

28 July 2023

Quarterly Activities Report and Appendix 4C

For the Quarter Ended 30 June 2023

Pro-Pac Packaging Limited (ASX:PPG, “the Company”) provides the following update on its activities for the quarter ended 30 June 2023.

Summary

- Cash flows from operating activities for the quarter represented an inflow of \$13.1 million. This compares favourably to the cash outflow of \$0.6 million for the quarter ended 31 March 2023.
- Revenue was \$79.9 million, an increase from the previous quarter (\$75.9 million).
- During the quarter, the Company received proceeds from a Government Grant of \$6.1 million (inclusive of \$0.6 million GST).
- As at 30 June 2023 the Company had cash on hand of \$8.3 million (including the \$6.1m from the Government grant) and unused facilities of \$18.8 million (refer to Item 7.6).
- The Company continues to return to a more stable operating level than experienced in recent previous periods.

Quarterly Activities

There were no material changes to the principal activities of the Company and its subsidiaries (“Group”) for the quarter ended 30 June 2023.

Revenue performance from continuing operations

The Group’s revenue of \$79.9 million for the 3 months ending 30 June 2023 is set out below:

Revenue by operating segment	Q4 FY23 \$m	%	YTD FY23 \$m	%
Flexibles	63.1	77.5	265.3	78.0
Industrial	16.8	22.5	73.8	22.0
Total	79.9	100.0	339.1	100.0

The Group’s revenue for the 3 months to 30 June 2023 was an increase from the previous quarter (Q3 FY23: \$75.9 million). The increase reflects favourable trading months of May and June.

Government grant proceeds

The Company received proceeds from a Government grant of \$6.1 million (inclusive of GST) during the quarter ended 30 June 2023.

The grant was received through the Federal Government's Modern Manufacturing Initiative for the establishment of a soft plastic film recycling plant. The Company will provide further information as this project develops.

Appendix 4C: Item 6 – Payments to related parties

Payments to related parties, and their associates for the quarter ending 30 June 2023 totalled \$493,259 for amounts paid to key management personnel, in their capacity as Directors and Executives.

Appendix 4C: Item 7.6 – Details of Financing Facilities

As at 30 June 2023 the Group's financing facilities comprised the A\$30.0 million debtor finance facility and A\$5.0 million bank overdraft as well as standby credit arrangements totalling A\$4.1 million. As at 30 June 2023 the Group had drawn down A\$20.3 million (undrawn A\$18.8 million) under these facilities.

At 30 June 2023, the Group had unrestricted access to the following lines of credit:

	Facility Currency	Maturity Date	Interest Rate	Total Facility	Utilised as at 30 June 2023	Repayments due within 1 year
Secured Facilities			%	A\$'000	A\$'000	A\$'000
ScotPac debtor financing facility	AUD	02/12/2025	9.1%	26,500	15,866	Note A
ScotPac debtor financing facility	NZD	02/12/2025	10.6%	3,500	1,302	Note A
ANZ Interchangeable Letters of Credit and Bank Guarantees	AUD	Various	n/a	4,100	3,086	1,425
ANZ Bank Overdraft	AUD	30/11/2023	7.2%	5,000	-	-
Total Facilities as at 30 June 2023				39,100	20,254	Note A

Note A

The debtor finance facility has a committed limit to December 2025. The drawings made under the committed facility limit are however revolving in nature and accordingly, the debt of \$17.168 million outstanding under the facility at 30 June 2023 will be disclosed as a current liability. This facility will continue to be available to be redrawn, subject to eligible sale invoices being presented against the facility until December 2025. For further information refer to the Company's 31 December 2022 Interim Financial Report.

About Pro-Pac:

Pro-Pac Packaging Limited (ASX: PPG) is an innovative Flexibles and Industrial Specialty Packaging company with a diversified distribution and manufacturing network throughout Australia and New Zealand. Headquartered in Melbourne, Pro-Pac delivers bespoke packaging solutions for a broad group of blue-chip and SME clients in the industrial, food and beverage, health, agriculture and manufacturing sectors. For further information, please visit www.ppgaust.com.au

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Appendix 4C
Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	77,137	362,631
1.2	Payments for		
	(a) research and development	(28)	(149)
	(b) product manufacturing and operating costs	(40,451)	(226,206)
	(c) advertising and marketing	0	0
	(d) leased assets	0	(1,689)
	(e) staff costs	(17,845)	(90,189)
	(f) administration and corporate costs	(4,815)	(42,990)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	11	52
1.5	Interest and other costs of finance paid	(1,417)	(4,799)
1.6	Income taxes paid	(6)	(233)
1.7	Government grants and tax incentives	558	558
1.8	Other (provide details if material)		0
1.9	Net cash from / (used in) operating activities	13,144	(3,014)
2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	(910)	(4,104)
	(d) investments		0
	(e) intellectual property	(1,342)	(3,605)
	(f) other non-current assets	0	
2.2	Proceeds from disposal of:		0
	(a) entities	0	0
	(b) businesses		1,909
	(c) property, plant and equipment	15	15
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Government grants received	5,579	5,579
2.6	Net cash from / (used in) investing activities	3,342	(206)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1	30,174
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	(1,875)
3.5	Proceeds from borrowings	73,323	211,282
3.6	Repayment of borrowings	(80,119)	(219,424)
3.7	Transaction costs related to loans and borrowings	(153)	(1,310)
3.8	Dividends paid	0	0
3.9	Other (repayment of Lease Liability)	(2,870)	(8,672)
3.1	Net cash from / (used in) financing activities	(9,818)	10,175

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,636	1,322
4.2	Net cash from / (used in) operating activities (item 1.9 above)	13,144	(3,014)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,342	(206)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9,818)	10,175
4.5	Effect of movement in exchange rates on cash held	18	46
4.6	Cash and cash equivalents at end of period	8,323	8,323

5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances*	8,323	8,323
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,323	8,323

*Includes the \$6.1m received in relation to the MMI Government grant.

6	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	493
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
	Debtor Financing Facility - Scotpac Business Financing	30,000	17,168
7.2	Credit standby arrangements		
	Interchangeable Letters of Credit and Bank Guarantees - ANZ	4,100	3,087
7.3	Other (ANZ bank overdraft)	5,000	-
7.4	Total financing facilities	39,100	20,254
7.5	Unused financing facilities available at quarter end		18,846
	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.6	Details included in the Quarterly Activity Report.		

8 Estimated cash available for future operating activities		\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)		13,144
8.2 Cash and cash equivalents at quarter end (item 4.6)		8,323
8.3 Unused finance facilities available at quarter end (item 7.5)		18,846
8.4 Total available funding (item 8.2 + item 8.3)**		27,169
**\$21.0 million excluding Government grant funding.		
Estimated quarters of funding available (item 8.4 divided by item 8.1)		n/a
8.5 Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.		
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:		
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?		
Answer: N/A		
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?		
Answer: N/A		
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?		
Answer: N/A		
Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023



Authorised by:
John Cerni – CEO & Managing Director

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
 2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
 3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
 4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
 5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
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