

ASX- For immediate release

22 November 2022

**PRO-PAC PACKAGING LIMITED
ANNUAL GENERAL MEETING PRESENTATIONS**

The presentations to be given at today's Annual General Meeting are attached.

Release of this announcement is authorised by the Board of Directors.

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About PPG:

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

PRO-PAC PACKAGING LIMITED 2022 ANNUAL GENERAL MEETING



Good afternoon ladies and gentlemen. My name is Jonathan Ling and I am your Chairman.

I begin today by acknowledging the Traditional Custodians of the land on which we meet today, and pay my respects to their Elders past and present. I also acknowledge the Traditional Custodians of the various lands from which you all join this meeting today. I extend that respect to Aboriginal and Torres Strait Islander peoples here today, whether in person or virtually.

On behalf of the Directors and management of Pro-Pac, I extend a warm welcome to everyone joining us today. I am pleased that you could join us for the 2022 Annual General Meeting of Pro-Pac Packaging Limited. We greatly appreciate your interest and attendance, whether virtually or in person. I am informed that a quorum is present and I declare the meeting open.

Before we progress further, I will spend some time explaining how the meeting will be conducted.

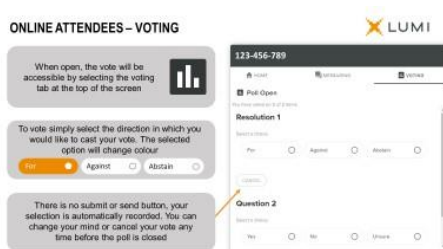
Firstly, during today's meeting, shareholders or their appointed representatives will have the opportunity to ask questions or make comments to the company either personally by raising their hand or if joining us remotely via the Lumi platform you have logged into today. On the platform, questions will be moderated and may be amalgamated where there are multiple questions on the same topic.

Questions online



For those online, to ask a question during the meeting, click on the speech bubble icon at the top of the screen, type your question and then click the arrow to submit your question. You will receive confirmation that your question has been sent after you click on the “send” arrow. The question function is open now so it would be helpful if you could submit questions as early as possible. When you submit your question, please identify which resolution it relates to, or if it does not relate to any resolution, please indicate it is a general question.

Voting



Secondly, today all voting will be conducted by poll. For those here in person the share registry will conduct the poll at the end of the questions on each resolution. For those online, you may cast your votes at your own pace. The polls are already open and you will be able to see an icon on the Lumi platform that resembles a bar chart.

By clicking this icon each of the resolutions and the voting options will appear on your screen, and you may vote for a motion, against a motion or you may abstain your vote. Shareholders and Proxy Holders can vote by clicking on one of

the applicable voting options that is displayed. There is no need to hit a submit or enter button as the vote is automatically recorded. Shareholders and Proxy holders can change their vote at any time before the polls close.

The poll will remain open until the conclusion of the meeting, but if you need to leave the meeting early, you may wish to cast your vote now. At the conclusion of the meeting, voting will be collated to include all proxy votes and those cast at today's meeting. The final poll results will be announced on the ASX later today.

I would also like to introduce you to my fellow Directors

- ❖ Leonie Valentine - A Non-Executive Director, and a member of our Remuneration & Nomination Committee; and Darren Brown, A Non-Executive Director, and Chair of our Audit Business Risk & Compliance Committee. Both Leonie and Darren are retiring at the end of the meeting.
- ❖ Rupert Harrington - A Non-Executive Director, our Chair of the Remuneration & Nomination Committee and a member of our Audit, Business Risk & Compliance Committee;
- ❖ and John Cerini, our Managing Director and Chief Executive Officer.

- ❖ We are also joined online by Mark Blackburn who will be formally joining the board as an independent non-executive director from tomorrow, and also taking on the role of Chair of the Audit, Business Risk and Compliance Committee. Mark was unable to join us here in person today, however we extend a warm welcome to him.

From our executive team I would like to introduce:

- ❖ Kathleen Forbes, our General Counsel and Company Secretary
- ❖ Domenic Romanelli, our Chief Financial Officer,

And also, in attendance today is Kester Brown representing our external auditor, Ernst & Young.

I will now make some introductory comments reflecting upon our last year, which will be followed by a business update from our CEO, John Cerini.

CHAIRMAN'S ADDRESS



The past year has been an eventful one for Pro-Pac.

During the year, we successfully achieved the sale of the Rigid business, for a pleasing headline price of circa \$53m after retaining debtors and creditors. The divestment was an important strategic project, implemented well and ultimately allowing the company to focus on its remaining core businesses.

As a result of the divestment we embarked upon some restructuring activity focussed predominantly on reducing corporate costs and right-sizing other parts of the business. I am pleased to report these are almost complete with annualised cost savings of approximately \$10m being achieved.

We also more recently divested our Source and Sell business, which was not a part of our future strategy, particularly given its impact on working capital and the typical time between order receipt and cash receipt. The demands on working capital were unsustainable, and the benefits in removing these demands have been the key outcome for us.

Towards the end of FY 2022 we also saw a number of leadership changes including our CEO and our CFO, and the appointment of interim leadership in myself and Darren Brown until such time as permanent appointments were made. I am pleased to say we are now moving towards a period that we hope will bring greater stability for the company and all of its stakeholders. The appointment of John Cerini as CEO in early October 2022, sees a seasoned executive with extensive industry and manufacturing experience join us. John is well known to the Company having



been CEO of Integrated Packaging for 12 years before it was acquired by Pro-Pac, as well as Pro-Pac's COO for 2 years. This knowledge and experience has helped John make an immediate impact.

We have also very recently announced the appointment of Domenic Romanelli as CFO. Domenic is an experienced finance professional, with publicly listed company experience. Domenic was CFO at Gale Pacific Limited for two years, and has held key senior finance roles at Orica Limited, Smorgon Steel Group and BHP spanning a 20 year period. Even though it has only been a few weeks, I am confident Domenic's focus on our debt re-financing and responsible management of working capital will deliver the required results.

Our Board has been unchanged for the last 12 months, however the retirement of Leonie Valentine and Darren Brown at the end of this meeting, brings an opportunity for a board refresh. I would like to extend my thanks to both Darren and Leonie for their past 4 years of committed and invaluable service to the company. Both of them will be missed, but no doubt both will enjoy having a little more time on their hands, particularly given the challenging demands of the last year. I wish them all the best.

As announced earlier this month, Mark Blackburn will be joining the board as a new independent non-executive director. Mark's appointment brings strong technical financial reporting and analysis skills to the Board as well as extensive experience in business planning, risk management and financial management, making him the ideal chair of the Audit, Business Risks and Compliance committee. Welcome Mark- it is great to have you join us.

I should note that the Board also expects to appoint one or two more directors over the next 12 months, aiming for a board size of 5-6 directors. In this respect, as announced in our rights issue presentation, Pro-Pac has agreed with its major shareholder Bennamon that up to two persons nominated by Bennamon will be appointed to the board. We expect that Bennamon will formally nominate at least one director in the near future.

And finally, I would like to comment upon our successful capital raising launched in September and completed in October this year. We undertook a fully underwritten 1.24 for 1 pro rata accelerated renounceable entitlement offer to raise approximately A\$30 million. The Offer comprised both an Institutional Entitlement Offer and a retail entitlement offer both of which were priced at \$0.30 per share. I would like to thank all of our shareholders for their support of the capital raise. The funds have been used to pay down debt, and support the working capital requirements of the business. This allowed us to reset the capital structure and allow the business to focus on stabilising its earnings in a difficult market trading environment.

The pace of change at Pro-Pac Packaging has been very demanding. On behalf of the Board of Directors, I would like to thank you, our shareholders, for your on-going support of Pro-Pac. I'd also like to take this opportunity to acknowledge

the extraordinary efforts of Pro-Pac's employees and management team during another busy and challenging year. We thank them all for their commitment and hard work in support of the company.

I am now delighted to invite our CEO and Managing Director, John Cerini, to talk to you about our Financial Year 2022 performance, our strategy, and the progress we've made with our business priorities, before we address the formal items on today's agenda.



CHIEF EXECUTIVE OFFICER'S ADDRESS

Thank you, Chairman.

Good morning, everyone, and once again, thank you for joining us today. I'd like to begin by acknowledging the Traditional Owners of the land on which we meet today. I would also like to pay my respects to Elders past and present.

Introduction

My name is John Cerini, and I am the Managing Director and CEO of Pro-Pac Packaging.

Firstly, I am delighted to be re-joining the Company as CEO. I look forward to personally meeting with and re-establishing relationships with our shareholders, customers and suppliers. I would like to thank them for their support during a challenging year. Pro-Pac is fortunate to enjoy positive, collaborative relationships with all its stakeholders and we thank them for their commitment to our future.

Safety Performance 2022

	2021	2022
TRIFR	9.36	10.81
LTIFR	7.36	7.63

Safety Highlights

- Slight increase in both measures in 2022
- Performance impacted by:
 - Establishment of new factory in Dandenong with many new employees
 - Labour shortages and absenteeism



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



Building a safety culture

Safety is at the forefront of everything we do at Pro-Pac and must be a priority at all times.

The gains made in previous years have not been repeated, with safety performance impacted by the introduction of new employees across the business, and the difficulty in achieving a cohesive and aligned safety culture, behaviours, practices and procedures. We remain committed to further reductions as we build a disciplined safety culture throughout the group.

Group Financial Performance

Group Financial Performance

A\$ million	FY22	FY21	Change
Statutory results:			
Revenue	467.0	440.1	26.8
Profit after tax	(25.9)	7.8	(33.7)
Operating results:			
EBIT	4.3	25.3	(21.0)
PBT*	(2.9)	18.8	(21.7)
PBT Margin*	(0.6%)	4.3%	(4.9%)
Significant items	(15.6)	(7.6)	(8.0)

Continuing Operations Financial Performance

A\$ million	FY22	FY21	Change
Statutory results:			
Revenue	403.9	372.2	31.7
Profit after tax	(42.1)	4.9	(47.1)
Operating results:			
EBIT	(0.2)	20.2	(20.4)
PBT*	(6.8)	14.4	(21.2)
PBT Margin*	(1.7%)	3.9%	(5.5%)
Significant items	(34.9)	(7.3)	(27.6)

* Non-IFRS measure

Pro-Pac Packaging Limited Full Year Results FY22

- Statutory profit after tax was a loss of \$25.9 million and includes the operating profit of the Rigid business (PBT \$3.9 million) and the profit on the sale of the business (PBT \$20.9 million) that was sold on 24 June 2022.
- Continuing operations include the Flexibles packaging business and Industrial Specialty Packaging.

Significant items	\$'000
Intangibles impairment	25.1
Integration and restructuring costs	7.8
Chester Hill closure program	1.4
Source and sell closure costs	3.0
Indemnifiable losses	0.2
Significant items from continuing operations	34.9
Gain on sale of Rigid business	(20.1)
Restructuring and transaction costs	0.8
Significant items from discontinued operations	(19.3)
Significant items from group results	15.6

Financial performance

FY 2022 was a difficult year for the Company, with performance adversely impacted by a number of factors including:

- The cost of raw materials, freight and other costs, increased at a faster rate than we were able to improve selling prices;
- Production capacity restraints caused by shortages of labour associated with absenteeism due to Covid-19;
- Inefficiencies as a result of plant rationalisation program during a time where supply chains have been disrupted and the availability of skilled labour

The first quarter of FY2023 has seen some stabilisation of raw materials and freight cost, giving us the opportunity to reset margins. Our production facilities are fully operational and absenteeism is trending favourably, improving our efficiency. As a result our customer service levels are improving.

Refinancing

One of the initial focuses of the new management team has been to secure new financing facilities for the group. The group has agreed, on a best endeavours basis, to recapitalise the business financing facilities and repay all amounts outstanding under the existing syndicated debt facility. We are well advanced in this process with alternative financiers and expect that we will have completed settlement under a new facility in this quarter.

Strategy – key priorities



- Drive profitable revenue growth
- Improve operational efficiencies
- Reduce our corporate overheads.
- Optimise margin through sell prices and cost management



Strategic Priorities

My fundamental remit from the board is to restore the company to profitability, and this is my key priority.

We are focussing on margin improvement in our business through both the development of sales growth in higher value-add and higher margin products and reducing cost structures.

We have an increasing pipeline of attractive opportunities, and our priority is to use our manufacturing capabilities and expertise to convert this pipeline to profitable revenue.

Our strategic investments in additional capacity and technologies have been designed to optimise manufacturing efficiency and support the growth pipeline. These include a 7-layer extruder, HD extrusion line, and 8 colour printer, all are expected to facilitate additional revenue.

We also remain focused on lowering costs across the organisation and creating a structure to achieve a platform for more profitable growth. As Jonathan mentioned, approximately \$10m in annualised savings have already been achieved.

We continue to implement our ERP platform with Finance, Accounting and HR live across the entire group. We successfully deployed Supply Chain and Manufacturing at our Regency Park South Australia facility and will progressively rollout to further sites. This ERP will standardise processes across the organisation, and bring enhanced transparency and efficiency into all operations.

Innovation also plays a key role in our strategic plans. We believe there are real benefits to be had for our customers and our communities through our committed approach to innovation. Near-term priorities include expanding the deployment of Duratrack, our engineered railway sleeper, and developing new circular recycling capabilities in flexible plastic packaging.

Business Outlook

- Replacement Finance facilities expected to be in place by the end of the quarter.
- Annualised corporate cost reductions implemented
- Adverse impacts:
 - Global supply chains (Freight and resin)
 - Labour costs



Business Outlook

The trading environment remains dynamic and uncertain.

During the four months of the financial year to date, Pro-Pac has continued to focus on delivering its strategic priorities, including returning the company to profitability.

We have begun the process of restoring customer confidence and redressing the sell cost imbalance in the flexibles segment and it is pleasing to note the profitability of the Industrial business continues to improve.

During the first half of the FY23 financial year, we have seen the following impacts on the Pro-Pac business:

- High resin prices continue to impact costs during the first quarter, although we are now seeing resin costs start to stabilise.
- The difficulties experienced in passing through significant price increases during FY22 has impacted relationships with customers which has resulted in reduced volumes in the first part of the year.
- The cost of manufacturing labour remains a challenge, as inflation has increased the cost of doing business across our sites.

We will focus on the elements we can directly control, and relentlessly pursue our strategic priorities. We expect the business to return to a positive pre-AASB 16 EBITDA by the end of 1H22, and we are on track to restore profitability in the FY2023 financial year.



In closing, I would like to thank you, our shareholders, for your continued support. I look forward to delivering progress for you into the future. I would also like to take this opportunity to reiterate my thanks to all our management and employees for their commitment, support and their hard work over the last year.

I will now hand back to the Chairman to take us through the formal business of today's meeting. Thank you, Jonathan.

CHAIRMAN

Thank you, John.

Now turning to the formal part of the meeting.

The Explanatory Statement provided with the Notice of Meeting, sets out the reasons for each resolution, and I propose to take it as read. Shareholders voting at this meeting should also note the voting exclusion statements in relation to each Resolution as set out in the Notice of Meeting. All voting exclusion requirements imposed by the ASX Listing Rules, and set out in the Notice of Meeting, have been taken into account in determining all proxy counts in relation to the Resolutions proposed. I intend to vote all open proxies that I hold in favour of the resolutions.

As previously mentioned, for those online votes may be cast in relation to each item of business by clicking on the icon on the Lumi platform that resembles a bar chart, which is at the top of the screen.

Item 1 – Financial Report, Directors Report and Auditors Report

1. Financial Report

- To receive and consider the Financial Report of the Company and of the Consolidated Entity for the year ended 30 June 2022 and the Reports Directors' and Auditor's thereon.



To receive and consider the Financial Report of the Company and of the Consolidated Entity for the year ended 30 June 2022 and the Reports by Directors and Auditors thereon.

The Annual Accounts including the Directors' Statements and Auditor's Report have been provided to shareholders. Ladies and gentlemen, this item of business does not require a vote, however, the reports are open for discussion. The Company's auditor is in attendance and is available to answer questions for Shareholders relevant to:

- The conduct of the audit;
- The preparation and content of the Auditor's report;
- The accounting policies adopted by the Company in relation to the conduct of the audit; and
- The independence of the auditor.

Are there any written questions relating to this item? Shareholders are also invited to indicate now if they would like to verbally ask a question.

[Questions / Response]

If there are no [further] questions, we will move to the remaining resolutions for your consideration.

Resolution 2 – Remuneration Report

2. Remuneration Report Non Binding Advisory Resolution

- To receive, consider and adopt the Remuneration Report of the Company and Consolidated Entity for the year ended 30 June 2022.

FOR	AGAINST	PROXY'S DISCRETION	ABSTAIN
121,732,907	420,164	68,582	43,819
99.60%	0.34%	0.06%	



To consider and if thought fit, pass the following resolution as an Ordinary Resolution:

"To receive, consider and adopt the Remuneration Report of the Company and Consolidated Entity for the year ended 30 June 2022."

The Corporations Act requires the preparation of a remuneration report and that a resolution be put to members that the remuneration report be adopted. Voting on the resolution is not binding on the company or the Directors. However, the Board takes seriously the views of members on this matter and will be given proper consideration when we review our remuneration practices and policies.

The proxy votes received in respect of this resolution are now on your screen.

Are there any written questions relating to this item? Shareholders are also invited to indicate now if they would like to verbally ask a question

[Questions / Response]

Please cast your vote now if you have not done so already.

I shall now hand over to Rupert Harrington to act as chair for the next resolution.

Resolution 3 – Election of a Director – Mr. Jonathan Ling

3. Director Election- Jonathan Ling

FOR	AGAINST	PROXY'S DISCRETION	ABSTAIN
121,861,492	323,228	68,582	12,170
99.68%	0.26%	0.06%	



To consider and if thought fit, pass the following resolution as an Ordinary Resolution:

"That, for the purposes of clause 6 of the Company's Constitution and for all other purposes, Shareholder approval is given to the election of Mr Jonathan Ling as a Director of the Company."

Jonathan's skills and experience are set out in the notice of meeting. Relevantly, he has extensive experience as CEO and senior management of complex manufacturing businesses including GUD Holdings Limited, Fletcher Building Limited, Austrim Nylex, Visy Recycling and Pacifica. Jonathan joined the board on 8 April 2019.

The proxy votes received in respect of this resolution are now on your screen.

Are there any written questions relating to this item? Shareholders are also invited to indicate now if they would like to verbally ask a question.

[Questions / Response]

Please cast your vote now if you have not done so already.

[Rupert hand back to Jonathan]

Resolution 4 – Issue of performance Rights to John Cerini

4. Issue of Performance rights to John Cerini

FOR	AGAINST	PROXY'S DISCRETION	ABSTAIN
120,749,286	1,465,861	32,912	17,413
99.77%	1.20%	0.03%	



To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholder approval is given to the issue and allotment of 8,000,000 Performance Rights (and Shares on exercise of such Performance Rights) to Mr. John Cerini, the Company’s Chief Executive Officer and Managing Director, under the Company’s Performance Rights Plan and otherwise on the terms set out in the Explanatory Notes accompanying this Notice of Annual General Meeting.”

The proxy votes received in respect of this resolution are now on your screen.

Are there any written questions relating to this item? Shareholders are also invited to indicate now if they would like to verbally ask a question

[Questions / Response]

Please cast your vote now if you have not done so already.

Resolution 5 - Adoption of a New Constitution

4. Issue of Performance rights to John Cerini

FOR	AGAINST	PROXY'S DISCRETION	ABSTAIN
120,749,286	1,465,861	32,912	17,413
99.77%	1.20%	0.03%	



To consider and, if thought fit, to pass the following Resolution as a special resolution:

“That the new Constitution, as tabled at the meeting and signed by the chairperson of the meeting for the purposes of identification, be approved and adopted as the Constitution of the Company in place of the current Constitution, with effect from the close of the meeting.”

The proxy votes received in respect of this resolution are now on your screen.

Are there any written questions relating to this item? Shareholders are also invited to indicate now if they would like to verbally ask a question

[Questions / Response]

Please cast your vote now if you have not done so already.

Ladies and Gentlemen, now that we have considered each resolution, I ask you to ensure that you have completed your voting. The poll on the resolutions will be closed at the conclusion of the meeting.

General Questions

Kathleen - are there any general questions from shareholders?

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[Questions / Response]

If there are no further questions, I will close the meeting and declare the voting closed. Thank you for your attendance today and for your support of Pro-Pac Packaging Limited.



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