to manage an asset pool of reusable and recyclable plastic packaging crates with contracts in place with leading grocery groups including Woolworths, ALDI Australia, and Foodstuffs in New Zealand. The business also manufactures and supplies crates, bins and megabins for use in the fresh food and automated supply chain.

Discontinued Operations revenue was down 11.2% to $53.5 million (five months only in 1H FY24) versus the pcp of $60.2 million (six months in HY23). Underlying EBIT was $16.2 million (pcp: $13.0 million), with the total gain on the sale of the 50% share being $103.5 million.

The Group financial performance for the Discontinued Operations is shown below:

$'000	Dec 2023	Dec 2022
Revenue	**53,478**	60,234
Other income	**232**	425
Expenses	**(37,508)**	(47,653)
Underlying EBIT before sale of business	**16,202**	13,006
Gain on Sale of business	**103,488**	-
Reported EBIT	**119,690**	13,006
Net finance costs expense	**(590)**	(664)
Profit before tax	**119,100**	12,342
Tax	**(51,749)**	(1,538)
Profit for the period for Discontinued Operations	**67,351**	10,804

Cash flows from Discontinued Operations

Key Items - $'000	Dec 2023
Net cash flows provided by operating activities	**13,475**
Net cash flows used in investing activities	**(10,806)**
Net cash flows used in financing activities	**(2,436)**

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

REVIEW OF CONTINUING OPERATIONS

The Group's operating segments are:

- Packaging & Sustainability
- Materials Handling & Pooling
- Contract Manufacturing

Inter-segment revenue eliminations of $19.5 million (pcp: $17.7 million) are not included in the segment financial information below.

Packaging & Sustainability

The Packaging & Sustainability segment is a market leader in sustainable rigid plastic packaging in Australia and New Zealand, with a growing regional platform in Asia, and a leader in select rigid metals packaging sectors in Australia and New Zealand. The business is also a leading supplier of sustainability, environmental, reconditioning and recycling services in Australia and New Zealand and is building a network of recycling infrastructure in Australia. Packaging & Sustainability differentiates through manufacturing, technical and innovation capability, along with access to recycled materials. The segment contributed 67% of the Group's revenue in the period (excluding inter-segment eliminations).

$'000	Dec 2023	Dec 2022	Change %
Revenue	**623,580**	660,569	*(5.6%)*
Underlying EBITDA[1]	**89,779**	101,279	*(11.4%)*
EBITDA Margin %	**14.4%**	*15.3%*	*(0.9%)*
Underlying EBIT[2]	**48,384**	57,301	*(15.6%)*
EBIT Margin %	***7.8%***	*8.7%*	*(0.9%)*

Revenue for the Packaging & Sustainability segment of $623.6 million for the half-year was $37.0 million (5.6%) behind than the pcp.

Volumes in the Australian Packaging business were down on last year, predominantly due to sluggish demand in the industrial sector. The Agri-Chem sector experienced softer demand due to inclement weather impacting the farming sector in 2023. Our Australian consumer packaging sector performed in line with last year, with both dairy and food sector volumes remaining resilient to economic conditions, whilst our personal care sector slowed rapidly towards the end of 2023 due to cost of living pressures. In New Zealand sales were up in Fresh Food and Dairy and Beverage, but this was offset by volume declines in the Industrial sector with a slow start to the New Zealand dairy season. Volumes in Asia were mixed with downside at Closures Australia and China and upsides in India, Nepal and the Philippines.

Underlying EBIT for the half-year of $48.4 million was $8.9 million (15.6%) below the pcp. The volume decline and mix contributed to the EBIT shortfall. Managing controllable costs is a key focus, given the volume pressures.

EBIT margins for the half-year were 0.9% lower at 7.8%.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Materials Handling & Pooling

The Materials Handling & Pooling segment is an Australian supplier of materials handling product and a supplier of custom moulded products for use in infrastructure and other projects. This segment will continue to capture 50% of the Viscount Reuse joint venture net profits after tax and includes a closed loop plastic garment hanger and accessories re-use business operating across several countries in Asia as well as in Australia, the USA and the UK. The underlying businesses are integral service providers to major supermarkets, retailers and governments and provide sustainable and efficient supply chain solutions through best-in-class reuse platforms and technology. The Materials Handling & Pooling segment for Continuing Operations contributed 13% of the Group's revenue in the period (excluding inter-segment eliminations).

$'000	Dec 2023	Dec 2022	Change %
Revenue	**115,968**	118,397	*(2.1%)*
Underlying EBITDA[1]	**18,952**	13,876	*36.6%*
EBITDA Margin %	***16.3%***	*11.7%*	*4.6%*
Underlying EBIT[2]	**10,093**	5,295	*90.6%*
EBIT Margin %	***8.7%***	*4.5%*	*4.2%*

Revenue for the Materials Handling & Pooling segment for Continuing Operations of $116.0 million for the half-year was $2.4 million (2.1%) below the pcp. The business delivered growth in mobile garbage bins, with new contracts secured, and demand in the infrastructure sector was robust. In the Retail Accessories (garment hangers) business revenue was lower compared to last year because of subdued consumer spending, especially in the UK. The demand in the US retail sector marginally improved while the demand in the Australian and New Zealand retail sector remained flat in comparison to the same period last year. The volumes rebounded in the second quarter after a subdued first quarter performance in 1H FY24.

Underlying EBIT for the segment of $10.1 million was $4.8 million (90.6%) up on the pcp. Earnings in Reuse were strong overall with the benefits of new contracts and robust price recovery prevalent. Despite the lower sales in Retail Accessories, the earnings and margins increased through a combination of improved efficiencies, ongoing high reuse rates, and lower direct costs including freight and packaging costs. In addition to the reduced direct costs, various footprint optimisation and business transformation initiatives were implemented during the period that resulted in significant reduction in period costs and overall improvement in the bottom-line performance of the business.

EBIT margins were 4.2% higher at 8.7% reflecting the improvement in margins delivered by the Retail Accessories market.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Contract Manufacturing

The Contract Manufacturing segment is a leading supplier of innovative contract manufacturing services for the home, personal care and health and wellness categories in Australia. The business includes manufacturing capability for liquid, powder, aerosol and nutraceutical products. Contract Manufacturing contributed 20% of the Group's revenue in the period (excluding inter-segment eliminations).

$'000	Dec 2023	Dec 2022	Change %
Revenue	**177,725**	176,644	*0.6%*
Underlying EBITDA[1]	**9,667**	4,611	*109.6%*
EBITDA Margin %	***5.4%***	*2.6%*	*2.8%*
Underlying EBIT[2]	**3,503**	(227)	*n/m*
EBIT Margin %	***2.0%***	*(0.1%)*	*2.1%*

Revenue for the Contract Manufacturing segment of $177.7 million for the half-year was $1.1 million (0.6%) up on the pcp.

Overall volumes were down with cost-of-living pressures influencing consumer behaviour towards private label products and reducing discretionary spend, especially in the home care and wellness segments. The Personal Care segment recorded growth on the back of increased customer ranging.

Underlying EBIT for the half-year was $3.5 million, a $3.7 million improvement on the pcp loss of $0.2 million. Positive margin delivery was on the back of price recovery, and period costs remaining in line with last year.

EBIT margins for the half-year were 2.1% higher than the pcp.

SUBSEQUENT EVENTS

On 31 January 2024, the Group sold its 50.8% investment in Australian Recycled Plastic Pty Ltd.

Other than the above, there have been no material matters or circumstances which have arisen between 31 December 2023 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

OUTLOOK

Pact reiterates guidance that underlying EBIT for FY24 remains in line with consensus.

NOTES

This Review of Operations and Financial Performance includes certain non-IFRS financial information which has not been subject to review by the Group's external auditor. This information is used by Pact, the investment community and Pact's Australian peers with similar business portfolios. Pact uses this information for its internal management reporting as it better reflects what Pact considers to be its underlying performance.

(1) Underlying EBITDA is a non-IFRS financial measure which is calculated as earnings before underlying adjustments, finance costs (net of interest revenue), tax, depreciation and amortisation.

(2) Underlying EBIT is a non-IFRS financial measure which is calculated as earnings before underlying adjustments, finance costs (net of interest revenue) and tax.

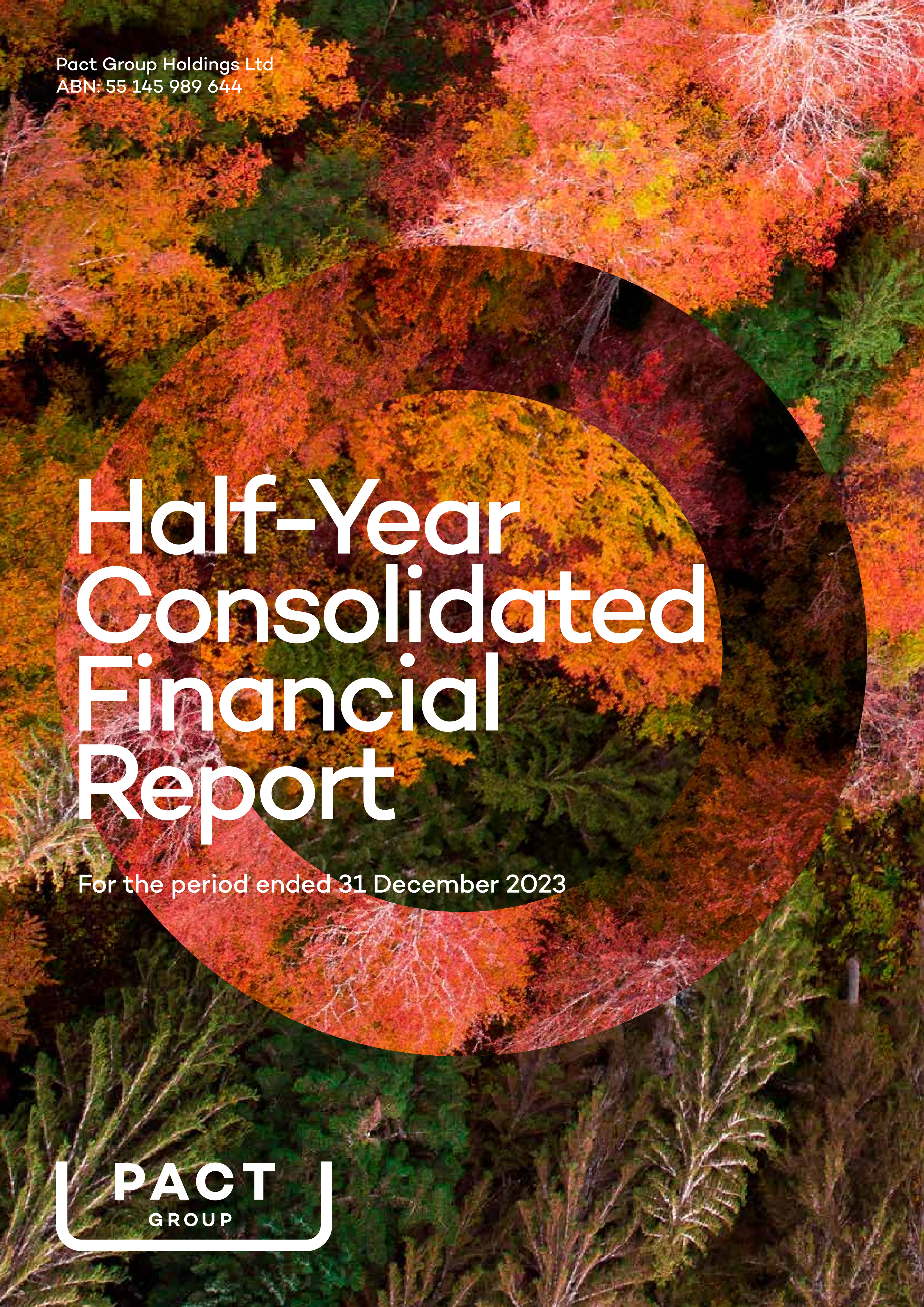
(3) Discontinued Operations relate to the divestment of the Crates Business effective 30 November 2023. Reported financials include five months of trading in 1H24 and one month on 50% NPAT in the new joint venture versus six months trading in 1H FY23.

(4) Underlying NPAT is a non-IFRS financial measure which is calculated as net profit after tax before underlying adjustments.

(5) Gearing is a non-IFRS financial measure which is calculated as net debt divided by rolling 12 months underlying EBITDA. Gearing has been presented both excluding and including the impact of lease accounting since the adoption of AASB16.

(6) Interest cover is a non-IFRS financial measure which is calculated as rolling 12 months underlying EBITDA divided by rolling 12 months net finance costs and losses on de-recognition of financial assets. Interest cover has been presented both excluding and including the impact of lease accounting since the adoption of AASB16.

(7) Net debt is a non-IFRS financial measure and is calculated as interest bearing liabilities (presented both including and excluding lease liabilities) less cash and cash equivalents.



Pact Group Holdings Ltd
ABN: 55 145 989 644

Half-Year Consolidated Financial Report

For the period ended 31 December 2023

PACT GROUP

HALF-YEAR FINANCIAL REPORT
Half-Year Consolidated Financial Report
For the period ended 31 December 2023

INTRODUCTION

This is the Consolidated Half-Year Financial Report of Pact Group Holdings Ltd (**Pact** or the **Company**) and its subsidiaries (together referred to as the **Group**) including the Group's joint ventures at the end of, or during the period ended 31 December 2023. This Consolidated Half-Year Financial Report was issued in accordance with a resolution of the Directors on 15 February 2024.

This Consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Pact during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* (the **Act**).

CONTENTS

HALF-YEAR FINANCIAL REPORT
Consolidated Statement of Comprehensive Income
For the period ended 31 December 2023

$'000	Notes	Dec 2023	Dec 2022[1]
Continuing operations			
Revenue	1.1	**897,768**	937,950
Raw materials and consumables used		**(412,746)**	(456,844)
Employee benefits expense		**(226,587)**	(218,960)
Occupancy, repair and maintenance, administration and selling expenses		**(146,596)**	(149,057)
Interest and other income		**6,861**	7,156
Other losses	1.3	**(17,708)**	(5,163)
Depreciation and amortisation expense		**(56,418)**	(57,398)
Impairment expense	4.2	**(3,858)**	-
Finance costs and loss on de-recognition of financial assets	3.1	**(48,461)**	(37,996)
Share of profit in associates		**1,221**	2,073
(Loss)/profit from continuing operations before income tax		**(6,524)**	21,762
Income tax expense		**(1,483)**	(8,632)
Net (loss)/profit from continuing operations	1.2	**(8,007)**	13,130
Discontinued operations			
Profit for the period from discontinued operations, net of tax	2.2	**67,351**	10,804
Net profit for the period		**59,344**	23,934
Net profit for the period attributable to equity holders of the parent entity		**59,344**	23,934
Attributable to:			
Equity holders of the parent entity from continuing operations		**(8,007)**	13,130
Equity holders of the parent entity from discontinued operations		**67,351**	10,804
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability		**98**	99
Items that will be reclassified subsequently to profit or loss			
Cash flow hedge (loss) taken to equity		**(4,740)**	(351)
Foreign currency translation (loss)/gain		**(1,395)**	167
Income tax benefit on items in other comprehensive income		**1,042**	118
Other comprehensive (loss)/income for the period, net of tax		**(4,995)**	33
Total comprehensive income for the period attributable to equity holders of the parent entity		**54,349**	23,967
Earnings per share attributable to equity holders of the parent entity (in cents)			
Basic earnings per share		**17.2**	7.0
Diluted earnings per share		**17.1**	6.9
Earnings per share attributable to equity holders of the parent entity from continuing operations (in cents)			
Basic earnings per share		**(2.3)**	3.8
Diluted earnings per share		**(2.3)**	3.8

(1) Refer Note 4.1 for further details.

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

HALF-YEAR FINANCIAL REPORT
Consolidated Statement of Financial Position
For the period ended 31 December 2023

$'000	Notes	Dec 2023	Jun 2023
CURRENT ASSETS			
Cash and cash equivalents	3.1	**78,123**	79,061
Trade and other receivables		**140,086**	146,262
Inventories		**245,537**	252,179
Contract assets		**15,174**	16,581
Other current financial assets		**2,191**	5,620
Prepayments		**12,700**	10,731
TOTAL CURRENT ASSETS		**493,811**	510,434
NON-CURRENT ASSETS			
Prepayments		**971**	1,212
Property, plant and equipment		**951,380**	1,048,217
Investments in joint ventures and associates	2.2, 2.3	**146,720**	46,812
Intangible assets and goodwill	2.2	**316,787**	428,503
Other non-current financial assets		**-**	2,628
Deferred tax assets		**43,912**	44,380
TOTAL NON-CURRENT ASSETS		**1,459,770**	1,571,752
TOTAL ASSETS		**1,953,581**	2,082,186
CURRENT LIABILITIES			
Trade and other payables		**338,953**	389,926
Bank overdraft	3.1	**-**	1,021
Current tax liability		**48,034**	11,096
Employee benefits provisions		**43,868**	47,077
Other provisions		**128**	2,464
Lease liabilities		**76,156**	80,747
Other current financial liabilities		**9,854**	91
TOTAL CURRENT LIABILITIES		**516,993**	532,422
NON-CURRENT LIABILITIES			
Employee benefits provisions		**5,525**	6,369
Other provisions		**11,992**	12,903
Interest-bearing loans and bank borrowings	3.1	**506,574**	663,607
Lease liabilities		**439,349**	451,614
Deferred tax liabilities		**10,011**	6,580
TOTAL NON-CURRENT LIABILITIES		**973,451**	1,141,073
TOTAL LIABILITIES		**1,490,444**	1,673,495
NET ASSETS		**463,137**	408,691
EQUITY			
Contributed equity	3.2	**1,751,706**	1,751,706
Reserves		**(899,699)**	(894,703)
Retained earnings		**(388,870)**	(448,312)
TOTAL EQUITY		**463,137**	408,691

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

Consolidated Statement of Changes in Equity

For the period ended 31 December 2023

	Attributable to equity holders of the Parent entity						
$'000	Contributed equity	Common control reserve	Cash flow hedge reserve	Foreign currency translation reserve	Share based payments reserve	Retained Earnings	Total equity
Half-year ended 31 December 2023							
As at 1 July 2023	**1,751,706**	**(928,385)**	**4,881**	**23,519**	**5,282**	**(448,312)**	**408,691**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**59,344**	**59,344**
Reserves reclassified to profit for the year	**-**	**-**	**-**	**982**	**-**	**-**	**982**
Other comprehensive (loss)/income	**-**	**-**	**(3,698)**	**(2,377)**	**-**	**98**	**(5,977)**
Total comprehensive (loss)/income	**-**	**-**	**(3,698)**	**(1,395)**	**-**	**59,442**	**54,349**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shares issued for employee share plan	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share based payments expense[(1)]	**-**	**-**	**-**	**-**	**97**	**-**	**97**
Transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**97**	**-**	**97**
Balance as at 31 December 2023	**1,751,706**	**(928,385)**	**1,183**	**22,124**	**5,379**	**(388,870)**	**463,137**
Half-year ended 31 December 2022							
As at 1 July 2022	1,751,706	(928,385)	6,071	26,250	4,787	(436,652)	423,777
Profit for the period	-	-	-	-	-	23,934	23,934
Other comprehensive income	-	-	(233)	167	-	99	33
Total comprehensive (loss)/income	-	-	(233)	167	-	24,033	23,967
Dividends paid	-	-	-	-	-	(5,164)	(5,164)
Shares issued for employee share plan	-	-	-	-	-	-	-
Share-based payments expense	-	-	-	-	12	-	12
Transactions with owners in their capacity as owners	-	-	-	-	12	(5,164)	(5,152)
Balance as at 31 December 2022	1,751,706	(928,385)	5,838	26,417	4,799	(417,783)	442,592

(1) Total share-based payments expense recognised in the current period was $161,000 (December 2022: $485,000).

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

HALF-YEAR FINANCIAL REPORT
Consolidated Statement of Cash Flows
For the period ended 31 December 2023

$'000	Notes	Dec 2023	Dec 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**431,929**	510,968
Receipts from securitisation program		**620,939**	556,966
Payments to suppliers and employees		**(973,104)**	(976,605)
Income tax paid		**(3,175)**	(12,037)
Interest received		**480**	647
(Payments to)/Proceeds from securitisation of trade debtors		**(423)**	2,977
Borrowing, trade debtor securitisation and other finance costs paid		**(49,726)**	(32,948)
Net cash flows provided by operating activities		**26,920**	49,968
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(63,846)**	(64,550)
Payments for investments in joint ventures and associates		**(5,833)**	(869)
Proceeds from sale of businesses, net of transaction costs	2.2	**225,740**	-
Payments for deferred acquisition consideration	2.1	**-**	(20,097)
Proceeds from sale of property, plant and equipment		**42**	28
Payments to joint venture loans		**(430)**	(1,698)
Dividend income from joint venture and associates		**99**	819
Net cash flows provided by/(used in) investing activities		**155,772**	(86,367)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**217,235**	385,594
Repayment of borrowings		**(372,979)**	(350,941)
Repayment of lease liability principal		**(25,432)**	(26,879)
Payment of dividend	1.4	**-**	(5,164)
Net cash flows (used in)/provided by financing activities		**(181,176)**	2,610
Net increase/(decrease) in cash and cash equivalents		**1,516**	(33,789)
Cash and cash equivalents at the beginning of the period		**78,040**	99,129
Effect of exchange rate changes on cash and cash equivalents		**(1,433)**	(988)
Cash and cash equivalents at the end of the period	3.1	**78,123**	64,352

The Consolidated Statement of Cash Flows includes both continuing and discontinued operations. Refer Note 2.2 for cash flows from discontinued operations.

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

SECTION 1 – OUR PERFORMANCE

1.1 SEGMENT RESULTS FROM CONTINUING OPERATIONS

$'000	Packaging & Sustainability	Materials Handling & Pooling	Contract Manufacturing	Eliminations	Consolidated continuing operations
Half-year ended 31 December 2023					
Revenue	**623,580**	**115,968**	**177,725**	**(19,505)**	**897,768**
Underlying EBIT[1]	**48,384**	**10,093**	**3,503**	**-**	**61,980**

$'000	Packaging & Sustainability	Materials Handling & Pooling	Contract Manufacturing	Eliminations	Consolidated continuing operations
Restated half-year ended 31 December 2022					
Revenue	660,569	118,397	176,644	(17,660)	937,950
Underlying EBIT[1]	57,301	5,295	(227)	-	62,369

[1] Underlying EBIT - Earnings before underlying adjustments, finance costs and loss on de-recognition of financial assets, net of interest income, tax. This is a non-IFRS measure.

Pact's chief operating decision maker is the Managing Director and Group Chief Executive Officer (**CEO**), who is focussed on the financial measures reported in the above table. As required by AASB 8: *Operating Segments*, the results above have been reported on a consistent basis to that supplied to the CEO.

The CEO monitors results by reviewing the reportable segments based on a product perspective as outlined in the table below. The resource allocation to each segment, and the aggregation of reportable segments is based on that product portfolio.

Reportable segments	Products / services	Countries of Operation	
• Packaging & Sustainability	• Manufacture and supply of rigid plastic and metal packaging and associated services • Recycling and sustainability services	• Australia • New Zealand • China • Indonesia • Philippines • Singapore	• Thailand • Hong Kong • South Korea • Nepal • India
• Materials Handling & Pooling	• Manufacture and supply of materials handling products and the provision of associated services • Pooling services	• Australia • New Zealand • China • Hong Kong • United States of America	• India • Bangladesh • United Kingdom • Sri Lanka
• Contract Manufacturing	• Contract manufacturing and packing services	• Australia	

1.2 GROUP RESULTS

Net profit from continuing operations

The reconciliation of underlying EBIT shown above to the net profit from continuing operations disclosed in the Consolidated Statement of Comprehensive Income is as follows:

$'000	Note	Dec 2023	Dec 2022
Underlying EBIT		**61,980**	62,369
Underlying adjustments from continuing operations[1]			
Transaction costs[2]		**(1,926)**	(2,861)
Costs arising from site fire[3]		**(177)**	
Insurance settlements for events in prior periods		-	140
Profit on sale of properties[4]		-	1,252
Business restructuring programs[5]			
Restructuring costs		**(14,338)**	286
Asset write downs		**(364)**	(2,067)
Underlying adjustments in other losses		**(16,805)**	(3,250)
Impairment expenses			
Tangible assets[6]		**(3,858)**	-
Total underlying adjustments from continuing operations		**(20,663)**	(3,250)
Reported EBIT from continuing operations		**41,317**	59,119
Net finance costs[7]		**(47,841)**	(37,357)
Net (loss)/profit before income tax		**(6,524)**	21,762
Income tax expense[8]		**(1,483)**	(8,632)
Net (loss)/profit from continuing operations		**(8,007)**	13,130

(1) Underlying adjustments from continuing operations includes items that are individually material or do not relate to the operating business.

(2) Transaction costs includes professional fees and stamp duty. Excludes costs associated with the sale of the crate pooling and manufacturing businesses.

(3) Write off costs for stock held in the Materials Handling & Pooling segment.

(4) Profits recognised in China in the Packaging & Sustainability segment for vacating and transferring land in the prior period. The prior period gain is a reversal of previously estimated costs associated with the transaction.

(5) Business restructuring relates to the optimisation of business facilities and restructuring costs across the Group.

(6) Impairment of the investment in a joint venture – Australian Recycled Plastic Pty Ltd.

(7) Net finance costs includes interest income of $620,000 (Dec 2022: $639,000).

(8) Included in income tax expense is a tax benefit on underlying adjustments of $4.3 million (Dec 2022: $0.9million), including income tax losses recognised and assessable income on capital gains.

1.3 OTHER LOSSES

The amounts disclosed in the table below are the amounts recognised in the Consolidated Statement of Comprehensive Income:

$'000	Dec 2023	Dec 2022
Underlying adjustments in other losses	**(16,805)**	(3,250)
Other losses		
Unrealised (losses) on revaluation of foreign exchange forward contracts	**(460)**	(202)
Gain on sale of property, plant and equipment	**335**	125
Realised net foreign exchange losses	**(778)**	(1,836)
Other losses	**(903)**	(1,913)
Total Other losses	**(17,708)**	(5,163)

1.4 DIVIDENDS

$'000	Dec 2023	Dec 2022
Dividends paid during the financial period	-	5,164

Since the end of the period the Directors have determined there will be no interim dividend during the current year (Dec 2022: Nil).

1.5 REVENUE FROM CONTRACTS WITH CUSTOMERS FROM CONTINUING OPERATIONS

Disaggregation of revenue from contracts with customers

$'000	Packaging & Sustainability[(1)]	Materials Handling & Pooling	Contract Manufacturing[(2)]	Eliminations	Consolidated continuing operations
Half-year ended 31 December 2023					
Australia	**325,990**	**75,205**	**177,725**	-	**578,920**
New Zealand	**189,811**	**285**	-	-	**190,096**
Asia	**89,117**	**39,635**	-	-	**128,752**
Revenue from contracts with customers	**604,918**	**115,125**	**177,725**	-	**897,768**
Inter-segment revenue	**18,662**	**843**	-	**(19,505)**	-
Revenue	**623,580**	**115,968**	**177,725**	**(19,505)**	**897,768**

(1) 0.4% of total revenue for Packaging & Sustainability is recognised over time.

(2) 7.3% of total revenue for Contract Manufacturing is recognised over time.

$'000	Packaging & Sustainability[(1)]	Materials Handling & Pooling	Contract Manufacturing[(2)]	Eliminations	Consolidated continuing operations
Half-year ended 31 December 2022					
Australia	351,252	70,852	176,644	-	598,748
New Zealand	194,920	544	-	-	195,464
Asia	97,736	46,002	-	-	143,738
Revenue from contracts with customers	643,908	117,398	176,644	-	937,950
Inter-segment revenue	16,661	999		(17,660)	-
Revenue	660,569	118,397	176,644	(17,660)	937,950

(1) 0.6% of total revenue for Packaging & Sustainability is recognised over time.

(2) 7.0% of total revenue for Contract Manufacturing is recognised over time.

SECTION 2 – GROUP STRUCTURE

2.1 BUSINESSES ACQUIRED

There have been no business acquisitions during the half-year ended 31 December 2023.

Prior year acquisition accounting

At 30 June 2022, the Group recognised $4.3 million as provisional goodwill arising on acquisition of Synergy Packaging Pty Ltd. A total of $20.1 million was paid in the previous period as consideration for the acquisition. During the prior year, a decrease of $0.3 million has been further recognised to finalise goodwill accounting. This includes an increase of $1.2 million in relation to fair value determination for property, plant and equipment and a net decrease of $1.5 million for other adjustments of purchase price allocation.

2.2 DISCONTINUED OPERATIONS

On 16 August 2023, the Group announced the proposed sale of 50% of its Crate Pooling and Crate Manufacturing business (**Crates Business**) to global infrastructure investment manager Morrison & Co to expand its capabilities and accelerate growth opportunities. The sale completion date was 30 November 2023. On 1 December 2023, the transaction resulted in the formation of a new joint venture namely, Marquis Holdco Pty Ltd, with Morrison & Co which is 50% owned by the Group and operated as a separate entity. The disposed business was part of the Materials Handling & Pooling business which represented a separate major line of business. Accordingly, the disposal was treated as discontinued operations in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations.*

The accounting for sale of businesses on completion date is presented below:

$'000	Dec 2023
Consideration paid in cash	**235,767**
Consideration settled in shares of Marquis Holdco Pty Ltd	**97,200**
Gross consideration	**332,967**
Net assets disposed:	
Trade and other receivables	**(24,584)**
Inventories	**(4,663)**
Property, plant and equipment	**(105,605)**
Right of use assets	**(18,804)**
Other assets	**(13,888)**
Trade and other payables	**11,443**
Employee benefit provisions	**3,842**
Other provisions	**15,188**
Lease liabilities	**24,499**
Net taxes	**7,575**
Net assets disposed	**(104,997)**
Transaction costs	**(10,027)**
Gross gain on sale	**217,943**
Goodwill allocated to discontinued operations	**(113,473)**
Foreign exchange translation reserve	**(982)**
Gain on sale of businesses before tax	**103,488**

2.2 DISCONTINUED OPERATIONS (CONTINUED)

The results of discontinued operations for the period are presented below:

$'000	Dec 2023	Dec 2022
Revenue	**53,478**	60,234
Interest and other income	**232**	425
Expenses	**(37,508)**	(47,653)
Underlying EBIT before sale of businesses	**16,202**	13,006
Gain on sale of businesses	**103,488**	-
Reported EBIT	**119,690**	13,006
Net finance costs	**(590)**	(664)
Profit before tax	**119,100**	12,342
Income tax expense	**(51,749)**	(1,538)
Profit for the period from discontinued operations, net of tax	**67,351**	10,804

Cash flows from discontinued operations

The net cash flows incurred by the Crates Business are presented below:

$'000	Dec 2023
Net cash flows provided by operating activities	**13,475**
Net cash flows used in investing activities	**(10,806)**
Net cash flows used in financing activities	**(2,436)**
Net cash inflow for the period	**233**

2.3 JOINT VENTURES AND ASSOCIATES

As at 31 December 2023 the Group held the following investments in associates and joint ventures:

Name of associate and joint ventures	Dec 2023	June 2023
Spraypac Products (NZ) Limited	**50.0%**	**50.0%**
Weener Plastop Asia, Inc.	**50.0%**	**50.0%**
Gempack Asia Limited (**Gempack**)	**50.0%**	**50.0%**
PT Weener Plastop Indonesia	**50.0%**	**50.0%**
Australian Recycled Plastic Pty Ltd	**50.83%**	**50.83%**
Circular Plastics Australia (PET) Holdings Pty Ltd (**CPAP**)	**33.33%**	**33.33%**
Circular Plastics Australia Pty Ltd (**CPA**)	**50.0%**	**50.0%**
Circular Plastics Australia (LDPE) Pty Ltd[(1)]	**33.33%**	**33.33%**
Marquis Holdco Pty Ltd[(2)]	**50.0%**	**-**

(1) Circular Plastics Australia (LDPE) Pty Ltd was incorporated on 1 June 2023 as a joint venture between Pact, Cleanaway Pty Ltd and Pro-Pac Group Pty Limited with equal shareholding of 33.33% each. The entity has not commenced trading at reporting date.

(2) On 1 December 2023, the Group retained 50% interest in the Crates Business through establishment of Marquis Holdco Pty Ltd, a joint venture that operates as a separate entity.

SECTION 3 – CAPITAL STRUCTURE

3.1 NET DEBT

Debt profile

Pact has the following interest-bearing loans and borrowings as at 31 December 2023:

CURRENT

$'000	Dec 2023	June 2023
Bank overdraft	-	1,021
Lease liabilities	76,156	80,747
Total current interest-bearing loans and bank borrowings	**76,156**	**81,768**

NON-CURRENT

$'000	Dec 2023	June 2023
Syndicated Facility Agreements[2]	433,959	589,471
Subordinated Debt Facility[2][3]	76,316	78,448
Capitalised borrowing costs	(3,701)	(4,312)
Total bank borrowings (including capitalised borrowing costs)	**506,574**	**663,607**
Lease liabilities	439,349	451,614
Total non-current interest-bearing loans and bank borrowings	**945,923**	**1,115,221**

NET DEBT

$'000	Dec 2023	June 2023
Total bank borrowings (including capitalised borrowing costs)	506,574	663,607
Bank overdraft	-	1,021
Cash and cash equivalents	(78,123)	(79,061)
Net debt before lease liabilities	**428,451**	**585,567**
Lease liabilities	515,505	532,361
Net debt[1]	**943,956**	**1,117,928**

(1) This is a non-IFRS measure.

(2) The Syndicated Facility Agreements include $262.0 million of sustainability linked loans.

The Group syndicated facilities are as follows:

Facility	Maturity date	Total Facilities $'000
Working capital facility	Revolving with an annual review	23,689
Loan facility	April 2025	77,402
Subordinated term debt facility[3]	July 2025	74,833
Loan facility	January 2026	184,624
Loan facility	January 2027	277,907
Term facility	December 2027	200,000
Total facilities		**838,455**
Facilities utilised		508,793
Facilities unutilised		**329,662**

(3) The Subordinated term debt facility is denominated in USD and was converted to AUD $74.8 million of subordinated financing which is fully hedged. The USD debt is translated to AUD using the AUD/USD spot rate as at 31 December 2023, and disclosed as a financial liability of $76.3 million, while the foreign currency spot component of the fair value of the hedges of $1.5 million is held in other current financial assets and cash (June 2022: $3.6 million).

The Group uses interest rate swaps to manage interest rate risk.

3.1 NET DEBT (CONTINUED)

Finance costs and loss on de-recognition of financial assets

Pact incurred the following finance costs during the period ended 31 December:

$'000	Dec 2023	Dec 2022
Interest expense on bank loans and borrowings	**25,184**	19,125
Borrowing costs amortisation	**1,384**	1,055
Amortisation of securitisation program costs	**70**	171
Sundry items	**18**	33
Total interest expense on borrowings	**26,656**	20,384
Interest expense on unwinding of provisions	**300**	302
Interest expense on lease liabilities	**17,856**	15,210
Total finance costs	**44,812**	35,896
Loss on de-recognition of financial assets	**4,238**	2,763
Total finance costs and loss on de-recognition of financial assets	**49,050**	38,659

Reconciliation to cash at the end of the period

The cash and cash equivalents balance in the Consolidated Statement of Financial Position is reconciled to cash as shown in the Consolidated Statement of Cash Flows at 31 December 2023 as follows:

$'000	Dec 2023	Dec 2022
Cash and cash equivalents	**78,123**	82,693
Bank overdraft	**-**	(18,341)
Balance per Consolidated Statement of Cash Flows	**78,123**	64,352

3.2 CONTRIBUTED EQUITY

Terms, conditions and movements in contributed equity

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

	Dec 2023		June 2023	
	Number of shares	$'000	Number of shares	$'000
Movements in contributed equity				
Ordinary shares:				
Beginning of the year	**344,290,053**	**1,751,706**	344,290,053	1,751,706
Issued during the period	**-**	**-**	-	-
End of the period	**344,290,053**	**1,751,706**	344,290,053	1,751,706

SECTION 4 – OTHER DISCLOSURES

4.1 BASIS OF PREPARATION

Basis of preparation and compliance

This Consolidated Half-Year Financial Report:

- Comprises the financial statements of Pact Group Holdings Ltd, being the parent entity, and its controlled entities.
- Has been prepared in accordance and complies with the requirements of the *Act* and AASB 134: *Interim Financial Reporting*.
- Has revenues, expenses and assets recognised net of the amount of goods and services tax (**GST**) except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case GST is recognised as part of the acquisition of the asset or as part of the expense item to which it relates. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.
- Is presented in Australian dollars with all values rounded to the nearest $1,000, unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.
- Has the same accounting policies and methods of computation as were applied in the most recent annual financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.
- Has all intercompany balances, transactions, income and expenses and profit and losses resulting from intra-group transactions eliminated in full.
- Has certain comparative amounts re-presented to conform with the current period's presentation to better reflect the nature of the financial performance of the Group. Refer to Note 2.2 for further details. In accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations*, the Group has:
    - presented the profit or loss from discontinued operations separately from its continuing operations in its Consolidated Statement of Other Comprehensive Income in the current period and restated the prior period;
    - continued to present the assets and liabilities of the Group in the Consolidated Statement of Financial Position with no re-presentation of amounts presented in the prior period and;
    - continued to present the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows including both continuing operations and discontinued operations.

The Group is in a net current liability position at balance date; however, the Directors have assessed that due to the Group's access to undrawn facilities (as per Note 3.1) and forecast positive cash flows into the future, the Group will be able to pay its debts as and when they fall due.

Following an off market takeover offer on 13 September 2023, Kin Group Pty Ltd and its associates have increased their share ownership in Pact Group Holdings Ltd to 84.46% as at 31 December 2023[1] (June 2023: 49.76%). The Group's ultimate parent entity is Kin Group Pty Ltd.

The standards applied in the half-year consolidated financial statements are those in issue as at 31 December 2023 and are effective for annual periods beginning on or after 1 July 2023. Standards and interpretations issued but not yet effective as at 1 July 2023 are not reflected in these half-year financial statements.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Comparatives

Comparative figures can be adjusted to conform to changes in presentation for the current financial period where required by accounting standards or as a result of changes in accounting policy.

Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosure. No material reclassifications have been made to prior period disclosures.

[1] Based on the notice of change of interests of substantial holder released to the ASX on 28 December 2023.

4.2 IMPAIRMENT ASSESSMENT

The Group has assessed each cash generating unit to determine whether there are any indicators of impairment. This assessment involved a review of the assumptions supporting the impairment test undertaken during FY23, together with updated forecasts. The significant assumptions applied in that impairment are disclosed in the Annual Report for the year ended 30 June 2023.

The group has taken an impairment for the investment in Australian Recycled Plastic Pty Ltd of $3.9 million. The business is currently loss making and it is management's view that given the competition for raw material, location of the site and the state of the equipment, the future financial performance of the business is likely to deteriorate further.

Identifiable intangibles

The Group reviewed the carrying value of identifiable intangibles relative to the current financial performance of the business and its outlook and did not identify any indicators of impairment.

4.3 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions with related parties for the period ended 31 December 2023:

$'000		Sales	Purchases	Other expense	Net amounts payable
Related parties – Director's interests[1]					
	Dec 2023	**6,310**	**10,491**	**3,433**	**(2,273)**
	Dec 2022	**14,698**	**12,749**	**3,154**	**(2,010)**

[1] Related parties – Director's interests include the following entities: Kin Group Pty Ltd; Visy Industries Pty Ltd; Pro-Pac Packaging Limited; Centralbridge Pty Ltd (as trustee for the Centralbridge Unit Trust); Centralbridge Two Pty Ltd; Centralbridge (NZ) Limited; Albury Property Holdings Pty Ltd; Green's General Foods Pty Ltd; Remedy Kombucha Pty Ltd; The Reject Shop Limited, Propax Pty Ltd; Gem-Care Products Pty Ltd; The Hive (Australia) Pty Ltd; BG Wellness Holdings Pty Ltd and Brimful Beverages Pty Ltd.

Sales to related parties

The Group has sales of $6.3 million (Dec 2022: $14.7 million) to other related parties including: Green's General Foods Pty Ltd; Visy Industries Pty Ltd; The Reject Shop Limited; Remedy Kombucha Pty Ltd; Propax Pty Ltd; Gem-Care Products Pty Ltd; The Hive (Australia) Pty Ltd; BG Wellness Holdings Pty Ltd and Brimful Beverages Pty Ltd. Sales are for Packaging & Sustainability and Contract Manufacturing.

Visy Industries Pty Ltd

Visy Industries Pty Ltd (**Visy**) is a supplier to, and customer of, the Group. The Group purchases products such as cardboard boxes from Visy and sells flexible packaging to Visy.

Pro-Pac Packaging Limited

Pro-Pac Packaging Limited (**Pro-Pac**), an entity in which Mr Raphael Geminder owns approximately 65.75% (June 2023: 65.75%), is an exclusive supplier of certain raw materials such as flexible film packaging, flexible plastic bags and tapes to Pact. The Group's supply agreement with Pro-Pac expired on 31 December 2021 and is now continuing on a month-on-month basis. The total value of this arrangement is approximately $1.4 million for the six months ended 31 December 2023 (Dec 2022: $1.9 million). The agreement is on commercial terms which the Board has determined are at arms' length in accordance with section 210 of the *Act*.

Property leases with related parties

The Group leased 10 properties (eight in Australia and two in New Zealand) from Centralbridge Pty Ltd (as trustee for the Centralbridge Unit Trust), Centralbridge Two Pty Ltd, Centralbridge (NZ) Limited and Albury Property Holdings Pty Ltd, which are each controlled by entities associated with Mr Raphael Geminder and are therefore related parties of the Group (**Centralbridge Leases**). The aggregate half-yearly rent payable by Pact under the Centralbridge Leases for the period ended 31 December 2023 was $3.4 million (Dec 2022: $3.1 million). The rent payable under the Centralbridge Leases was determined based on independent valuations and market conditions at the time the leases were commercially agreed. The leases are on commercial terms which the Board has determined are at arms' length in accordance with section 210 of the *Act.*

4.4 SEGMENT ASSETS AND SEGMENT LIABILITIES

Segment assets

$'000	Dec 2023	June 2023
Packaging & Sustainability	**1,483,510**	1,452,752
Materials Handling & Pooling	**343,025**	515,164
Contract Manufacturing	**235,807**	222,300
Total Segment Assets	**2,062,342**	2,190,216
Reconciliation to total assets[1]:		
Receivables included in securitisation programs	**(149,408)**	(149,516)
Deferred tax assets	**43,912**	44,380
Inter-segment eliminations	**(3,265)**	(2,894)
TOTAL ASSETS	**1,953,581**	2,082,186

[1] These reconciling items are managed centrally and not allocated to reportable segments.

Segment liabilities

$'000	Dec 2023	June 2023
Packaging & Sustainability	**670,263**	666,301
Materials Handling & Pooling	**117,142**	184,279
Contract Manufacturing	**141,685**	143,505
Total Segment Liabilities	**929,090**	994,085
Reconciliation to total liabilities[1]:		
Interest-bearing liabilities	**506,574**	664,629
Income tax payable	**48,034**	11,096
Deferred tax liabilities	**10,011**	6,579
Inter-segment eliminations	**(3,265)**	(2,894)
TOTAL LIABILITIES	**1,490,444**	1,673,495

[1] These reconciling items are managed centrally and not allocated to reportable segments.

4.5 CONTINGENCIES

During the 2020 financial year the Group reversed a contingent consideration obligation of $30.0 million relating to the acquisition of TIC Retail Accessories, as specific financial hurdles required for payment were determined not to have been achieved.

In 2021 the Company received dispute notices in relation to this contingent consideration obligation. A number of the Company's related bodies corporate (**Pact Claim Group**) commenced legal proceedings against TIC Group Pty Ltd and various related parties (**TIC**) in the Commercial Court of the Supreme Court of Victoria challenging the validity of the dispute notice, and TIC has brought a counterclaim seeking payment of $30.0 million plus interests and costs. The Pact Claim Group is vigorously defending the counterclaim and is of the view that no earn out amount is payable. Both parties have filed initial legal documentation and lay evidence with the court. The filing of further evidence and mediation is currently scheduled to occur in 2024. The matter has not yet been listed for trial.

The Group is not party to any other legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on its business, financial position or operating results.

4.6 SUBSEQUENT EVENTS

On 31 January 2024, the Group sold its 50.83% investment in Australian Recycled Plastic Pty Ltd.

Other than the above, there have been no material matters or circumstances which have arisen between 31 December 2023 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. The half-year consolidated financial statements and notes are in accordance with the *Corporations Act 2001* (Cth) including:

   (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date;

   (b) complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

2. There are reasonable grounds to believe that Pact Group Holdings Ltd will be able to pay its debts as and when they become due and payable.

This Declaration is made in accordance with a resolution of the Directors.

Raphael Geminder
Chairman

Sanjay Dayal
Managing Director and Group Chief Executive Officer

15 February 2024

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

Independent auditor's review report to the members of Pact Group Holdings Ltd

Conclusion

We have reviewed the accompanying half-year financial report of Pact Group Holdings Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and 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 2023 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.

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 controls 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 2023 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

David Shewring
Partner
Melbourne
15 February 2024

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Pact Group Holdings Ltd (**Pact** or the **Company**) and its subsidiaries (together referred to as the **Group**) and including the Group's joint ventures at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

The following persons are Directors of the Company during the half-year and up to the date of this report, unless otherwise indicated:

Raphael Geminder	Non-Executive Chair
Sanjay Dayal	Managing Director and Group Chief Executive Officer
Carmen Chua	Non-Executive Director
Michael Wachtel	Non-Executive Director

PRINCIPAL ACTIVITIES

Pact is a leading provider of specialty packaging solutions, servicing both consumer and industrial sectors. Pact specialises in the manufacture and supply of rigid plastic and metal packaging, materials handling solutions, contract manufacturing services and recycling and sustainability services.

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

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

A review of the operations of the Group during the half-year and of the results of those operations is available at pages i – x.

DIVIDENDS

The Directors have determined that there will be no interim dividend in relation to the half-year ended 31 December 2023. For the half-year ended 31 December 2022 no interim dividend was paid.

For the year ended 30 June 2023, no final dividend was paid by the Company.

OTHER EVENTS OF SIGNIFICANCE AND SUBSEQUENT EVENTS

Please refer to the Review of Operations and Financial Performance on page x.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration, as required under section 307C of the *Act*, is set out on page 20 and forms part of this *Directors' Report*.

ROUNDING

Figures in the *Directors' Report* and financial statements are presented in Australian dollars with all values rounded to the nearest $1,000 (where rounding is applicable), unless otherwise stated, in accordance with 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 legislative instrument applies.

This *Directors' Report* is signed in accordance with a resolution of Directors.

Raphael Geminder
Chairman

Sanjay Dayal
Managing Director and Group Chief Executive Officer

15 February 2024

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 Pact Group Holdings Ltd

As lead auditor for the review of the half-year financial report of Pact Group Holdings Ltd for the half year ended 31 December 2023, 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 Pact Group Holdings Ltd and the entities it controlled during the financial period.

Ernst & Young

David Shewring
Partner
15 February 2024