ASX Announcement

Appendix 4E and 2024 Consolidated Financial Report

Date: 15 August 2024

In accordance with ASX Listing Rules, Pact Group Holdings Ltd (ASX: **PGH**, the **Company**) encloses for release its Appendix 4E and consolidated financial report for the full year ended 30 June 2024.

The 2024 Full Year Results Release will be provided separately.

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

For further information contact:

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APPENDIX 4E

Preliminary Final Report

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

Year ended ('current reporting period')	Year ended ('previous corresponding period')
30 June 2024	**30 June 2023**

Results for Announcement to the Market		**Change %**		**Amount $'000**
Revenue and other income from continuing operations	Down	1.3%	to	1,821,591
Revenue and other income from discontinued operations[1]	Down	55.4%	to	53,710
Profit after tax from continuing operations	Up	114.4%	to	3,735
Profit after tax from discontinued operations				71,138
Net profit for the period attributable to members				74,873

[1] Based on discontinued operations trading for five months in the current reporting period, compared to trading for 12 months in the previous corresponding period.

Dividends[2]	**Amount per security (cents)**	**Franked amount per security (cents)**	**Total dividend amount ($'000)**
Current reporting period			
Final Dividend (per ordinary share)	-	-	-
Interim Dividend (per ordinary share)	-	-	-
Previous corresponding period			
Final Dividend (per ordinary share)	-	-	-
Interim Dividend (per ordinary share)	-	-	-

[2] The Directors have determined that there will be no final dividend in relation to the year ended 30 June 2024.

	Current reporting period	**Previous corresponding period**
Net tangible asset backing per ordinary security[3]	$0.46	$(0.06)

[3] Net tangible assets excludes goodwill and other intangible assets (refer to the Note 2.2 in the *Full 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 and additional Appendix 4E disclosure requirements please refer to the accompanying Review of Operations and Financial Performance and *Full Year Consolidated Financial Report*.

Kathryn de Bont
Company Secretary

Dated: 15 August 2024

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

PACT GROUP HOLDINGS LTD

FOR THE YEAR ENDED 30 JUNE 2024

*Pact Group Holdings Ltd (ASX: **PGH**) (**Pact** or the **Company**) and its subsidiaries (collectively, the **Group**) has reported revenue of $1,857.2 million for the year ended 30 June 2024, down 4.7% compared to the prior corresponding period (**pcp**). The statutory reported net profit after tax for the year was $74.9 million, compared to a statutory reported net loss after tax (**NPAT**) of $6.6 million in the pcp. Underlying NPAT[4] for the year was $44.9 million, up 0.2% compared to $44.8 million in the pcp.*

OVERVIEW

- Revenue down 4.7% to $1,857.2 million (pcp: $1,948.6 million).
- Statutory reported profit after tax of $74.9 million (pcp: loss $6.6 million).
- Underlying EBITDA[1] down 4.2% to $265.4 million (pcp: $277.0 million).
- Underlying EBIT[2] up 6.4% to $154.6 million (pcp: $145.3 million).
- Underlying NPAT[4] up 0.2% to $44.9 million (pcp: $44.8 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 (**Crates transaction**). The Crates Business has been classified as Discontinued Operations[3] in the FY24 *Consolidated Financial Report*.
- Underlying EBIT[2] of $154.6 million (pcp: $145.3 million) is made up of Underlying EBIT[2] from Continuing Operations of $136.5 million (pcp: $119.7 million) and Underlying EBIT[2] from Discontinued Operations of $18.1 million (pcp: $25.6 million).
- The total Group reported EBIT of $221.4 million (pcp: $78.9 million) includes a gain from underlying adjustments before tax of $66.8 million (pcp: loss of $66.4 million). This result is inclusive of the $103.2 million gain on sale from the Crates Business disposal.
- Revenue decline of $91.4 million (4.7%) is due to Continuing Operations down $25.3 million and Discontinuing Operations impact of $66.1 million.
- Despite the reduction in revenue, Underlying EBIT[2] improved due to Continuing Operations up $16.8 million (14.0%), partially offset by the Discontinued Operations reduction of $7.5 million.
- Net debt[7] at $418.9 million down $166.7 million compared to the pcp largely due to the settlement of the Crates transaction (see: Discontinued Operations commentary).
- Gearing[5] at 2.5x (compared to 3.0x in the pcp).
- The Board has resolved not to pay a final dividend in respect of FY24.

Group Sales Revenue – $ millions	**2024**	**2023**	**Change %**
Revenue – Continuing Operations	**1,803.7**	1,829.0	*(1.4%)*
Revenue – Discontinued Operations[3]	**53.5**	119.6	*(55.3%)*
Revenue – Total Group	**1,857.2**	1,948.6	*(4.7%)*

Key Financial Highlights – $ millions	**2024**	**2023**	**Change %**
Revenue	**1,857.2**	1,948.6	*(4.7%)*
Underlying EBITDA[1]	**265.4**	277.0	*(4.2%)*
Segment Underlying EBIT[2]			
Packaging & Sustainability	***104.6***	*101.7*	*2.8%*
Materials Handling & Pooling	***23.3***	*14.7*	*59.0%*
Contract Manufacturing	***8.6***	*3.3*	*159.4%*
Underlying EBIT[2] – Continuing Operations	**136.5**	119.7	*14.0%*
Materials Handling & Pooling – Discontinued Operations[3]	**18.1**	25.6	*(29.3%)*
***Underlying EBIT[2]* Total Group**	**154.6**	145.3	*6.4%*
Underlying NPAT[4]	**44.9**	44.8	*0.2%*
Reported Net Profit/(Loss) After Tax	**74.9**	(6.6)	
Total Dividends – cents per share	**-**	-	

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

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Reconciliation of Statutory Income $ millions	2024	2023
Statutory profit before income tax expense for continuing operations	8.3	(28.1)
Statutory profit before income tax expense for discontinued operations	120.8	24.3
Statutory profit before income tax expense	**129.1**	**(3.8)**
Net finance costs and loss on de-recognition of financial assets	92.3	82.7
Reported EBIT	**221.4**	**78.9**
Underlying adjustment (income)/expense	(66.8)	66.4
Underlying EBIT[2]	**154.6**	145.3
Depreciation and amortisation expense	110.8	131.7
Underlying EBITDA[1]	**265.4**	277.0
Statutory net profit	74.9	(6.6)
Underlying adjustments before tax	(66.8)	66.4
Tax expense/(benefit) on underlying adjustments	36.8	(15.0)
Underlying NPAT[4]	**44.9**	44.8

GROUP RESULTS

$'000	2024	2023	Change %
Revenue	**1,857,165**	1,948,598	*(4.7%)*
Other income (excluding interest revenue)	**18,136**	18,226	
Expenses	**(1,609,869)**	(1,689,790)	
Underlying EBITDA[1]	**265,432**	277,034	*(4.2%)*
EBITDA margin	**14.3%**	14.2%	
Depreciation and amortisation	**(110,850)**	(131,769)	
Underlying EBIT[2]	**154,582**	145,265	*6.4%*
EBIT margin	**8.3%**	7.5%	
Underlying adjustments (before tax)	**66,773**	(66,401)	
Reported EBIT	**221,355**	78,864	*180.7%*
Net finance costs expense	**(92,264)**	(82,677)	
Income tax expense	**(17,399)**	(17,752)	
Tax on underlying adjustments	**(36,819)**	14,960	
Net profit after tax	**74,873**	(6,605)	*n/a*

Revenue and Underlying EBIT[2]

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

Underlying adjustments

Pre-tax underlying adjustments for the year were a gain of $66.8 million, which includes the net gain from the Crates transaction of $103.2 million. Pre-tax underlying adjustments for Continuing Operations for FY24 were an expense of $36.5 million, primarily related to transaction costs of $5.2 million and net business restructuring costs of $28.8 million.

Pre-tax underlying adjustments for the prior year were an expense of $66.4 million. These related primarily to non-cash tangible asset impairments of Australian and Chinese packaging assets in the Packaging & Sustainability segment along with Group business restructuring costs.

Net finance expense

Net finance costs for the year were $92.3 million, inclusive of $34.9 million of interest expense on lease liabilities. The increase of $9.6 million compared to the pcp includes $3.1 million higher interest expense on lease liabilities. Interest on borrowings was $6.5 million higher, primarily due to significantly higher interest rates in the period.

Income tax expense and tax on underlying adjustments

The income tax expense for the year (excluding tax on underlying adjustments) was $17.4 million, representing an average tax rate of 27.9% of underlying net profit before tax, 0.4% lower than the pcp (28.4%). Tax on underlying adjustments was a cost of $36.8 million for the year, compared to a benefit of $15.0 million in the pcp.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Net profit after tax

The reported net profit after tax for the year was $74.9 million compared to a net loss after tax of $6.6 million for the prior year. Excluding underlying adjustments, NPAT was $44.9 million, an increase of $0.1 million compared to $44.8 million in the pcp.

BALANCE SHEET

$'000	2024	2023	Change %
Cash	**68,229**	79,061	*(13.7%)*
Other current assets	**412,602**	431,373	*(4.4%)*
Property plant and equipment	**969,405**	1,048,217	*(7.5%)*
Intangible assets	**314,597**	428,503	*(26.6%)*
Other non-current assets	**187,343**	95,032	*97.1%*
Total Assets	**1,952,176**	2,082,186	*(6.2%)*
Lease liabilities	**509,297**	532,361	*(4.3%)*
Bank borrowings and overdrafts	**487,133**	664,628	*(26.7%)*
Other liabilities, payables and provisions	**481,562**	476,506	*1.1%*
Total Liabilities	**1,477,992**	1,673,495	*(11.7%)*
Net Assets	**474,184**	408,691	*16.0%*
Net Debt including lease liabilities[7]	**928,201**	1,117,928	*(17.0%)*
Net Debt[7]	**418,904**	585,567	*(28.5%)*

Net debt of $418.9 million was down $166.7 million versus 30 June 2023 largely due to the proceeds from the Crates transaction. Net debt including lease liabilities of $928.2 million reduced by $189.7 million. The Group has significant undrawn debt capacity, with $349.6 million in committed undrawn facilities.

The decrease in property, plant and equipment of $78.8 million includes the impact of the Crates transaction with $105.6 million divested. The underlying increase of $26.8 million is largely related to capital investments in excess of depreciation.

The decrease in intangible assets of $113.9 million relates mainly to the Crates transaction with $113.5 million of intangibles allocated to the disposal group and the increase in other non-current assets includes the $97.2 million investment in the 50% equity investment in Marquis Holdco Pty Ltd (the new Crates Business joint venture).

The movements in other current assets, lease liabilities and other liabilities, payables and accruals are predominately due to the impact of the Crates transaction.

Financing Metrics	2024	2023	Change
Gearing[5]	**2.5x**	3.0x	*(0.5)*
Gearing (including leasing)[5]	**3.7x**	4.0x	*(0.3)*
Interest cover[6]	**3.7x**	4.3x	*(0.6)*
Interest cover (including leasing)[6]	**3.2x**	3.6x	*(0.4)*

At 30 June 2024 gearing[5] was 2.5x, a decrease of 0.5x compared to the pcp. This is a significant improvement as a result of the completion of the Crates transaction. Including the impact of lease accounting, gearing[5] was 3.7x (compared to 4.0x in the pcp). Interest cover[6] at 3.7x was 0.6x lower than the pcp largely due to higher average interest rates over the period. Including the impact of lease accounting, interest cover[6] was 3.2x (compared to 3.6x in the pcp).

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

CASH FLOW

Key Items – $'000	**2024**	**2023**	**Change %**
Net cash flows provided by operating activities	**117,756**	186,398	*(36.8%)*
Payments for property, plant and equipment	**(116,263)**	(129,838)	*(10.5%)*
Payments for investments in associates and joint ventures	**(5,833)**	(869)	*(571.2%)*
Proceeds from sale of divestment group (net of transaction costs)	**225,473**	-	*n/a*
Payments for deferred acquisition consideration	**-**	(20,097)	*n/a*
Proceeds from Government grants	**-**	7,000	*n/a*
Repayment of borrowings	**(701,185)**	(639,906)	*9.6%*
Repayment of lease liability principal	**(50,006)**	(54,350)	*(8.0%)*
Payment of dividends	**-**	(5,164)	*n/a*

Statutory net cash flows provided by operating activities was $117.8 million for the year, down $68.6 million compared to the prior year. The operating cash flows includes $32.6 million for underlying adjustments relating to transaction costs and business restructuring cash flows for Continuing Operations, higher than the pcp by $18.8 million. Net finance costs were $15.4 million higher due mainly to increased interest rates. Tax cash payments were $8.3 million higher in the period with higher taxable profit in FY24.

Payments for property, plant and equipment were $116.3 million for the year, $13.5 million below the pcp. In line with our Strategy, investment has focused on upgrading our packaging capability to enable the inclusion of increased recycled content, strengthening capacity and relocating facilities. Of this spend, $10.8 million relates to investment in the Materials Handling & Pooling segment prior to divestment.

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.

Proceeds from the sale of the divestment group relates to the Crates transaction, net of transaction costs. These proceeds were used to repay borrowings and are included in the repayment of borrowings of $701.2 million.

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

Proceeds from Government grants of $7.0 million in the prior year are grants received from the Federal Government's Modern Manufacturing Initiative. No grants were received in FY24.

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

Dividend payments of $5.2 million in the prior year reflect the 1.5 cents per share final dividend from FY22 (paid in October 2022).

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

GROUP RESULTS – CONTINUING OPERATIONS

$'000	2024	2023	Change %
Revenue	**1,803,687**	1,829,000	*(1.4%)*
Other income (excluding interest revenue)	**17,904**	17,304	
Expenses	**(1,576,528)**	(1,611,535)	
Underlying EBITDA[1]	**245,063**	234,769	*4.4%*
EBITDA Margin	**13.6%**	*12.8%*	
Depreciation and amortisation	**(108,611)**	(115,119)	
Underlying EBIT[2]	**136,452**	119,650	*14.0%*
EBIT Margin	**7.6%**	*6.5%*	
Underlying adjustments (before tax)	**(36,454)**	(66,401)	
Reported EBIT	**99,998**	53,249	*87.8%*
Net finance costs expense	**(91,675)**	(81,411)	
Income tax expense	**(13,488)**	(12,787)	
Tax on underlying adjustments	**8,900**	14,960	
Net Profit/(Loss) After Tax	**3,735**	(25,989)	*n/a*

Revenue and Underlying EBIT[2]

The Group experienced a softness in volumes across FY24 due to the inflationary pressures in Australia and New Zealand and subdued demand in China. Total revenue from Continuing Operations for FY24 was $1,803.7 million compared to the pcp of $1,829.0 million, a decline of $25.3 million or 1.4%.

Underlying EBIT[2] from Continuing Operations for FY24 was $136.5 million up $16.8 million or 14.0% 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. The Group focused on managing controllable costs with a transformation program that commenced in September 2023. This program delivered indirect labour savings of $15.1 million which offset CPI increases in the cost base. FY24 depreciation costs reduced following the asset impairments recognised in FY23.

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

Underlying adjustments

Pre-tax underlying adjustments for Continuing Operations for FY24 were an expense of $36.5 million. This result primarily related to transaction costs of $5.2 million and net business restructuring costs of $28.8 million. Business restructuring costs include redundancy costs relating to the transformation program and other structural changes ($11.0 million) plus dual occupancy costs of $10.8 million in Contract Manufacturing relating to the new facility in NSW. 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 in the Packaging & Sustainability segment. These costs were partly offset by income of $1.6 million from the settlement of insurance claims from events in prior periods.

Pre-tax underlying adjustments for the prior year were an expense of $66.4 million. These adjustments related primarily to non-cash tangible asset impairments of Australian and Chinese packaging assets in the Packaging & Sustainability segment along with Group business restructuring costs.

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 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 FY24 *Consolidated Financial Report*. The joint venture business has been rebranded as Viscount Reuse, operating as an independent entity accelerating growth opportunities in Australia and New Zealand and focused 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 55.3% to $53.5 million (five months only in FY24) versus the pcp of $119.6 million (12 months in FY23). Underlying EBIT was $18.1 million (pcp: $25.6 million), and the total gain on the Crates Businesses sale was $103.2 million.

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

$'000	2024	2023
Revenue	**53,478**	119,598
Other income	**232**	922
Expenses	**(35,581)**	(94,906)
Underlying EBIT before sale of business	**18,129**	25,614
Gain on Sale of business	**103,229**	-
Reported EBIT	**121,358**	25,614
Net finance costs expense	**(590)**	(1,265)
Profit before tax	**120,768**	24,349
Tax	**(49,630)**	(4,965)
Profit for the period for Discontinued Operations	**71,138**	19,384

Cash flows from Discontinued Operations

Key Items – $'000	2024
Net cash flows provided by operating activities	**15,402**
Net cash flows used in investing activities	**(10,806)**
Net cash flows used in financing activities	**(2,436)**
Net cash inflow for the period	**2,160**

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

REVIEW OF CONTINUING OPERATIONS

The Group has three operating segments working together across the Circular Economy:

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

Inter-segment revenue eliminations of $40.4 million (pcp: $37.5 million) are not included in the segment financial information below.

Packaging & Sustainability

The Packaging & Sustainability segment is a leader in sustainable packaging and plastics recycling, differentiated through manufacturing, technical and innovation capability and access to recycled materials. It is a market leader in rigid plastic packaging in Australia and New Zealand with a presence in Asia. The business is also a leader in select rigid metals packaging sectors in Australia and New Zealand and a leading supplier of sustainability, environmental, reconditioning and recycling services in Australia and New Zealand. The Packaging & Sustainability segment contributed 68% of the Group's continuing revenue in FY24 (excluding inter-segment eliminations).

$'000	2024	2023	Change %
Revenue	**1,247,794**	1,282,255	*(2.7%)*
Underlying EBITDA[1]	**183,668**	188,762	*(2.7%)*
EBITDA Margin %	**14.7%**	*14.7%*	-
Underlying EBIT[2]	**104,625**	101,727	*2.8%*
EBIT Margin %	***8.4%***	*7.9%*	*0.5%*

Revenue for the Packaging & Sustainability segment was 2.7% down versus the pcp. Volume has been impacted by slow demand particularly in the industrial segments in Australia and New Zealand, discretionary spend segments such as personal care and variable demand in Asia, with strong volumes in the Philippines contrasting with soft volumes in China (sluggish economy) and India (heavy/extended monsoon season).

Underlying EBIT[2] for the year of $104.6 million was $2.9 million (2.8%) favourable to the pcp. Whilst volumes were down margins recovered as international and domestic supply chains stabilised, price recoveries were achieved and operating performance improved due to site closures, upgrades and relocations. There was also a continued focus on cost control as the transformation program was implemented offsetting some of the increases in property related expenses experienced through the year. The segment benefitted from reduced depreciation and amortisation as a result of the impairment of tangible assets in the prior year.

EBIT margins for the year at 8.4% were 0.5% higher than FY23.

Materials Handling & Pooling

*The Materials Handling & Pooling segment is an integral service provider to major supermarkets, retailers and governments and provides sustainable and efficient supply chain solutions through best-in-class reuse platforms and technology. The Reuse business is a leading Australian supplier of polymer materials handling products and a leading supplier of custom moulded products for use in infrastructure and other projects. The business is also the largest supplier of returnable produce crate pooling services in Australia and New Zealand. The segment also includes Pact Retail Accessories, a closed loop plastic garment hanger and accessories reuse business operating across several countries in Asia as well as in Australia, the United States of America (**USA**) and the United Kingdom (**UK**). The Materials Handling & Pooling segment for Continuing Operations contributed 13% of the Group's continuing revenue in FY24 (excluding inter-segment eliminations).*

$'000	2024	2023	Change %
Revenue	**240,758**	227,100	*6.0%*
Underlying EBITDA[1]	**40,519**	31,723	*27.7%*
EBITDA Margin %	***16.8%***	*14.0%*	*2.8%*
Underlying EBIT[2]	**23,212**	14,601	*59.0%*
EBIT Margin %	***9.6%***	*6.4%*	*3.2%*

Revenue for the Materials Handling & Pooling segment for Continuing Operations was 6.0% above the pcp. In the Reuse business there has been growth in demand for mobile garbage bins following capital investment in FY23 and revenues in Retail Accessories have stabilised.

Underlying EBIT[2] for the segment of $23.2 million was up $8.6 million (59.0%) on the pcp. Earnings in Reuse were strong overall with the benefits of new capacity and improved operating efficiencies from mobile garbage bin sales. In addition, 50% of the seven months of underlying NPAT of Viscount Reuse of $1.9 million (pcp: Nil) is included in underlying EBIT. In Retail Accessories, earnings improved through a combination of operating efficiencies, higher reuse rates, and lower direct costs including freight and packaging costs.

EBIT margins were 3.2% higher at 9.6%.

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. The Contract Manufacturing segment contributed 19% of the Group's continuing revenue in FY24 (excluding inter-segment eliminations).

$'000	2024	2023	Change %
Revenue	355,532	357,318	*(0.5%)*
Underlying EBITDA[1]	20,877	14,284	*46.2%*
EBITDA Margin %	*5.9%*	*4.0%*	*1.9%*
Underlying EBIT[2]	8,616	3,322	*159.4%*
EBIT Margin %	*2.4%*	*0.9%*	*1.5%*

Contract Manufacturing revenue was 0.5% down versus FY23 with economic conditions domestically and abroad leading to lower demand for nutraceutical products and changing consumer behaviour leading to demand shifting from branded products to private label substitutes in the homecare segment.

Underlying EBIT[2] for the year was a profit of $8.6 million, delivering a $5.3 million improvement from $3.3 million in the pcp. Input costs stabilised over the period as supply chains improved, enabling the segment to capture improved margins across the product portfolio. Savings from the cost reduction program offset increased property and maintenance costs.

EBIT margins were 1.5% higher at 2.4%.

SUBSEQUENT EVENTS

Australian 15% global and domestic minimum taxes law introduced into Australian Parliament

On 4 July 2024, the Australian Government introduced legislation into Parliament, to implement Australia's adoption of the Organisation for Economic Co-operation and Development (OECD)/G20 Pillar Two solution, including a 15% global minimum tax and domestic minimum tax following public consultation of exposure drafts in March 2024.

The legislation is not enacted as at the date of this report. To the extent that domestic top up tax legislation has been substantially enacted in each jurisdiction that the Group operates, no additional tax liability should arise.

In the opinion of the Directors, other than the matters aforementioned, there have been no other material matters or circumstances which have arisen between 30 June 2024 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.

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 FY24 versus twelve months of trading in 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 of 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 of underlying EBITDA divided by rolling 12 months of 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.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

OVERVIEW OF BUSINESS STRATEGY

Our Vision

Pact's Vision is to *Lead the Circular Economy* through reuse, recycling and packaging solutions.

Our Priorities

The Group will seek to deliver long-term value focusing on three core areas:

- Strengthen our core
- Expand reuse and recycling capability
- Leverage regional scale

Our Progress

The Group continued to progress its strategy in FY24:

Focusing the portfolio and strengthening the balance sheet

During FY24 Pact successfully concluded a transaction to demerge its crate pooling operations and attract new investment into the business through Morrisons & Co., valuing this business at $380 million. The resulting trading business, Viscount Reuse, is now operating under its own balance sheet, separate financing and a standalone management structure.

Defending core Australian and New Zealand consumer packaging businesses

Operations in our Australian and New Zealand packaging businesses are stable notwithstanding the impact of a high inflationary environment leading to softening of consumer demand throughout the year. In FY24 the Australian and New Zealand packaging businesses successfully recovered higher input cost and inflationary impacts through sales price increases.

Lead plastics recycling in Australia and New Zealand

The Group, together with its partners, has continued to progress its development of a national network of recycling infrastructure and continues to lead the industry in providing scaled, best-in-class facilities to provide high-quality food grade recycled resins.

- The Circular Plastics Australia (PET) joint venture[1] assets in Albury and Altona are operational and supplying recycled PET resin to major beverage customers, including joint venture partners.
- The joint venture recycling facility in Laverton (HDPE)[2] is commissioned and will supply product used in food and beverage packaging applications.

Scale-up reuse solutions

Further to the demerger of its pooling operations, in FY24 the new Viscount Reuse business continued to drive crate pooling penetration and conversion from corrugate to reusable plastic crates in the fresh produce sector and has delivered further investment in the crate pool and facilities.

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[1] Joint Venture with Cleanaway Pty Ltd, Asahi Holdings (Australia) Pty Ltd and Coca-Cola Europacific Partners Australia Pty Limited.

[2] Joint Venture with Cleanaway Pty Ltd.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

BUSINESS RISKS

There are various internal and external risks that may have a material impact on the Group's future financial performance and economic sustainability. The Group makes every effort to identify material risks and to manage these effectively. Since last year, there has been an increased level of macroeconomic uncertainty, such as cost and wage inflation, increases in interest rates, geopolitical tensions, and pressures on retaining and attracting talent. We have teams in place to actively monitor these risks and have also expanded our capability to manage our risks through the appointment of subject matter experts and risk champions across our business. The Group applies a three lines of defence model approach to managing risk and compliance obligations.

Material risks that could adversely impact the Group's financial prospects are listed below. These risks are not to be interpreted as an exhaustive list of the risks Pact is exposed to, nor are they in order of significance.

Cyber risks

Data security is fundamental to protect privacy of information and to protect critical intellectual property. Advances in technology have resulted in an increased volume of data being stored electronically. There is an increasing risk of and sophistication to cyber-attacks and crime, which may lead to systems and data breaches, interruption to operations and an adverse effect on the Group's future financial performance. To manage this risk, Pact has operational safeguards in place to detect and prevent cyber-attacks, such as employee training, monitoring of our networks and systems, ensuring strong data protection standards, and maintaining and upgrading security systems. We have adopted cyber security incident response policies, plans and procedures that align with the ISO 27001 framework, mock data breach assessments, cyber security training and penetration testing. To date, we have not experienced any significant impacts.

People risks

The future financial and operational performance of the Group is significantly dependent on the performance and retention of key personnel, in particular executive and senior leaders. The unplanned or unexpected loss of key personnel, or the inability to attract and retain high performing individuals to the business may adversely impact the Group's future financial performance. Pact has introduced and developed a number of initiatives to attract, develop and retain key people, including talent management and succession planning, recognition programs, implementation of a performance management system and incentive plans. Pact has designed senior leadership programs at executive leadership level for continued development including coaching and mentoring. The talent sourcing strategy also includes proactive networking and curation of talent pools for critical roles.

Health and safety risks

In line with manufacturing and chemical industries, Pact has an exposure to health, safety and environment (**HSE**) incidents, including physical and psychological injury. Failure to comply with HSE legislation and industry good practice may result in harm to a person, persons, the environment or our communities. This may lead to negative operational, reputational and financial impacts. Pact has a dynamic HSE management system that includes 10 significant risk control standards based on our risks of serious injury, fatality and the potential of these. Sites have completed self-assessments against these standards and formed action plans from any gaps found. Our Pact Safe governance program includes collaborative gap analysis reviews by Group HSE with each site to ensure the identification of gaps and implementation of corrective actions. Another key focus is on shared learnings from any serious or potentially serious incident or fatality where sites action any relevant recommendations. Divisional HSE governance has been uplifted though the formation of an HSE Council to optimise Pact's way of working and improve the effectiveness of our systems making Pact a safer and more sustainable workforce and reducing risk across the business.

Consumer demand

Changes in demand for Pact's products or adverse activities in key industry sectors which Pact and its customers service may be influenced by various factors. These industry sectors include consumer goods (eg. food, dairy, beverages, personal care and other household consumables) and industrial (eg. surface coatings, petrochemical, agriculture and chemicals) industry sectors. Factors which may influence these sectors include: climate change, seasonality of foods and edible oils production; an increased focus in Australian and New Zealand supermarket chains on private brands and different substrates (eg. plastics, recycled and recyclable materials); and changes in cost, convenience or health or technology in the wider industry sector. Demand for Pact's products may materially be affected by any of these factors which could have an adverse effect on the Group's future financial performance. Relationships with our customers coupled with our commitment to provide industry-leading sustainable packaging solutions are critical to our success particularly given the nature of the packaging industry and the other supply choices available to customers. Pact also closely monitors supply and demand which is especially critical during pandemics or changing economic conditions and has introduced a centralised procurement system for significant products to help manage this risk.

Interest rate risk

Use of variable debt exposes the Group to interest rate risk. Pact seeks to manage risks associated with interest rates and finance costs by assessing and, where appropriate, utilising a mix of fixed and variable rate debt and interest rate swaps or options when variable debt is in place.

Volatility of foreign exchange, commodity prices and economic environment

Pact's financial reports are prepared in Australian dollars. However, a substantial proportion of Pact's revenue, expenditures, cash flows, assets and liabilities are exposed to translation risk from offshore operations or operations in Australia that have a functional currency that is not the Australian dollar. The largest exposures are the New Zealand dollar from our New Zealand operations. Pact is also exposed to the US dollar; Chinese yuan; the Philippines peso; the Indonesian rupiah; the Thai baht; the South Korean won; the Indian rupee; the Nepalese rupee; the Hong Kong dollar; the UK pound; and the Bangladesh taka.

To manage this exposure Pact utilises borrowing in the functional currency of the overseas entity to naturally hedge offshore entities, where considered appropriate. The foreign currency debt provides a balance sheet hedge of the asset, while the foreign currency interest cost provides a natural hedge of the offshore profit. Pact also has exposure to foreign exchange risk through operating activities, mainly the purchases of raw materials and capital expenditure that are denominated in a different currency from the entity's functional currency. US dollars and Euros are the main exposure. The Group manages these risks through customer pricing, including contractual rise and fall adjustments, and utilises forward foreign currency contracts to eliminate or reduce currency exposures on short-term commitments. The Group is also exposed to commodity price risk from various commodities, including resin. The Group manages these risks through customer pricing, including contractual rise and fall adjustments.

Any appreciation of the Australian dollar against the functional currencies of operations would have an adverse effect on the Group's future financial performance, while any appreciation of the Australian dollar against the transactional exposures (mainly US dollars) would have a positive effect on the Group's future financial performance.

Global supply chain disruptions

Global supply chain disruptions experienced during the pandemic have steadily improved over the past year along with the improvement in reliability of shipping and supply chains out of Asia and the Middle East. However, supply disruptions are still occurring especially with conflict in the Middle East and Europe continuing. More recently, the voluntary administration of Qenos Group in Australia, has heightened the risks associated with supply chains. Pact has taken a series of mitigating steps over the last two years to address disruption to supply including introducing alternative resins into the business. Centralisation of the resin supply chain model was implemented in early 2023 to stabilise, consolidate and reduce overall working capital relative to resin. In the last 12 months several new suppliers have been identified in Asia to further reduce the risk of supply and disruption.

Business continuity and incident management

The Group operates across a diverse geographical footprint and situations may arise in which sites cannot operate. Factors include emergency situations such as natural disasters, failure of information technology systems or security, or industrial disputes. Any of these factors may lead to disruptions in production or increase in costs and may have an adverse effect on the Group's financial performance. Pact recognises the importance and benefits of the implementation of an international business resilience program that is currently being implemented across all our sites.

Legal and regulatory compliance risks

The Group is required to comply with extensive global legislative and regulatory requirements, including those relating to health and safety; modern slavery; competition and consumer law; industrial relations; employment; anti-bribery and corruption; environment; customs and international trade; taxation; and corporation's law. Failure to comply with these requirements could negatively impact our employees, customers, and operations, and expose the Group to litigation, regulatory investigations or enforcement action which may adversely impact our reputation and the Group's financial performance. Pact has a compliance framework in place based on ISO 37301:2021 that which sets out the standards, requirements and accountability for managing regulatory compliance obligations across the Group. The Group's compliance framework creates an integrated, strategic, consistent and risk informed approach to the management of its compliance obligations and is subject to continual review and assurance. Pact has legal and compliance teams who advise the Group on, and monitor legal, and regulatory issues, and government policy changes.

Environment and sustainability risks

Packaging, in particular plastic packaging, has been identified globally as a significant environmental issue and in response, in 2018 Pact developed our End of Waste 2025 Targets. Under this strategy Pact has committed by 2025 to eliminate all problematic packaging that we produce; have solutions to reduce, reuse and recycle all single-use secondary packaging for retailers; and include an average of 30% recycled content across our plastics portfolio. To achieve these targets, Pact has partnered with industry to build three state-of-the-art plastics recycling facilities in Australia. We are working with our customers to transition their products out of less recyclable plastics and into more circular alternatives, scaling up our market share for returnable products including produce crates and retail hangers. We are also investing in machinery to increase the amount of recycled plastic that can be added into our plastics portfolio. Through these activities, the Group is realising its Vision to be a leader of the Circular Economy.

Climate Change related risks such as food security and drought could impact our customers' operations and have downstream impacts on our own business operations. The Group has committed to reducing our Scope 1 and 2 emissions by 50% in Australia and New Zealand by 2030 from a FY21 baseline, in line with minimising the impact of climate change under the ambitious 1.5°C scenario.

The Company annually produces a *Sustainability Report* that outlines and reflects on the impact of the Group's operations and supply chain on the environment, focusing on social and environmental impacts, alongside our governance and leadership principles. The *Sustainability Report* is prepared in accordance with the Global Reporting Initiative standards.

The Board oversees the effectiveness of the Group's environment and sustainability policies and retains ultimate oversight of material environmental and sustainability risks and opportunities, including those related to climate change.

Pact Group Holdings Ltd
ABN: 55 145 989 644

Full Year Consolidated Financial Report

For the year ended 30 June 2024

INTRODUCTION

This is the *Consolidated Financial Report* 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 year ended 30 June 2024. This *Consolidated Financial Report* (**Report**) was issued in accordance with a resolution of the Directors on 15 August 2024.

Information is only included in the *Report* to the extent the Directors consider it material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the dollar amount is significant in size and/or nature;
- the Group's results cannot be understood without the specific disclosure;
- it is critical to allow a user to understand the impact of significant changes in the Group's business during the year; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Preparing this *Report* requires management to make a number of judgements, estimates and assumptions to apply the Group's accounting policies. Actual results may differ from these judgements and estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Key judgements and estimates, which are material to this *Report*, are highlighted within the following notes:

- Note 1.3: Taxation
- Note 2.2: Estimation of useful lives of assets
- Note 2.2: Recoverability of property, plant and equipment
- Note 2.2: Impairment of goodwill and other intangibles
- Note 2.4: Business restructuring
- Note 2.5: Incremental borrowing rate
- Note 2.5: Determining the lease term of contracts with renewal and termination options

To assist in identifying key accounting estimates and judgements, they have been highlighted as follows:

CONTENTS

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 year ended 30 June 2024.

DIRECTORS

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

Raphael Geminder

Sanjay Dayal

Carmen Chua

Michael Wachtel

INFORMATION ON DIRECTORS

The qualifications, experience, special responsibilities and other details of Directors in office during the period and as at the date of this report, unless otherwise indicated, are:

Non-Executive (Current)

Raphael Geminder
Non-Executive Chair

Member of the Board since 19 October 2010
Member of the Audit, Business Risk & Compliance Committee
Member of the Nomination & Remuneration Committee

Raphael founded Pact in 2002. Prior to founding Pact, he was the co-founder and Chair of Visy Recycling, growing it into the largest recycling company in Australia. Raphael holds several advisory and board positions.

Raphael holds a Master of Business Administration in Finance from Syracuse University, New York.

Other directorships

Director of several private companies.

Carmen Chua
Independent Non-Executive Director

Member of the Board since 1 September 2018
Chair of the Nomination & Remuneration Committee
Member of the Audit, Business Risk & Compliance Committee

Carmen is based in Hong Kong and has broad management experience in the packaging and material science industry. Carmen currently holds the following positions at Henkel: President of Henkel Asia Pacific, Regional Head of Henkel Adhesive Technology, Corporate Senior Vice President of the global Mobility and Electronics division, and member of the Adhesive Executive Committee. Previously, Carmen led the global powder resins business of Covestro, was the Chief Marketing Officer of the Resins and Functional Material business for Royal DSM, was President for Laird PLC and VP/GM of the Materials Group at Avery Dennison. Carmen has also held leadership positions across sales, marketing and business development with organisations such as Worldmark and Dell Computer.

Carmen holds a Bachelor of Arts (Hons) from University Science Malaysia, a Master of Business Administration from the University of Portsmouth, UK and Advanced Management Program from Wharton School of Business.

Other directorships

Director of a private company.

Michael Wachtel
Independent Non-Executive Director

Member of the Board since 21 April 2020
Chair of the Audit, Business Risk & Compliance Committee
Member of the Nomination & Remuneration Committee

Michael brings a strong professional background and extensive global experience in governance, risk management, finance and complex international transactions to the role. Through his Future Fund Board role he has a deep involvement in global markets and monetary policy trends. Michael has previously held a number of leadership roles in professional services organisations, including as Chair (Asia Pacific and Oceania) of EY.

Michael has a Bachelor of Commerce and Bachelor of Laws from the University of Cape Town and a Master of Laws from the London School of Economics. Michael has completed the Harvard Business School Executive Program, is a Fellow of the Australian Institute of Company Directors and is a Certified Tax Advisor.

Other directorships

Director of Future Fund, SEEK Limited (since 1 September 2018) and St Vincent's Medical Research Institute.

Executive

Sanjay Dayal
Managing Director and Group Chief Executive Officer

Member of the Board since 3 April 2019

Sanjay joined Pact from BlueScope Steel where he held the position of Chief Executive, Building Products, Corporate Strategy and Innovation. This followed several other senior positions in Asia and Australia over a nine-year period with the company. Prior to BlueScope, Sanjay had a successful career with Orica and ICI, including Regional General Manager for Manufacturing and Supply Chain and General Manager for the DynoNobel Integration, based out of London.

Sanjay holds a Bachelor of Technology (Chemical Engineering) from Indian Institute of Technology – Delhi.

Other directorships

Director of Chemistry Australia Ltd.

COMPANY SECRETARY

Kathryn de Bont
General Counsel & Company Secretary

Kathryn was appointed to the positions of General Counsel and Company Secretary on 1 June 2022. Kathryn has been part of the legal team at Pact since November 2018. Prior to this, Kathryn worked in legal and governance roles in private practice and industry, including with Sodexo, Programmed Maintenance Services Limited, Skilled Group Limited, Visy and Ashurst (formerly Blake Dawson).

Kathryn holds a Bachelor of Arts and Bachelor of Laws (Hons) from Monash University.

DIRECTORS' SHAREHOLDING

The table below shows the relevant interests of the Directors in the shares and performance rights of the Company at the end of the financial year:

Director	Number of ordinary shares	Number of performance rights
Raphael Geminder	303,111,116	-
Carmen Chua	-	-
Michael Wachtel	-	-
Sanjay Dayal	-	940,429

Further to the unconditional A$0.84 cash per share off-market takeover offer by Bennamon Industries Pty Ltd for all of the ordinary shares in Pact (**Bennamon Offer**) and as disclosed to the ASX on 11 December 2023, following the Independent Board Committee's recommendation to accept the Bennamon Offer, the Directors (excepting Raphael Geminder) accepted the Bennamon Offer in respect of all of the Pact shares they owned or controlled.

DIRECTORS' MEETINGS

The table below shows the number of Directors' meetings, including meetings of the Audit, Business Risk & Compliance Committee (**ABRCC**) and the Nomination & Remuneration Committee (**NRC**), and the number of meetings attended by each Director in their capacity as a member during the year:

	Board(1)		Audit, Business Risk & Compliance Committee		Nomination & Remuneration Committee		Independent Board Committee(2)	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Raphael Geminder	11(3)	11	6	6	4	4	-	-
Carmen Chua	12	11	6	6	4	4	15	15
Michael Wachtel	14	14	6	6	4	4	15	15
Sanjay Dayal	14	14	-	-	-	-	-	-

(1) Includes out of session meetings held from time to time to deal with ad-hoc matters.

(2) Independent Board Committee established to respond to the Bennamon Offer.

(3) Due to a conflict of interest, Mr Geminder recused himself from all meetings of the Board and its committees relating to the Bennamon Offer.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

Pact is a leading provider of specialty packaging solutions, servicing 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 year.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

A review of the operations of the Group during the year and of the results of those operations is appended at pages i–xi. The *Review of Operations and Financial Performance* also provides an overview of Business Strategy and Business Risks.

DIVIDENDS

The Directors have determined that no dividend will be paid in relation to the 2024 financial year (2023: Nil).

OTHER EVENTS OF SIGNIFICANCE & SUBSEQUENT EVENTS

Please refer to the Review of Operations and Financial Performance appended at pages i–xi.

ENVIRONMENTAL REGULATION

The Group operates under an integrated Workplace Health, Safety and Environment (**WHSE**) Management System, with a vision of a safe and engaging workplace and not compromising our environmental values. The system is consistent with AS/NZS 45001:2018 and ISO 14001:2016 and operates under the Group's *Environmental Policy* and *Workplace Health and Safety Policy*. The system is fundamental to achieving compliance with environmental regulations in all jurisdictions in which the Group operates and is implemented at all sites.

Where applicable, licences and consents are in place in respect of each site within the Group. An interactive database is used to ensure compliance and completion of all required actions. Where an environmental incident occurs, it is reported and assessed according to its consequence, and regulatory authorities are notified where required.

On occasion, the Group receives notices from relevant authorities pursuant to local environmental regulations and in relation to the Group's environmental licences and consents. The Group takes all notices seriously, conducts a thorough investigation into underlying causes of issues or incidents, and ensures it takes every opportunity to continually improve systems. Pact works with the appropriate authorities to address any requirements and to proactively manage any obligations. In the year ended 30 June 2024, the Group has not been prosecuted for any material breach of environmental regulations.

The Group is also subject to the reporting and compliance requirements of the Australian *National Greenhouse and Energy Reporting Act 2007* (Cth). The *National Greenhouse and Energy Reporting Act 2007* requires that Pact report its annual greenhouse gas emissions and energy use. Pact has submitted all annual reports and is due to submit its next report in October. As part of this process the Group engages a third party to provide limited assurance to its WHSE metrics as published in Pact's *Sustainability Report*.

SHARE OPTIONS AND RIGHTS

The total number of performance rights on issue as at 30 June 2024 was 1,872,234 as shown in the table below:

		Movements during the year		
Performance rights	**Balance as at 1 July 2023**	**Granted**	**Lapsed / Forfeited**	**Balance as at 30 June 2024**
FY21 LTI	995,482	-	(995,482)	-
FY22 LTI	698,553	-	(39,515)	659,038
FY23 LTI	1,269,444	-	(56,248)	1,213,196
Total	**2,963,479**	-	**(1,091,245)**	**1,872,234**

Each performance right entitles the holder to one fully-paid ordinary PGH share upon vesting and automatic exercise. The Board has discretion to settle vested and automatically exercised performance rights in cash in lieu of an allocation of shares. There is no exercise price pertaining to the performance rights and the performance rights carry no voting or dividend rights. Refer to the *Remuneration Report* (Section 3) and Note 5.2 of the accompanying financial statements for further details of performance rights on issue.

During the period, no performance rights were granted, 1,091,245 lapsed or were forfeited and no performance rights over ordinary shares were exercised. There were no share options over shares in existence.

No person entitled to performance rights had or has any rights by virtue of the performance right to participate in any share issue of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's *Constitution* requires the Company to indemnify current and former Directors, alternate Directors, executive officers and such other officers of the Company as the Board determines on a full indemnity basis and to the full extent permitted by law against all liabilities incurred as an officer of the Group. Further, the Company's *Constitution* permits the Company to maintain and pay insurance premiums for Director and Officer liability insurance, to the extent permitted by law.

Consistent with (and in addition to) the provisions in the Company's *Constitution* outlined above, the Company has provided deeds of access, indemnity and insurance to all Directors of the Company, the Chief Financial Officer (**CFO**) and the Company Secretary which provide indemnities against losses incurred in their role as Directors, CFO or Company Secretary, subject to certain exclusions, including to the extent that such indemnity is prohibited by the *Corporations Act 2001* (Cth) (the **Act**) or any other applicable law.

During the financial year the Company paid insurance premiums for a Directors and Officers liability insurance policy that provides cover for the current and former Directors, alternate Directors, secretaries, executive officers and officers of the Group. The Directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

INDEMNIFICATION OF AUDITORS

Pursuant to the terms of the Company's standard engagement letter with Ernst & Young (**EY**), the Company indemnifies EY against all claims by third parties and resulting liabilities, losses, damages, costs and expenses (including reasonable legal costs) arising out of, or relating to, the services provided by EY or a breach of the engagement letter. The indemnity does not apply in respect of any matters finally determined to have resulted from EY's negligent, wrongful or wilful acts or omissions nor to the extent prohibited by applicable law including the *Act*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Act* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with the leave of the court under section 237 of the *Act*.

AUDITOR

EY continues in office as auditor of the Company (**Auditor**) in accordance with section 327 of the *Act*.

No current or former audit partners are Directors or officers of the Company.

NON-AUDIT SERVICES

During the year EY performed other assignments in addition to their statutory audit responsibilities. Details of the amounts paid or payable to EY for non-audit services provided to the Group during the year are as follows:

$	2024	2023
Tax compliance services	130,000	156,000
Tax advisory – Crates transaction	421,000	-
Tax advisory – Other	181,000	284,000
Consulting services	-	279,000
Remuneration services	10,000	-
Other assurance services	39,000	94,000
Total	**781,000**	**813,000**

The Board has considered the position and, in accordance with the advice received from the ABRCC, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Act*.

The Directors are satisfied that the provision of non-audit services by EY did not compromise the auditor independence requirements of the *Act* for the following reasons:

- All non-audit services have been reviewed by the ABRCC to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

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 16 and forms part of this *Directors' Report*.

REMUNERATION REPORT (AUDITED)

This *Remuneration Report* for the year ended 30 June 2024, which forms part of the *Directors' Report*, outlines the remuneration arrangements of the Group in accordance with the requirements of the *Act* and its regulations. This information has been audited as required by the *Act*.

The *Remuneration Report* is presented under the following sections:

1. Introduction
2. Governance
3. Remuneration synopsis
4. Executive KMP remuneration arrangements for FY24
5. Executive KMP remuneration outcomes for FY24
6. Non-Executive Director remuneration arrangements
7. Equity holdings of KMP
8. Control by KMP
9. Related party transactions with KMP
10. Loans to KMP

1. Introduction

The *Remuneration Report* details the remuneration arrangements for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For the purposes of this *Report*, the term KMP includes the:

- Non-Executive Directors of the Board of the Company (current and former); and
- Managing Director & Group Chief Executive Officer (**CEO**) and the Chief Financial Officer (**CFO**) of the Company and the Group (together, the **Executive KMP**).

Key Management Personnel

Name	Position	Term as KMP in FY24
Non-Executive Directors (NEDs)		
Raphael Geminder	Non-Executive Chair	Full financial year
Carmen Chua	Non-Executive Director	Full financial year
Michael Wachtel	Non-Executive Director	Full financial year
Executive KMP		
Sanjay Dayal	Managing Director & Group CEO	Full financial year
Paul Washer	CFO	Full financial year

There have been no other changes to KMP after the reporting date and before the date the *Financial Report* was authorised for issue.

2. Governance

Nomination & Remuneration Committee

The NRC has been delegated responsibility by the Board for managing appropriate remuneration policy and governance procedures including to:

- review and recommend to the Board appropriate remuneration policies and arrangements including incentive plans for the CEO and CFO;
- review and approve short-term incentive plans, long-term incentive plans, performance targets and bonus payments for the CEO and CFO;
- review the performance of the CEO;
- review the executive leadership team's performance assessment process to ensure it is structured and operates to realise business strategy; and
- review and recommend to the Board, remuneration arrangements for the Chair and NEDs.

The NRC is comprised of three NEDs and meets as often as the members deem necessary to fulfil the NRC's obligations. It is intended that the NRC meets no less than three times a year. The *NRC Charter* is available at pactgroup.com.

Use of remuneration consultants

The NRC may seek advice from independent remuneration advisers with respect to information and recommendations relevant to remuneration decisions. Decisions to engage remuneration consultants are made by the NRC or the Board. Contractual engagements and briefing of the consultants are undertaken by the NRC Chair and the remuneration recommendations of the consultants are to be provided directly to the NRC Chair. During the financial year ended 30 June 2024, the NRC obtained remuneration advice from Ernst & Young on market practice and other considerations regarding the treatment of unvested Performance Rights held by KMP and other employees under the Pact Long-Term Incentive Plan (**LTIP**) in the context of the takeover offer by Bennamon Industries Pty Ltd for all of the issued shares in Pact. This advice did not contain any 'remuneration recommendations', as defined in s206L of the *Act*, in relation to key management personnel.

Voting and comments made at the Company's 2023 Annual General Meeting

At its Annual General Meeting held 16 November 2023 (**AGM**), Pact received a 37.61% vote against its FY23 *Remuneration Report*, constituting a 'first strike'. No comments were made nor questions asked by shareholders on the FY23 *Remuneration Report* during the AGM.

The Company acknowledges that FY23 was a challenging year for the business and believes that the vote against the FY23 *Remuneration Report* reflected concern regarding the Company's performance and/or the amounts paid to the CEO and CFO in a difficult year.

The NRC reflected on the above and the changing circumstances of the Company when determining the remuneration outcomes for FY24 which were recommended to the Board. The NRC is also undertaking a review of the Company's remuneration framework for FY25, in order to develop a revised framework for recommendation to the Board. The revised framework will be communicated in the FY25 *Remuneration Report*. The NRC is committed to ensuring that Pact's remuneration framework supports Company strategy, reflects good governance and risk management, retains talent and rewards effort including in challenging years.

As an additional measure in response to the 'first strike', the Board has sought to enhance its *Remuneration Report* disclosure through the inclusion of a new 'remuneration synopsis' (see section 3) and additional information regarding the operation of the FY24 STI Plan.

3. Remuneration synopsis

FY24 remuneration summary

The below table provides a high-level summary of FY24 KMP remuneration practice, with further details available in section 4, 5 and 6 of the *Remuneration Report*

Remuneration Element	Summary
Executive KMP Fixed annual remuneration (**FAR**)	A 3% increase (plus statutory superannuation increases, where applicable) to KMP FAR was implemented effective 1 January 2024.
Short-term incentive (**STI**)	The Executive KMP achieved FY24 target metrics and payments (less superannuation and applicable taxation) will be made in FY25. See section 5 for further details.
Long-term incentive (**LTI**)	No long-term incentives (i.e. no FY24 cycle performance rights) were offered or granted to KMP in relation to FY24.
NED fees and special exertion payment	A 3.5% increase to NED fees was implemented effective 1 January 2024. Special exertion fees were paid to independent NEDs for additional duties performed in relation to the Bennamon Industries Pty Ltd takeover offer
Termination payments	No termination payments were made to Executive KMP nor NEDs in or in relation to FY24.

4. Executive KMP remuneration arrangements for FY24

Remuneration principles and strategy

Pact's executive *Remuneration Framework* is designed to drive Group strategy, organisational culture, and long-term shareholder value creation. It is underpinned by Pact's governing reward principles that articulate the intent and purpose of the Company's executive reward framework.

The diagram below illustrates the Company's KMP *Remuneration Framework*:

Pact Executive KMP Remuneration Approach

Designed to drive Group Strategy, organisational culture, and long-term shareholder value creation

Governing principles underpinning Pact's reward framework

Aligns with shareholder value creation	Attracts, retains and motivates capable talent	Reflects Group Strategy and organisational culture	Drives high performance culture that recognises outperformance	Simple and transparent

Reward framework components

	Fixed annual remuneration (FAR)	Short-term incentive (STI) at risk	Long-term incentive (LTI) at risk
Purpose	Competitively set to attract and retain capable talent reflecting role scope and accountabilities. Determined based on market positioning statement.	Reward for annual performance to deliver superior business, customer and shareholder value. Provides specific focus on annual strategic priorities.	Reward for the creation of sustainable long-term shareholder value. Focusses on leading positive organisational culture and engagement with customers, community and other stakeholders.
Performance link	Sustained performance and leadership in executive role.	Annual performance targets, including: • Underlying Group EBIT. • Operational and strategic key performance indicators (**KPI**). • Safety. Other performance targets and review timeframes set at Board discretion, from time to time.	Three-year relative total shareholder return (**Relative TSR**) performance against selected ASX 200 companies.
Payment vehicle	Base salary, superannuation. May include other benefits and cash allowances. Target ASX200 Market Median (excluding Financial Services and Mining).	Annual incentive typically settled in cash (with deferred equity proposed from time to time).	LTIs typically consist of the granting of performance rights, but may include options and/or cash equivalents that vest after a defined period, subject to Group and individual financial and non-financial performance hurdles. Vesting conditions may be waived at the absolute discretion of the Board. Vested LTIs may be settled in cash or shares at the Board's discretion and in accordance with LTIP rules.

Detail of incentive plans for FY24

STI Plan

For FY24 the STI Plan was amended such that the deferred equity component of the ELT STI Plan proposed in FY23 was removed reverting to a cash only plan.

FY24 STI Plan

Opportunity

	CEO % of FAR	CFO % of FAR
Target Opportunity	100	40
Outperformance Opportunity	120	60

Awarded opportunity is settled in cash.

Performance measures & weighting

STI is linked to underlying Group EBIT, operational and strategic KPIs, and safety:

- CEO: underlying Group EBIT (90%), Group safety (10%)
- CFO: underlying Group EBIT (70%), operational and strategic KPI (20%), Group safety (10%)

The Board considers these measures to be appropriate as they are strongly aligned with the interests of Shareholders. Underlying Group EBIT is a key indicator of the underlying growth of the business.

STI Gateways
For any full-year STI award to be made, the Group must achieve a baseline Group financial performance measure as determined by the Board for the relevant performance period, known as the **Financial Gateway** (shown as Threshold in the table below). In FY24 the Financial Gateway was underlying Group EBIT of the continuing business plus the full twelve months’ underlying Group EBIT of the Crates Business. The combined underlying Group EBIT Financial Gateway for FY24 was $157.7 million.

At an individual level, all STI participants must adhere to Pact Values, *Code of Conduct* and comply with the Group’s mandatory risk and compliance training requirements. This is known as the **Individual Gateway**. In the event that a participant does not satisfy the Individual Gateway, they will be automatically suspended from participating in the STI Plan in respect of the relevant performance period. The Individual Gateway reinforces Pact’s expectation of, and commitment to, minimum standards of behaviour and conduct and demonstrates tangible consequences for behaviour that may not warrant termination of employment but still constitutes a breach of Pact Values, the *Code of Conduct* and risk and compliance standards.

Payout schedule
Each performance measure is assessed against a set target resulting in a STI payout in accordance with the payout schedule below:

Performance against Underlying Group EBIT Target	Award % Multiplier
Below Target	Nil
Threshold (meets 95% of Target) ($157.7 million)	0%, STI plan activated
Target (meets 100% of Target) ($166 million)	100% of Target Opportunity
Stretch (achievement between Target and Outperformance Threshold) ($166 million–$175 million)	Between 100% – 105% of Target Opportunity

Pro rata vesting calculation applies between Threshold and Target as follows:

Underlying EBIT result between Threshold & Target	Award against Group Target Opportunity
96%	20%
97%	40%
98%	60%
99%	80%

Stretch target multipliers apply where participants exceed the Group Underlying EBIT Target until the FY24 STI Outperformance Underlying EBIT Threshold is met.

STI Outperformance Threshold

Where the Outperformance FY24 Underlying EBIT Threshold of $175 million is met the participant’s STI opportunity will increase by an additional 20% of FAR, to reflect the Outperformance Opportunity.

The FY24 business performance table on page 10 provides additional information on these performance measures, including an overview of performance outcomes.

Cessation of employment

STI awards are forfeited if a participant has resigned prior to, or is not employed on, the scheduled date of payment of the Board approved STI award. A participant considered to be a ‘good leaver’ may be eligible to receive a pro-rated portion of an STI award.

Discretion

Except as otherwise expressly provided in the STI Plan rules, the Board has absolute discretion to act or refrain from acting under or in connection with the terms of the STI Plan and in the exercise of any power or discretion under the rules, including in relation to an STI award.

LTI Plans

As foreshadowed in the FY23 *Remuneration Report*, the Board elected to not grant FY24 LTI performance rights to KMP. The table below outlines details of the FY22 and FY23 LTI performance rights granted to KMP:

<table>
<tr><th colspan="2">LTI Plans</th></tr>
<tr><td>Opportunity</td><td>FY22 cycle
CEO: Maximum opportunity equivalent to 100% of FAR
CFO: Maximum opportunity equivalent to 20% of FAR
FY23 cycle
CEO: Maximum opportunity equivalent to 90% of FAR
CFO: Maximum opportunity equivalent to 20% of FAR</td></tr>
<tr><td>Instrument</td><td>Performance rights</td></tr>
<tr><td>Performance period</td><td>The performance period commences on the first day of that fiscal year and is measured over three years:
FY22 cycle: 1 July 2021 – 30 June 2024
FY23 cycle: 1 July 2022 – 30 June 2025</td></tr>
<tr><td>Allocation approach</td><td>The number of performance rights allocated to the Executive KMP and other eligible employees is based on their maximum LTI opportunity divided by the five-day volume weighted average price (VWAP) following public announcement of the prior year's financial results.</td></tr>
<tr><td>Performance hurdle</td><td>Vesting of rights is subject to a Relative TSR^ hurdle over a three-year performance period.
Peer group: S&P/ASX 200 comparator group, excluding companies in the Financial Services & Mining sectors.
LTI vesting schedule
<table>
<tr><th>TSR relative to peer group</th><th>Vesting %</th></tr>
<tr><td>At or above 75th percentile</td><td>100%</td></tr>
<tr><td>Between 50th and 75th percentile</td><td>Pro rata vesting between 50% and 100%</td></tr>
<tr><td>At 50th percentile</td><td>50%</td></tr>
<tr><td>Below 50th percentile</td><td>Nil</td></tr>
</table>
^TSR measures a company's share price movement, dividends paid and any return on capital over a specific period. Relative TSR compares the ranking of the Company's TSR over the performance period with the TSR of other companies in a peer group.
LTI are also subject to an Individual Gateway condition consistent with the STI Plan, linked to adherence to Pact Values, <i>Code of Conduct</i> and risk & compliance standards. Where a participant does not satisfy the Individual Gateway, they will forfeit their LTI vesting entitlements for the relevant performance period, be suspended from participating in future LTI grant opportunities and/or be subject to clawback at Board discretion.</td></tr>
<tr><td>Cessation of employment</td><td>If a LTI participant resigns or is terminated for cause, any unvested LTI Plan awards will be forfeited, unless otherwise determined by the Board. A 'good leaver' will retain a pro rata number of performance rights based on time elapsed since the initial grant date. Any such performance rights will be subject to the original terms and conditions, and discretion of the Board.</td></tr>
<tr><td>Rights attaching to performance rights</td><td>Performance rights do not carry any dividend or voting entitlements prior to vesting. Shares allocated upon vesting of performance rights will carry the same rights as other ordinary shares.</td></tr>
<tr><td>Clawback</td><td>In accordance with the Individual Gateway condition, 100% of the award can be forfeited where there has been any fraud, dishonesty, or breach of obligations, including a material misstatement of the financial statements.</td></tr>
<tr><td>Change of control provisions</td><td>In the event of change of control, the performance period end date will be brought forward to the date of change of control, and awards will vest based on performance over this shortened period (subject to Board discretion).</td></tr>
<tr><td>Hedging</td><td>To ensure the variable components of the Company's remuneration structure remain 'at risk', employees may not hedge against the risk inherent in arrangements such as the LTI Plan, or any other equity-based incentive plans. Prohibitions against hedging are set out in the Company's <i>Policy for Dealing in Securities</i>. Under the LTI Plan rules, a breach of hedging restrictions will result in immediate lapse of granted performance rights.</td></tr>
</table>

Service agreements

Remuneration and other terms of employment for Executive KMP are formalised in service agreements. The material terms of the employment contracts for the Executive KMP are summarised in the table below.

Contractual terms	Conditions
Duration of contract	Permanent full-time employment contract until notice given by either party.
Notice period	Three months' notice by either party.
Termination clauses	If an Executive KMP is terminated due to genuine redundancy, they will be paid a severance payment of the greater of three months annual base salary or three weeks of annual base salary for each completed year of continuous service with the Group or a predecessor employing entity acquired by the Group. A pro rata severance payment entitlement may apply for any incomplete year of continued service. The severance payment is capped at a maximum of 52 weeks in total.

5. Executive KMP remuneration outcomes for FY24

The Group reported EBIT in FY24 is $221.4 million, a 180% increase on FY23 reported EBIT of $78.9 million. During the year the Company successfully disposed of 50% of the Crates Business to Morrison & Co, with a gain on sale of $103.2 million. The Crates Business continued to deliver to performance expectations for the period 1 December 2023 to 30 June 2024 and the underlying EBIT for this period was included in the assessment of STI outcomes, consistent with the methodology during the target setting process.

The Group's performance in FY24 for the continuing business underlying EBIT plus the full 12 months of the Crates Business underlying EBIT was $167.7 million, $1.7 million above the Underlying EBIT Target of $166 million. Underlying EBIT of the Continuing Operations increased by 14% on the prior year as operating profits increased across the segments driven by reduced supply chain disruption, improved price management and benefits delivered to indirect costs due to the Q1 FY24 implementation of the Transformation Plan. The Crates Business underlying EBIT for the full twelve months was in line with expectations.

The table below summarises key performance indicators of the Company and relevant Shareholder returns over the past five financial years. It is noted that underlying EBIT is a performance measure linked to the full-year STI Plan.

Performance measure		2020	2021	2022	2023	2024
Statutory net profit/(loss) after tax	$'000	88,847	87,534	12,178	(6,605)	**74,873**
Underlying Net profit after tax (**NPAT**)(1)	$'000	73,245	93,544	70,159	44,836	**44,918**
Underlying NPAT growth(1)	%	(5.3)	27.7	(24.9)	(36.2)	**0.2**
Underlying EBIT(1)(2)	$'000	166,263	182,875	156,163	119,651	**136,453**
Underlying EBIT growth	%	12.0(3)	10.0	(14.6)	(7.0)	**14.0**
Dividends per ordinary share	cps	3.0	11.0	5.0	-	**-**
Closing share price (30 June)	$	2.19	3.70	1.81	0.66	**0.75**
3-month average share price (1 April to 30 June)	$	2.01	3.70	2.13	0.83	**0.83**
Earnings per share(1)	cps	21	27	20	13	**13**
Earnings per share(1) growth	%	(8.7)	28.6	(25.9)	(35.0)	**-**
Cumulative TSR(4)	%	(49.1)	(16.7)	(55.4)	(75.5)	**(54.8)**

(1) Before underlying adjustments (refer to Note 1.1 in the *Consolidated Financial Report*).

(2) Underlying EBIT figures based on Continuing Operations. Underlying EBIT for discontinued operations in FY24 was $18.1 million (2023: $25.6 million). Total Underlying EBIT in FY24 (including continued and discontinued operations) was $154.6 million (2023: $145.3 million).

(3) EBIT before underlying adjustments growth in 2020 is 1.7% excluding the impacts of AASB16.

(4) Cumulative TSR has been calculated using the same start date for each period (1 July 2019). The 3-month average share price has been used in all periods (the 3-month average share price for the starting period was $2.51)

STI outcomes

In relation to FY24 performance, as the Financial Gateway, Individual Gateway and relevant safety hurdles for the performance period were met by the Company and Executive KMP, the STI payout schedule has been activated. While Pact surpassed its Underlying Group EBIT Target, the Board exercised its discretion to cap the FY24 STI payout at 100% of Target Opportunity. No Outperformance Opportunity will be paid.

The table below shows details of the Executive KMP FY24 achieved cash outcome against Target and Outperformance Opportunity. The cash STI $ earned is the assessed gross STI payment outcome for FY24 performance which will be paid to the Executive KMP in FY25.

	FAR as at 30 June 2024(1)	Total cash STI Target Opportunity $	Total cash STI Outperformance Opportunity $	Cash STI $ earned	% of maximum opportunity awarded
Sanjay Dayal	1,363,190	1,363,190	1,635,828	1,363,190	83%
Paul Washer(2)	662,110	264,844	397,266	264,844	67%

(1) Figure shown is FAR as at 30 June 2024, noting that Executive KMP FAR was subject to a 3% increase (plus statutory superannuation increases, where applicable) effective 1 January 2024.

(2) Cash STI $ earned is shown in AUD but will be paid in NZD.

LTIP outcomes

LTIP allocations

The table below outlines the performance rights granted to the CEO and CFO for participating in the LTI Plan and the relevant performance period for each fiscal year.

Year	Grant date	Performance rights granted	Fair value per performance right at grant date[1] $	Value of rights included in compensation for the year $	Performance period
Sanjay Dayal – CEO					
FY23 LTIP	16 November 2022	651,078	0.30	64,826	1 July 2022 to 30 June 2025
FY22 LTIP	29 November 2021	289,351	1.08	104,166	1 July 2021 to 30 June 2024
				168,992	
Paul Washer – CFO					
FY23 LTIP	1 December 2022	69,260	0.31	7,088	1 July 2022 to 30 June 2025
FY22 LTIP	1 December 2021	41,571	1.08	14,965	1 July 2021 to 30 June 2024
				22,053	

(1) Determined at the time of grant per AASB 2 *Share-based Payment*. For details of the valuation of the performance rights, including models and assumptions, refer to the consolidated financial reports of the Company for FY22 and FY23 (Note 5.2).

No performance rights were granted in FY24. The performance hurdles applicable to the FY23 LTI performance rights are also applicable to the FY22 performance rights.

The Company sought and received Shareholder approval under ASX Listing Rule 10.14 to issue the FY22 and FY23 performance rights to the CEO.

Executive KMP performance rights testing

The table below shows the LTI Plan awards tested at the end of the current financial year.

Year	Performance period	Outcome
FY22 LTIP	1 July 2021 to 30 June 2024	The FY22 grant was tested in July 2024. As the minimum Relative TSR performance hurdle was not met, awards in relation to the FY22 grant lapsed in full on 14 August 2024.

Executive KMP performance rights holdings

The table below shows the movement in Executive KMP performance rights holdings during the year, and the balance of vested and unvested rights at the end of the financial year.

KMP	Balance at 1 July 2023	Number granted	Number lapsed[1]	Balance at 30 June 2024	Vested at 30 June 2024	Unvested at 30 June 2024
Sanjay Dayal	1,438,396	-	(497,967)	940,429	-	940,429
Paul Washer	110,831	-	-	110,831	-	110,831

(1) Performance conditions of FY21 performance rights were not met and consequently all granted Executive KMP FY21 performance rights lapsed on 15 August 2023.

Executive KMP remuneration

		Sanjay Dayal		Paul Washer[5]		Executive KMP Total Remuneration	
		2024	2023	**2024**	2023	**2024**	2023
Short-term benefits	Salary & fees[1]	**1,316,238**	1,290,334	**633,463**	557,126	**1,949,701**	1,847,460
	STI bonus	**1,363,190**	645,167	**264,844**	123,069	**1,628,034**	768,236
	Other benefits[2]	**2,753**	41,635	**10,681**	64,615	**13,434**	106,250
Post- employment benefits	Superannuation	**27,500**	27,500	**19,004**	27,257	**46,504**	54,757
Long-term benefits	Long service leave[3]	**135,695**	-	**-**	-	**135,695**	-
Share-based payments (equity settled)	LTIP[4]	**168,992**	454,493	**22,053**	22,053	**191,045**	476,546
TOTAL		**3,014,368**	2,459,129	**950,045**	794,120	**3,964,413**	3,253,249
Performance Related		**51%**	45%	**30%**	18%	**46%**	38%

[1] FY24 salary & fees includes a 3% increase (plus statutory superannuation increases, where applicable) to Executive KMP fixed annual remuneration effective 1 January 2024. FY23 salary & fees includes a 3% increase (inclusive of statutory superannuation increases, where applicable) to Executive KMP fixed annual remuneration effective 1 October 2022.

[2] Other benefits include movements in the annual leave provision in relation to annual leave entitlements, shown on an accruals basis. Over FY24, Executive KMP have actively taken leave to reduce liabilities. For Paul Washer, other benefits also include a retention payment of $63,863 in FY23.

[3] For Sanjay Dayal, long-term benefits include movements in long service leave provision entitlements accrued after five years of continuous service. Pro rata long service leave entitlement provisions can be accessed after seven years of continuous service. As a consequence of his employment arrangements (see note 5 below), Paul Washer is not entitled to long service leave.

[4] An independent valuation of the LTI performance rights was performed to establish the fair value in accordance with AASB2 *Share-based Payment*. Valuation of the rights was performed using a hybrid model with Relative TSR hurdles.

[5] Paul Washer's employment arrangements were transferred from an Australian Pact employing entity to a New Zealand Pact employing entity effective 1 November 2022. Remuneration data in the table above is in AUD, with NZD converted to AUD consistent with the Group's translation methods for foreign currency transactions. Superannuation for Paul Washer reduced in line with applicable Kiwisaver requirements.

The table above shows Executive KMP remuneration in accordance with statutory obligations and accounting standards. The following table, which is audited, provides additional voluntary disclosure as the Directors believe this information is helpful to assist Shareholders in understanding the benefits that the Executive KMP received during the financial year ended 30 June 2024. The table below has not been prepared in accordance with Australian accounting standards. The benefits disclosed below exclude the expense for performance rights that are unvested.

	Fixed Remuneration[1]	STI bonus[2]	Other benefits[3]	Total
	$	$	$	$
Sanjay Dayal	1,343,738	1,363,190	2,753	2,709,681
Paul Washer*	652,467	264,844	10,681	927,992

* Paul Washer's remuneration data in the table above is in AUD, with NZD converted to AUD consistent with the Group's translation methods for foreign currency transactions.

[1] Fixed remuneration includes salary and fees, and superannuation contributions. Figure shown is FAR as at 30 June 2024, noting that Executive KMP FAR was subject to a 3% increase (plus statutory superannuation increases, where applicable) effective 1 January 2024.

[2] STI attributable to the year ended 30 June 2024 are calculated on the same basis as the remuneration table above.

[3] Other benefits include annual leave provisions, shown on an accruals basis as at 30 June 2024.

6. Non-Executive Director remuneration arrangements

Remuneration policy

The NRC seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain NEDs of the highest calibre, whilst incurring a cost that is acceptable to Shareholders.

The amount of aggregate remuneration sought to be approved by Shareholders and the fee structure is reviewed periodically by the Nomination and Remuneration Committee.

The Company's Constitution and the ASX Listing Rules specify that the NED fee pool shall be determined from time to time by a general meeting. Consistent with prior years, the total amount paid to NEDs must not exceed a fixed sum of $1,000,000 per financial year in aggregate.

Structure

The remuneration of NEDs consists of Directors' fees and committee fees. The payment of additional fees for serving on a committee or being the Chair of a committee recognises the additional time commitment required by NEDs who serve on committees.

Raphael Geminder does not receive a fee for his position as Chair and Non-Executive Director of the Company nor for his service on Board committees.

The table below sets out annual NED and Board committee fees.

Responsibility	2024[1]	2023
Board fees		
Non-Executive Directors (excluding the Chair)	$121,767	$117,649
Audit, Business Risk & Compliance Committee		
Chair	$33,209	$32,086
Member	$8,303	$8,022
Nomination & Remuneration Committee		
Chair	$33,209	$32,086
Member	$8,303	$8,022

(1) 2024 NED fee schedule was effective from 1 January 2024.

NEDs do not participate in any Company incentive programs and NED remuneration is not linked to Company performance. NEDs may be reimbursed for expenses reasonably incurred in attending to the Company's affairs. NEDs do not receive retirement benefits other than the superannuation contributions disclosed in this report.

The Company has historically operated a Director Share Acquisition Plan (**DSAP**) which allows NEDs to sacrifice a portion of after-tax fees to the acquisition of Company shares on a periodic basis at the prevailing market rate. Shares acquired in this way are not subject to performance targets, as they are acquired in place of cash payments. No NED participated in the DSAP during the year ended 30 June 2024.

The remuneration of NEDs for the year ended 30 June 2024 is as follows:

Non-Executive KMP	Year	Short-term benefits	Post- employment benefits	Total
		Fees	Superannuation	
		$	$	$
Current Non-Executive KMP				
Raphael Geminder	**2024**	**-**	**-**	**-**
	2023	-	-	-
Carmen Chua(1)(5)	**2024**	**183,178**	**-**	**183,178**
	2023	145,725	-	145,725
Michael Wachtel(2)(5)	**2024**	**323,797**	**-**	**323,797**
	2023	154,749	-	154,749
Former Non-Executive KMP				
Lyndsey Cattermole(3)	**2024**	**-**	**-**	**-**
	2023	47,603	4,523	52,126
Jonathan Ling(4)	**2024**	**-**	**-**	**-**
	2023	59,756	-	59,756
Total Non-Executive KMP remuneration	**2024**	**506,975**	**-**	**506,975**
	2023	407,833	4,523	412,356

(1) Appointed Chair of the NRC effective 16 November 2022. Member of the ABRCC FY23 and FY24.

(2) Appointed as a member of the NRC effective 16 November 2022. Chair of the ABRCC FY23 and FY24.

(3) Ceased as a Director and member of the NRC effective 16 November 2022. Fees include amounts sacrificed in relation to DSAP participation during FY23.

(4) Ceased as a Director, Chair of the NRC and member of the ABRCC effective 16 November 2022.

(5) FY24 Fees for Carmen Chua and Michael Wachtel include a one-off special exertion fee paid to each of Carmen Chua ($22,660) and Michael Wachtel ($163,279) for additional duties performed in relation to the Bennamon Industries Pty Ltd takeover offer launched 13 September 2023 and concluding on 7 June 2024.

7. Equity holdings of KMP

The following table shows the number of fully-paid ordinary shares held by KMP (directly and indirectly) including their related parties and any movements during the year ended 30 June 2024:

KMP	Balance 1 July 2023	Additions	Disposals	Balance 30 June 2024
Current NEDs				
Raphael Geminder	171,309,594	131,801,522	-	303,111,116
Carmen Chua	210,000	-	210,000	-
Michael Wachtel	41,925	-	41,925	-
Executive KMP				
Sanjay Dayal	40,000	-	40,000	-
Paul Washer	28,507	-	-	28,507

8. Control by KMP

Raphael Geminder is the director of Kin Group Pty Ltd (**Kin Group**) and Salvage Pty Ltd (**Salvage**).

Following the Bennamon Industries Pty Ltd takeover offer launched on 13 September 2023 and concluding on 7 June 2024, Kin Group Pty Ltd and its associates have increased their share ownership in Pact Group Holdings Ltd to 88.04% as at 30 June 2024 (June 2023: 49.76%). The Group's ultimate parent entity is Kin Group Pty Ltd.

9. Related party transactions with KMP

The following table provides the total amount of transactions with related parties for the year ended 30 June 2024:

$'000	Year	Sales	Purchases	Other expenses	Net amounts receivable
Related parties – Director's interests[1]	**2024**	**13,496**	**21,990**	**6,908**	**(2,212)**
	2023	22,003	25,685	6,339	(2,654)

[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 had sales of $13.5 million (2023: $22.0 million) to 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.

Pro-Pac Packaging Limited (Pro-Pac)

Pro-Pac, an entity in which Raphael Geminder owns 65.75% (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 $4.1 million (2023: $6.1 million). The agreement is on commercial terms which the Board has determined are at arm's 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 Raphael Geminder and are therefore related parties of the Group (**Centralbridge Leases**). The aggregate annual rent payable by Pact under the Centralbridge Leases for the period ended 30 June 2024 was $6.8 million (June 2023: $6.2 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. As at 30 June 2024, the total lease liabilities owing to Centralbridge Leases is $38.1 million (June 2023: $34.2 million). The leases are on commercial terms which the Board has determined are at arm's length in accordance with section 210 of the *Act*.

Visy Industries Pty Ltd

Visy Industries Pty Ltd (**Visy**) is a supplier to, and customer of, the Group. The Group purchases products such as industrial packaging printing and carton packaging from Visy and sells recycled resins to Visy. During the year, the Group had purchases of $17.8 million (2023: $19.5 million) and sales of $5.6 million (2023: $13.8 million) with Visy.

10. Loans to KMP

There were no loans to KMP or any of their closely related parties during the year (2023: Nil).

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
Chair

Dayal

Sanjay Dayal
Managing Director and Group Chief Executive Officer

15 August 2024

Building a better
working world

Ernst & Young
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Auditor's independence declaration to the directors of Pact Group Holdings Ltd

As lead auditor for the audit of the financial report of Pact Group Holdings Ltd for the financial year ended 30 June 2024, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pact Group Holdings Ltd and the entities it controlled during the financial year.

Ernst & Young

David Shewring
Partner
15 August 2024

FINANCIAL REPORT

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

$'000	Notes	2024	2023
Continuing operations			
Revenue	1.1	**1,803,687**	1,829,000
Raw materials and consumables used		**(827,552)**	(881,684)
Employee benefits expense		**(455,840)**	(438,876)
Occupancy, repair and maintenance, administration and selling expenses		**(292,133)**	(289,753)
Interest and other income		**17,904**	16,736
Other losses	6.2	**(32,393)**	(15,036)
Depreciation and amortisation expense		**(108,611)**	(115,119)
Impairment expense	1.1	**(3,858)**	(52,586)
Finance costs and loss on de-recognition of financial assets	4.1	**(92,974)**	(82,618)
Share of profit in joint ventures	3.4	**93**	1,774
Profit/(loss) from continuing operations before income tax		**8,323**	(28,162)
Income tax (expense)/benefit	1.3	**(4,588)**	2,173
Net profit/(loss) from continuing operations		**3,735**	(25,989)
Discontinued operations			
Profit for the period from discontinued operations, net of tax	3.3	**71,138**	19,384
Net profit/(loss) for the period		**74,873**	(6,605)
Net profit/(loss) for the period attributable to equity holders of the parent entity		**74,873**	(6,605)
Attributable to:			
Equity holders of the parent entity from continuing operations		**3,735**	(25,989)
Equity holders of the parent entity from discontinued operations		**71,138**	19,384
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability		**(33)**	109
Items that will be reclassified subsequently to profit or loss			
Cash flow hedge loss taken to equity		**(5,451)**	(1,695)
Foreign currency translation loss		**(5,664)**	(2,731)
Income tax benefit on items in other comprehensive income		**1,560**	505
Other comprehensive loss for the period, net of tax		**(9,588)**	(3,812)
Total comprehensive income/(loss) for the period attributable to equity holders of the parent entity		**65,285**	(10,417)
Earnings per share attributable to equity holders of the parent entity (in cents)			
Basic earnings per share	1.1	**21.7**	(1.9)
Diluted earnings per share	1.1	**21.6**	(1.9)
Earnings per share attributable to equity holders of the parent entity from continuing operations (in cents)			
Basic earnings per share		**1.0**	(7.5)
Diluted earnings per share		**1.0**	(7.5)

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

FINANCIAL REPORT
Consolidated Statement of Financial Position
For the year ended 30 June 2024

$'000	Notes	2024	2023
CURRENT ASSETS			
Cash and cash equivalents	4.1	**68,229**	79,061
Trade and other receivables	2.1	**137,985**	146,262
Inventories	2.1	**244,863**	252,179
Contract assets		**18,453**	16,581
Other current financial assets	4.4	**1,128**	5,620
Prepayments		**10,173**	10,731
TOTAL CURRENT ASSETS		**480,831**	510,434
NON-CURRENT ASSETS			
Prepayments		**413**	1,212
Property, plant and equipment	2.2	**969,405**	1,048,217
Investments in joint ventures	3.4	**143,403**	46,812
Intangible assets and goodwill	2.2	**314,597**	428,503
Other non-current financial assets	4.4	**-**	2,628
Deferred tax assets	1.3	**43,527**	44,380
TOTAL NON-CURRENT ASSETS		**1,471,345**	1,571,752
TOTAL ASSETS		**1,952,176**	2,082,186
CURRENT LIABILITIES			
Trade and other payables	2.1	**376,086**	389,926
Bank overdraft	4.1	**3,052**	1,021
Current tax liability	1.3	**32,795**	11,096
Employee benefits provisions	5.1	**44,360**	47,077
Other provisions	2.4	**127**	2,464
Lease liabilities	2.5, 4.1	**78,256**	80,747
Other current financial liabilities	4.4	**2,876**	91
TOTAL CURRENT LIABILITIES		**537,552**	532,422
NON-CURRENT LIABILITIES			
Employee benefits provisions	5.1	**5,279**	6,369
Other provisions	2.4	**12,261**	12,903
Interest-bearing loans and bank borrowings	4.1	**484,081**	663,607
Lease liabilities	2.5, 4.1	**431,041**	451,614
Deferred tax liabilities	1.3	**7,778**	6,580
TOTAL NON-CURRENT LIABILITIES		**940,440**	1,141,073
TOTAL LIABILITIES		**1,477,992**	1,673,495
NET ASSETS		**474,184**	408,691
EQUITY			
Contributed equity	4.2	**1,751,706**	1,751,706
Reserves	4.2	**(904,050)**	(894,703)
Retained earnings		**(373,472)**	(448,312)
TOTAL EQUITY		**474,184**	408,691

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

FINANCIAL REPORT

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	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**
Year ended 30 June 2023							
As at 1 July 2023	**1,751,706**	**(928,385)**	**4,881**	**23,519**	**5,282**	**(448,312)**	**408,691**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**74,873**	**74,873**
Reserves re-classified to profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive loss	**-**	**-**	**(3,891)**	**(5,664)**	**-**	**(33)**	**(9,588)**
Total comprehensive income	**-**	**-**	**(3,891)**	**(5,664)**	**-**	**74,840**	**65,285**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**208**	**-**	**208**
Transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**208**	**-**	**208**
Balance as at 30 June 2024	**1,751,706**	**(928,385)**	**990**	**17,855**	**5,490**	**(373,472)**	**474,184**
Year ended 30 June 2022							
As at 1 July 2022	1,751,706	(928,385)	6,071	26,250	4,787	(436,652)	423,777
Loss for the year	-	-	-	-	-	(6,605)	(6,605)
Reserves re-classified to profit for the year	-	-	-	2,658	-	-	2,658
Other comprehensive (loss)/income	-	-	(1,190)	(5,389)	-	109	(6,470)
Total comprehensive income	-	-	(1,190)	(2,731)	-	(6,496)	(10,417)
Dividends paid	-	-	-	-	-	(5,164)	(5,164)
Share-based payments	-	-	-	-	495	-	495
Transactions with owners in their capacity as owners	-	-	-	-	495	(5,164)	(4,669)
Balance as at 30 June 2023	1,751,706	(928,385)	4,881	23,519	5,282	(448,312)	408,691

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

FINANCIAL REPORT

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

$'000	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**854,207**	1,011,463
Receipts from securitisation programs		**1,225,965**	1,154,984
Payments to suppliers and employees		**(1,848,972)**	(1,893,647)
Income tax paid		**(21,132)**	(12,833)
Interest received		**881**	883
Proceeds from securitisation of trade debtors		**208**	3,561
Borrowing, trade debtor securitisation and other finance costs paid		**(93,401)**	(78,013)
Net cash flows provided by operating activities	4.1	**117,756**	186,398
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(116,263)**	(129,838)
Payments for investments in joint ventures		**(5,833)**	(869)
Proceeds from sale of businesses, net of transaction costs	3.3	**225,473**	-
Payments for deferred acquisition consideration		**-**	(20,097)
Proceeds from sale of property, plant and equipment		**45**	116
Proceeds from Government grants	2.3	**-**	7,000
Payments to joint venture loans		**(1,841)**	(1,464)
Dividend income from joint ventures		**778**	1,470
Net cash flows provided by/(used in) investing activities		**102,359**	(143,682)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**519,389**	636,933
Repayment of borrowings		**(701,185)**	(639,906)
Repayment of lease liability principal		**(50,006)**	(54,350)
Payment of dividends	1.4	**-**	(5,164)
Net cash flows used in financing activities		**(231,802)**	(62,487)
Net decrease in cash and cash equivalents		**(11,687)**	(19,771)
Cash and cash equivalents at the beginning of the year		**78,040**	99,129
Effect of exchange rate changes on cash and cash equivalents		**(1,176)**	(1,318)
Cash and cash equivalents at the end of the year	4.1	**65,177**	78,040

The *Consolidated Statement of Cash Flows* includes both continuing and discontinued operations. Refer to Note 3.3 for cash flows from discontinued operations.

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

SECTION 1 – OUR PERFORMANCE

A key element of Pact's strategy is to maximise long-term shareholder value. This section highlights the results and performance of the Group for the year ended 30 June 2024.

1.1 SEGMENT RESULTS FROM CONTINUING OPERATIONS

$'000	Packaging & Sustainability	Materials Handling & Pooling	Contract Manufacturing	Eliminations	Consolidated continuing operations
Year ended 30 June 2024					
Revenue	**1,247,794**	**240,758**	**355,532**	**(40,397)**	**1,803,687**
Underlying EBIT[1]	**104,625**	**23,212**	**8,616**	**-**	**136,453**

$'000	Packaging & Sustainability	Materials Handling & Pooling	Contract Manufacturing	Eliminations	Consolidated continuing operations
Year ended 30 June 2023					
Revenue	1,282,255	227,100	357,318	(37,673)	1,829,000
Underlying EBIT[1]	101,727	14,601	3,322	-	119,650

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

Pact's chief operating decision maker is the Managing Director and Group Chief Executive Officer (**CEO**), who is focused on the financial measures reported in the table above. 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	• Australia • New Zealand • China • Hong Kong • USA	• India • Bangladesh • UK • Sri Lanka
• Contract Manufacturing	• Contract manufacturing and packing services	• Australia	

1.1 GROUP RESULTS (CONTINUED)

Net profit after tax from continuing operations

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

$'000	Note	2024	2023
Underlying EBIT		**136,452**	119,650
Underlying adjustments from continuing operations (1)			
Transaction costs(2)		**(5,186)**	(4,038)
Costs arising from site fire(3)		**(177)**	-
Insurance settlements for events in prior periods		**1,568**	1,236
Profit on sale of properties(4)		**-**	2,827
Business restructuring programs(5)			
• Restructuring costs		**(28,801)**	(9,292)
• Asset write downs	2.2	**-**	(4,548)
Underlying adjustments in other losses	6.2	**(32,596)**	(13,815)
Impairment expenses			
• Tangible assets – investment in joint venture6)		**(3,858)**	-
• Tangible assets write off	2.2	**-**	(52,586)
Total underlying adjustments from continuing operations		**(36,454)**	(66,401)
Reported EBIT from continuing operations		**99,998**	53,249
Net finance costs(7)		**(91,675)**	(81,411)
Net profit/(loss) before tax		**8,323**	(28,162)
Income tax (expense)/benefit(8)		**(4,588)**	2,173
Net profit/(loss) after tax from continuing operations		**3,735**	(25,989)

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

(2) Transaction costs include professional fees. Excludes costs associated with the sale of the Crates Business.

(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 functions and facilities across the Group, inclusive of redundancies.

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

(7) Net finance costs include interest income of $1,299,000 (2023: $1,206,000).

(8) Included in income tax expense is a tax benefit on underlying adjustments of $8.9 million predominately relating to business restructuring (2023: $15 million).

Consolidated – Basic and diluted earnings per share

	2024	2023
Earnings per share (EPS) (cents) – Basic	**21.7**	(1.9)
Earnings per share (EPS) (cents) – Diluted	**21.6**	(1.9)
Calculated using:		
• Net profit/(loss) attributable to ordinary equity holders ($'000)	**74,873**	(6,605)
• Weighted average of ordinary shares (shares) – Basic	**344,290,053**	344,290,053
• Weighted average of ordinary shares (shares) – Diluted	**346,162,287**	346,748,166

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of Pact by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to include the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive shares. This includes items such as performance rights as disclosed in Note 5.2.

1.2 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
Year ended 30 June 2024					
Australia	**655,614**	**156,163**	**355,532**	**-**	**1,167,309**
New Zealand	**368,660**	**509**	**-**	**-**	**369,169**
Asia and others	**184,606**	**82,603**	**-**	**-**	**267,209**
Revenue from contracts with customers	**1,208,880**	**239,275**	**355,532**	**-**	**1,803,687**
Inter-segment revenue	**38,914**	**1,482**	**-**	**(40,396)**	**-**
Revenue	**1,247,794**	**240,757**	**355,532**	**(40,396)**	**1,803,687**

[1] 0.2% of total revenue for Packaging & Sustainability is recognised over time.

[2] 4.5% of total revenue for Contract Manufacturing is recognised over time.

$'000	Packaging & Sustainability[1]	Materials Handling & Pooling	Contract Manufacturing[2]	Eliminations	Consolidated continuing operations
Year ended 30 June 2023					
Australia	682,356	139,270	357,317	-	1,178,943
New Zealand	370,974	967	-	-	371,941
Asia and others	193,114	85,002	-	-	278,116
Revenue from contracts with customers	1,246,444	225,239	357,317	-	1,829,000
Inter-segment revenue	35,811	1,861	1	(37,673)	-
Revenue	1,282,255	227,100	357,318	(37,673)	1,829,000

[1] 0.2% of total revenue for Packaging & Sustainability is recognised over time.

[2] 3.9% of total revenue for Contract Manufacturing is recognised over time.

How Pact accounts for revenue

The core principle of AASB 15: *Revenue from Contracts with Customers* is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled to in exchange for those goods and services. An assessment is made by management whether the goods or products manufactured have an alternate use to Pact, including whether these goods or products can be repurposed and sold without significant economic loss to the Group.

Pact recognises revenue on the following basis:

(a) Delivery of goods or products

Where the goods or products are not branded and can be sold to more than one specific customer, the performance obligation is the delivery of finished goods or product to the customer. The performance obligation is satisfied when control of the goods or products has transferred to the customer.

(b) Manufacture of goods or products

Where the goods or products are manufactured for a specific customer which have no alternate use and at all times throughout the contract Pact has the enforceable right to payment for performance completed to date, a performance obligation is the service of manufacturing the specific goods or products. This performance obligation is satisfied as the goods and products are manufactured. An output method has been adopted to recognise revenue for performance obligations satisfied over time. This method reflects Pact's short manufacturing period. In addition, Pact has obligations to store and deliver manufactured goods or products. These obligations are satisfied as the goods or products are stored (on an over time basis) and when and as delivery occurs.

Contract assets are recognised for the manufacture and storage of goods or products as the performance obligations are satisfied. Upon completion of delivery of the goods or products and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. Management has assessed that it generally takes 60 days between the satisfaction of performance obligations and customer payments.

The Group allocates the transaction price to each performance obligation on a stand-alone selling price basis. The stand-alone selling price of the products is based on list prices or a cost-plus margin approach, which is determined by the Group's expertise in the market and also taking into consideration the length and size of contracts. Some contracts for sale of goods have variable consideration including items such as volume rebates. Variable consideration is estimated at contract inception using the expected value method based on forecast volumes and is subject to the constraint on estimates. This estimate is reassessed at each reporting date.

1.3 TAXATION

Reconciliation of tax expense from continuing operations

$'000	2024	2023
Accounting profit/(loss) profit before tax	**8,323**	(28,163)
Income tax calculated at 30% (2023: 30%)	**2,497**	(8,449)
Adjustments in respect of income tax of previous years	**(574)**	(1,438)
Research and development	**(360)**	(203)
Impairments of goodwill/joint venture investment/tangible assets write off	**3,106**	738
Net tax gain on sale of business and liquidation of foreign subsidiary	**(1,184)**	4,657
Adjustment on sale of properties	**-**	(707)
Tax on unremitted foreign income	**3,562**	5,561
Overseas tax rate differential	**(2,594)**	(3,211)
Sundry items	**135**	879
Income tax expense from continuing operations reported in the Consolidated Statement of Comprehensive Income(1)	**4,588**	(2,173)
Comprising of:		
• Current year income tax expense	**(7,194)**	7,911
• Deferred income tax expense/(benefit)	**12,356**	(8,646)
• Adjustments in respect of income tax of previous years	**(574)**	(1,438)

(1) Included in income tax expense is a tax benefit on underlying adjustments of $8.9 million predominately relating to business restructuring (2023: $15 million).

Recognised current and deferred tax assets and liabilities

	2024		2023	
$'000	Current income tax asset/ (liability)	Deferred income tax asset/ (liability)	Current income tax asset/ (liability)	Deferred income tax asset/ (liability)
Opening balance	**(11,096)**	**37,800**	(13,105)	29,551
Charged to income	**(7,356)**	**2,195**	3,368	(2,634)
Adjustments in respect of income tax of previous years	**(477)**	**1,051**	2,953	(1,515)
Tax benefit recognised	**(236)**	**236**	(11,280)	11,280
Credited to other comprehensive income	**-**	**1,560**	-	505
Net payments	**21,132**	**-**	12,833	-
Prior year tax benefit utilised/recognised	**14,551**	**(14,551)**	(428)	428
Foreign exchange translation movement	**317**	**(96)**	(472)	185
Discontinued operations	**(49,630)**	**7,554**	(4,965)	-
Closing balance	**(32,795)**	**35,749**	(11,096)	37,800
Comprises of:				
• Deferred tax assets				
▫ Employee entitlements provision		**16,738**		14,968
▫ Provisions		**9,453**		9,130
▫ Unutilised tax losses		**236**		13,145
▫ Lease liability		**143,197**		150,471
▫ Other		**13,346**		10,435
		182,970		198,149
Offset with deferred tax liability		**(139,443)**		(153,769)
Net deferred tax asset		**43,527**		44,380
• Deferred tax liabilities				
▫ Property, plant and equipment		**(146,510)**		(157,723)
▫ Intangibles		**(126)**		(134)
▫ Other		**(585)**		(2,492)
		(147,221)		(160,349)
Offset with deferred tax asset		**139,443**		153,769
Net deferred tax liability		**(7,778)**		(6,580)

1.3 TAXATION (CONTINUED)

Key Estimates and Judgements – Taxation

Pact is subject to income tax in Australia and foreign jurisdictions. The calculation of the Group's tax charge requires management to determine whether it is probable that there will be sufficient future taxable profits to recoup deferred tax assets. AASB Interpretation 23: *Uncertainty over Income Tax Treatment* addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of the recognition and measurement criteria in AASB 112: *Income Taxes*. Judgements and assumptions are subject to risk and uncertainty, hence if final tax determinations or future actual results do not align with current judgements, this may have an impact on the carrying value of deferred tax balances and corresponding credits or charges to the *Consolidated Statement of Comprehensive Income* and *Consolidated Statement of Financial Position*.

How Pact accounts for taxation

Income tax charges:

- Comprise of current and deferred income tax charges and represent the amounts expected to be paid to and recovered from the taxation authorities in the jurisdictions that Pact operates.
- Are recorded in equity when the underlying transaction that the tax is attributable to is recorded within other comprehensive income.

Pact uses the tax laws in place or those that have been substantively enacted at reporting date to calculate income tax. For deferred income tax, Pact also considers whether these tax laws are expected to be in place when the related asset is realised or liability is settled. Management periodically re-evaluates its tax position assessments, in particular where they relate to specific interpretations of applicable tax regulation.

Deferred tax assets and liabilities are recognised on all assets and liabilities that have different carrying values for tax and accounting, including those arising from a single transaction, except for:

- initial recognition of goodwill; and
- any undistributed profits of Pact's subsidiaries or joint ventures where either the distribution of those profits would not give rise to a tax liability or the Directors consider they have the ability to control the timing of the reversal of the temporary differences.

Specifically, for deferred tax assets:

- They are recognised only to the extent that it is probable that there are sufficient future taxable amounts to be utilised against. This assessment is reviewed at each reporting date.
- They are offset against deferred tax liabilities in the same tax jurisdiction, when there is a legally enforceable right to do so.
- If acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the *Consolidated Statement of Comprehensive Income*.

Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the Group's investments in subsidiaries. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future. Unremitted earnings of the Group's international operations are considered to be reinvested indefinitely and relate to the ongoing operations. Upon distribution of any earnings in the form of dividends or otherwise, the Group may be subject to withholding taxes payable to various foreign countries; however, such amounts are not considered to be significant. As the Group controls when the deferred tax liability will be incurred and is satisfied that it will not be incurred in the foreseeable future, the deferred tax liability has not been recognised. There are no unrecognised deferred tax assets.

Australian tax consolidated group

Pact Group Holdings Ltd (the head entity) and its wholly owned Australian subsidiaries formed a tax consolidated group (Australian tax consolidated group), effective January 2014.

The Australian tax consolidated group continues to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current and deferred taxes to allocate to members of the tax consolidated group. The head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. A tax funding agreement is in place such that Pact Group Holdings Ltd pays/receives any taxes owed by/owed to the Group to/from the Australian Tax Office.

Assets or liabilities arising under this tax funding agreement are recognised as amounts receivable from or payable to the head entity. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

1.4 DIVIDENDS

$'000	2024	2023
Dividends paid during the financial year(1)	**-**	5,164

(1) The Directors have determined not to pay a final dividend in relation to the year ended 30 June 2024 (2023: Nil).

Franking credit balance(2)

Franking account balance as at the end of the financial year at 30% (2023: 30%)	**1,797**	562
Franking credits that will arise from the payment of income tax payable	**26,081**	1,437
Total franking credit available for the subsequent financial year	**27,878**	1,999

(2) Nil franking credits have been used in the financial year (2023: $8.5 million).

SECTION 2 – OUR OPERATING ASSETS

This section highlights the primary operating assets used and liabilities incurred to support the Group's operating activities.

Liabilities relating to the Group's financing activities are disclosed in Note 4.1 *Net Debt*, deferred tax assets and liabilities are disclosed in Note 1.3 *Taxation* and employee benefits provisions are disclosed in Note 5.1 *Employee Benefits Expenses and Provisions.*

2.1 WORKING CAPITAL

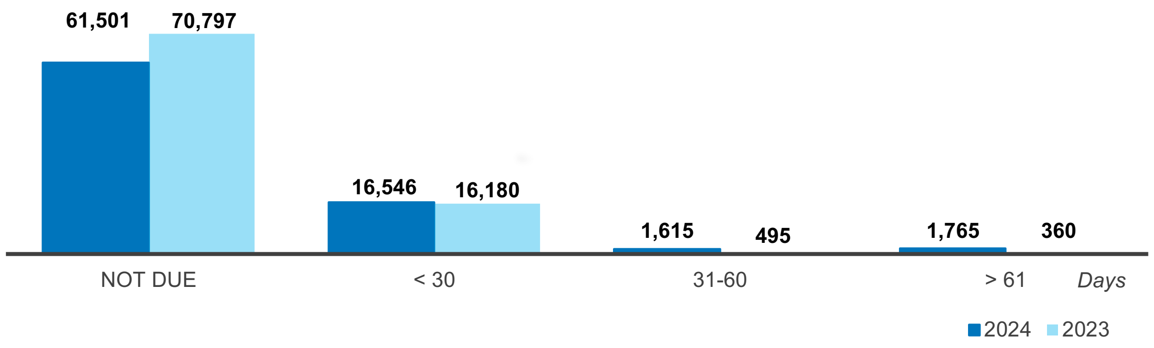
Trade and other receivables

Trade and other receivables at 30 June comprise of:

$'000	2024	2023
Trade receivables(1)	**81,585**	88,109
Allowance for expected credit losses	**(158)**	(277)
Other receivables(2)	**56,558**	58,430
Total current trade and other receivables	**137,985**	146,262

(1) Below is a breakdown of the ageing of trade receivables:

Ageing of trade receivables as at 30 June ($'000)



(2) At 30 June 2024 $39.4 million (2023: $38.4 million) has been recognised as part of other receivables representing the Group's participation in a securitisation program. The program requires the Group (or an entity other than the bank) to be a participant. Given the short-term nature of this financial asset, the carrying value of the associated receivable approximates its fair value and represents the Group's maximum exposure to the receivables derecognised as part of the program. The remaining balance of other receivables represents amounts receivable from joint ventures, insurance receivable and others.

At 30 June 2024, the Group had expected credit losses of $0.2 million (2023: $0.3 million). The Group has a number of mechanisms in place which assist in minimising financial losses due to customer non-payment. These include:

- All customers who wish to trade on credit terms are subject to strict credit verification procedures, which may include an assessment of their independent credit rating, financial position, past experience and industry reputation.
- Individual risk limits, which are regularly monitored in line with set parameters.
- Monitoring receivable balances on an ongoing basis.
- Debtor securitisation programs which allow Pact to sell receivables, at a discount to a third party on a non-recourse basis. The securitisation program has a committed facility limit of $130.0 million (2023: $130.0 million) and an uncommitted limit of $50.0 million (2023: $50.0 million).

Expected credit loss model

Information about the credit risk exposure on the Group's trade receivables using a provision matrix has not been disclosed due to the immaterial amount of expected credit losses as at 30 June 2024.

In assessing expected credit losses, the Group has considered current economic conditions. Management considers the credit risks to be sufficiently mitigated due to the diversity and credit standing of the Group's customers. Accordingly, the Group has not experienced a significant increase in expected credit losses.

2.1 WORKING CAPITAL (CONTINUED)

Trade and other receivables (continued)

How Pact accounts for trade and other receivables

Pact's trade receivables are non-interest bearing, are recorded at the amount on the sales invoice and include goods and services tax (**GST**). Trade receivables generally have 30-day terms from the end of the month.

For lease receivables, trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (**ECLs**). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Under the Group's securitisation programs:

- The Group transfers substantially all the risks and rewards of receivables within the programs to a third party.
- Receivables are sold at a discount and at the date of sale the receivable is derecognised and the discount is included as part of the loss on derecognition of financial assets in the *Consolidated Statement of Comprehensive Income*. The costs associated with establishing the program are also recognised on a pro rata basis within the same account (refer Note 4.1).
- The Group may act as a servicer to the programs to facilitate the collection of receivables. Income received for being a servicer is recorded as an offset to the loss on derecognition of receivables.
- At balance date, a liability is recognised if received collections have not been paid to other participants of the programs.

Inventories

Inventories at 30 June comprise of:

$'000	2024	2023
Raw materials and stores	**125,915**	125,319
Work in progress	**26,619**	26,363
Finished goods	**92,329**	100,497
Total inventories	**244,863**	252,179

How Pact accounts for inventories

Inventories are recorded at cost, which for Pact includes:

- Raw materials: the invoice price of the product, net of any discount, rebates, duties and taxes, as well as the cost of internal freight.
- Work in Progress and Finished Goods: cost of raw materials, direct labour and a proportion of manufacturing overheads based on a normal level of operating capacity, but excluding costs that relate to general administration, finance, marketing, selling and distribution.

In determining the net realisable value of inventories, the Group has assessed in particular what costs are necessary to sell inventories under AASB 102: *Inventories*.

Trade and other payables

Current trade and other payables at 30 June comprise of:

$'000	2024	2023
Trade payables	**309,416**	327,896
Other payables	**66,670**	62,030
Total current trade and other payables	**376,086**	389,926

How Pact accounts for trade and other payables

Trade and other payables are carried at their principal amounts, are not discounted and include GST. They represent amounts owed for goods and services provided to the Group prior to, but were not paid for, at the end of the financial year. The amounts are generally unsecured and are usually paid within 30 to 90 days of recognition.

2.2 NON-CURRENT ASSETS

The below outlines the geographical location of Pact's property, plant and equipment, intangible assets and goodwill:

$'000	2024	2023
Australia	**678,539**	839,618
New Zealand	**358,621**	384,797
Asia and others	**246,842**	252,305
TOTAL	**1,284,002**	1,476,720

Property, plant and equipment

The key movements in property, plant and equipment over the year were:

$'000	Buildings(1)	Plant and equipment	Assets for hire	Right of use asset(2)	Capital work in progress	Total
Estimated useful life	Buildings: 40–50 years Leasehold improvements: 10–15 years	3–20 years	10 years	3–20 years	n/a	
Year ended 30 June 2024						
At 1 July 2023 net of accumulated depreciation	**27,510**	**441,978**	**44,114**	**431,187**	**103,428**	**1,048,217**
Additions and transfers	**2,073**	**61,336**	**-**	**19,046**	**44,702**	**127,157**
Disposals	**(15)**	**(362)**	**(9)**	**-**	**-**	**(386)**
Disposals through discontinued operations	**(335)**	**(48,280)**	**(42,976)**	**(18,804)**	**(14,013)**	**(124,408)**
Reassessment of leases	**-**	**-**	**-**	**32,945**	**-**	**32,945**
Foreign exchange translation movement	**(294)**	**(1,496)**	**141**	**(890)**	**(760)**	**(3,299)**
Depreciation charge for the year	**(2,781)**	**(49,272)**	**(1,270)**	**(57,498)**	**-**	**(110,821)**
At 30 June 2024 net of accumulated depreciation	**26,158**	**403,904**	**-**	**405,986**	**133,357**	**969,405**
Represented by:						
• At cost	**50,622**	**1,239,896**	**-**	**610,273**	**133,357**	**2,034,148**
• Accumulated depreciation	**(24,464)**	**(835,992)**	**-**	**(204,287)**	**-**	**(1,064,743)**
Year ended 30 June 2023						
At 1 July 2022 net of accumulated depreciation	29,847	449,392	41,424	392,390	93,122	1,006,175
Additions and transfers	962	112,574	9,363	73,770	9,404	206,073
Disposals	(20)	(2,987)	(813)	-	-	(3,820)
Asset write downs	-	(1,195)	-	(3,353)	-	(4,548)
Impairment(3)	-	(52,586)	-	-	-	(52,586)
Reassessment of leases	-	-	-	25,653	-	25,653
Foreign exchange translation movement	(521)	408	144	2,076	902	3,009
Depreciation charge for the year	(2,589)	(63,628)	(6,004)	(59,518)	-	(131,739)
At 30 June 2023 net of accumulated depreciation	27,679	441,978	44,114	431,018	103,428	1,048,217
Represented by:						
• At cost	49,826	1,282,056	68,793	654,743	103,428	2,158,846
• Accumulated depreciation	(22,147)	(840,078)	(24,679)	(223,725)	-	(1,110,629)

(1) Buildings consists of the following: buildings of $18.3 million (2023: $18.7 million) and accumulated depreciation of $6.1 million (2023: $5.5 million) and Leasehold improvements of $32.4 million (2023: $31.1 million) and accumulated depreciation of $18.3 million (2023: $16.6 million).

(2) Included within the right of use asset is $10.8 million in relation to the leasehold land held by the Group. The value of this right of use leasehold land is not included within Note 2.5.

(3) In FY23, the impairment loss of $52.6 million represents the write down of property, plant and equipment within the Packaging & Sustainability segment relating to Packaging & Sustainability Australia of $48.1 million and Packaging China of $4.5 million cash generating units (**CGU**).

Key Estimates and Judgements – Estimation of useful lives of assets

The estimation of the useful lives of assets, excluding the right of use (**ROU**) assets, is based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

The estimation of the useful lives of ROU assets is based on the non-cancellable period of the lease plus renewal options when the exercise of the option is considered to be reasonably certain.

2.2 NON-CURRENT ASSETS (CONTINUED)

Property, plant and equipment (continued)

Key Estimates and Judgements – Recoverability of property, plant and equipment

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, social, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined to assess if any impairment is required.

How Pact accounts for property plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the item and subsequent costs incurred to replace parts that are eligible for capitalisation. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Where assets are in the course of construction at the reporting date they are classified as capital works in progress. Upon completion, capital works in progress are reclassified to plant and equipment and are depreciated from this date. Where a grant is received for the upgrade of plant and equipment, the amount received is offset against the cost of the plant and equipment. If a grant is received for plant and equipment where the Group has yet to commission, the amount received is recognised as deferred income and included as part of trade and other payables.

At each reporting date the Group assesses whether there is an indication that an asset at a geography segment level may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset generates cash inflows that are largely dependent on those from other assets or groups of assets and the asset's value in use cannot be estimated to approximate its fair value. In such cases the asset is tested for impairment as part of the CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the *Consolidated Statement of Comprehensive Income*.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amounts are estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill and other intangibles

Intangible assets are comprised of the following:

$'000	Other intangibles(1)	Goodwill	Total
Year ended 30 June 2024			
At 1 July 2023 net of accumulated amortisation and impairment	**535**	**427,968**	**428,503**
Disposals through discontinued operations	**-**	**(113,473)**	**(113,473)**
Write off expenses	**(7)**	**-**	**(7)**
Foreign exchange translation movements	**-**	**(394)**	**(394)**
Amortisation	**(32)**	**-**	**(32)**
At 30 June 2024 net of accumulated amortisation and impairment	**496**	**314,101**	**314,597**
Represented by:			
• At cost	**2,098**	**564,502**	**566,600**
• Accumulated amortisation and impairment	**(1,602)**	**(250,401)**	**(252,003)**

(1) Other intangibles include trademarks and patents recognised at cost and amortised on a straight-line basis between 20-25 years.

2.2 NON-CURRENT ASSETS (CONTINUED)

Goodwill and other intangibles (continued)

Year ended 30 June 2023	Other intangibles[1]	Goodwill	Total
At 1 July 2022 net of accumulated amortisation and impairment	508	425,175	425,683
Additions	73	-	73
Adjustment for prior period acquisition	-	(288)	(288)
Write off expenses	(14)	-	(14)
Foreign exchange translation movements	(2)	3,081	3,079
Amortisation	(30)	-	(30)
At 30 June 2023 net of accumulated amortisation and impairment	535	427,968	428,503
Represented by:			
• At cost	11,908	678,369	690,277
• Accumulated amortisation and impairment	(11,373)	(250,401)	(261,774)

[1] Other intangibles includes trademarks and patents recognised at cost and amortised on a straight-line basis between 20–25 years.

$'000	2024	2023
Goodwill allocated to the following group of CGUs and segments[1]:		
Packaging & Sustainability	**261,753**	261,886
Materials Handling & Pooling	**52,348**	166,082
	314,101	427,968

[1] This is the lowest level where goodwill is monitored.

How Pact accounts for goodwill

Goodwill is:

- initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities;
- subsequently measured at cost less any accumulated impairment losses; and
- reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a CGU (or group of CGUs) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the CGU (or group of CGUs) retained.

Key Estimate and Judgement – Impairment of goodwill and other intangibles

Value in use (VIU) for Packaging & Sustainability and Materials Handling & Pooling

The recoverable amount of each CGU (except for Contract Manufacturing) has been determined based on VIU calculations using cash flow projections contained within next year's financial budget approved by management and other forward projections up to a period of five years. Management has used its current expectations and what is considered reasonably achievable when assigning values to key assumptions in VIU calculations.

Fair value less cost of disposal (FVLCOD) for Contract Manufacturing

In determining FVLCOD, a five year discounted cash flow model is used based on a methodology consistent with that applied by the Group in determining the value of business strategies and maximising the use of market observed inputs. These calculations, classified as Level 3 on the fair value hierarchy, are compared to valuation multiples, or other fair value indicators where available, to ensure reasonableness.

2.2 NON-CURRENT ASSETS (CONTINUED)

Annual impairment testing

Impairment testing is undertaken annually.

The discount rates and terminal growth rates applied to cash flow projections are detailed below. The calculation of VIU and FVLCOD for the related segments below are sensitive to the following assumptions:

- **Gross margins and raw material price movement** – Gross margins reflect current gross margins adjusted for any expected (and likely) efficiency improvements or price changes.
- **Cash flows** – For VIU cash flows are forecast for a period of five years. Cash flows beyond the one-year period are extrapolated using growth rates which are a combination of expected volume growth and price growth. Rates are based on published industry research and economic forecasts relating to growth domestic product (**GDP**) growth rates.
- **Cash flows** – For FVLCOD cash flows are based on the EBIT growth over the forecast period based on past experience, expectations of general market conditions and a program of business improvement strategies. Long-term rates are based on published industry research and economic forecasts relating to GDP growth rates. Cost of disposal is calculated based on 1% of the recoverable value.
- **Discount rates** – For both VIU and FVLCOD the discount rates are based on an external assessment of the Group's pre-tax weighted average cost of capital in conjunction with risk factors specific to the CGUs within the operating segment.

	Packaging & Sustainability	Materials Handling & Pooling	Contract Manufacturing
2024			
Discount rate (pre-tax)(1)	**10.1%–16.7%**	**14.0%**	**14.7%**
Terminal growth rate(1)	**2.0%–6.1%**	**2.0%**	**2.0%**
2023			
Discount rate (pre-tax)(1)	10.1%–16.7%	12.5%–14.0%	14.0%
Terminal growth rate(1)	2.0%–6.1%	2.0%	2.0%

(1) The % range of the discount rate and terminal growth rate is representative of the different countries in each CGU.

The table below shows the carrying amount and headroom analysis across the segments:

	Packaging & Sustainability	Materials Handling & Pooling	Contract Manufacturing
2024			
Carrying amount (at 30 April) ($'000)(1)	**1,165,342**	**191,447**	**188,089**
Headroom (times)	**1.22**	**1.58**	**1.04**
Breakeven analysis(2)			
Terminal growth rate; and	**↓ 0.5%**	**↓ 1.0%**	**0.0%**
Discount rate	**↑ 1.5%**	**↑ 5.0%**	**↑0.5%**

(1) Pact's annual impairment testing was performed using carrying values at 30 April 2024.

(2) This is the level at which the recoverable amount would be equal to the carrying amount.

	Packaging & Sustainability	Materials Handling & Pooling	Contract Manufacturing
2023			
Carrying amount (at 30 April) ($'000)(1)	1,170,577	445,276	168,357
Headroom (times)	1.14	1.27	1.08
Breakeven analysis(2)			
Terminal growth rate; and	↓ 0.5%	↓ 1.0%	0.0%
Discount rate	↑ 1.0%	↑ 2.0%	↑1.0%

(1) Pact's annual impairment testing was performed using carrying values at 30 April 2023.

(2) This is the level at which the recoverable amount would be equal to the carrying amount.

2.3 CAPITAL EXPENDITURE COMMITMENTS, CONTINGENCIES AND OTHER LIABILITIES

Capital expenditure commitments

Capital expenditure commitments contracted for at reporting date, but not provided for are:

$'000	2024	2023
Payable within one year	**35,778**	9,105
Payable after one year but not more than five years	**374**	-
Total	**36,152**	9,105

Contingent consideration dispute

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 expert evidence and mediation is scheduled to occur in 2024. The matter has been listed for trial in April 2025.

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.

Contingencies

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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

Other commitments and guarantees

At 30 June 2024, the Group had bank guarantees and other trade finance arrangements totalling $28.4 million (2023: $29.1 million) in respect of various property leases, material purchases and other contractual obligations.

Modern Manufacturing Initiative

During the financial year, the Group did not receive any additional grant funding in relation to the Federal Government's Modern Manufacturing Initiative for the upgrade of plant and equipment (2023: $7.0 million). On receipt, the grant is recognised as deferred income and then offset against the cost of the plant and equipment when capitalised. This grant is conditional upon the Group completing these projects by March 2025.

2.4 OTHER PROVISIONS

Total other provisions at 30 June comprise of:

$'000	2024	2023
CURRENT		
Business restructuring	**127**	2,464
Total current provisions	**127**	2,464
NON-CURRENT		
Make good on leased premises	**12,261**	12,903
Total non-current provisions	**12,261**	12,903

Movement in provisions

Year ended 30 June 2024	Business restructuring[1]	Make good on leased premises[2]	Total
At 1 July 2023	**2,464**	**12,903**	**15,367**
Provided for during the year	**28,801**	**981**	**29,782**
Transfer to discontinued operations	**-**	**(1,173)**	**(1,173)**
Other transfers	**-**	**(61)**	**(61)**
Utilised	**(31,125)**	**(367)**	**(31,492)**
Foreign exchange translation movement	**(13)**	**(22)**	**(35)**
At 30 June 2024	**127**	**12,261**	**12,388**
Year ended 30 June 2023			
At 1 July 2022	7,140	12,754	19,894
Provided for during the year	11,096	1,575	12,671
Unused amounts reversed	(1,804)	(1,259)	(3,063)
Utilised	(13,930)	(206)	(14,136)
Foreign exchange translation movement	(38)	39	1
At 30 June 2023	2,464	12,903	15,367

[1] Business restructuring relates to the optimisation of business functions and facilities across the Group.

[2] In accordance with the form of lease agreements, the Group may be required to restore leased premises to their original condition at the end of the lease term and upon exiting the site. The provision is based on the costs which are expected to be incurred using historical costs as a guide. This liability is expected to be settled as the Group exits leased premises.

Key Estimates and Judgements – Business restructuring

Business restructuring provisions are only recognised when a detailed plan has been approved and the business restructuring has either commenced or been publicly announced, or contracts relating to the business restructuring have been entered into. Costs related to ongoing activities are not provided for.

How Pact accounts for other provisions

Provisions are recognised when the following three criteria are met:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

2.5 LEASES

Impacts on financial statements

The carrying amounts of the Group's right of use assets and lease liabilities and the movements during the period are as below:

	Right of use asset			Lease liabilities
$'000	Property	Plant and equipment	Total	Total
Balance as at 1 July 2023	**412,321**	**7,884**	**420,205**	**532,361**
Additions	**12,543**	**6,502**	**19,045**	**18,789**
Depreciation expense	**(52,898)**	**(4,599)**	**(57,497)**	**-**
Transfer to discontinued operations	**(17,660)**	**(1,144)**	**(18,804)**	**(24,499)**
Reassessment of leases	**32,370**	**575**	**32,945**	**33,530**
Interest expense	**-**	**-**	**-**	**34,887**
Payments[1]	**-**	**-**	**-**	**(84,893)**
Foreign exchange translation movement	**(709)**	**(12)**	**(721)**	**(878)**
Balance as at 30 June 2024	**385,967**	**9,206**	**395,173**	**509,297**
Balance as at 1 July 2022	373,448	8,129	381,577	486,007
Additions	70,839	2,931	73,770	73,117
Depreciation expense	(55,112)	(4,406)	(59,518)	-
Asset write downs	(3,353)	-	(3,353)	-
Reassessment of leases	24,468	1,185	25,653	25,176
Interest expense	-	-	-	31,735
Payments	-	-	-	(86,085)
Foreign exchange translation movement	2,031	45	2,076	2,411
Balance as at 30 June 2023	412,321	7,884	420,205	532,361

[1] During the year, total lease payments included $1.8 million (2023: $1.7 million) towards properties no longer occupied.

In addition to the expenses detailed above, the *Consolidated Statement of Comprehensive Income* also includes the following lease related expenses:

$'000	2024	2023
Expenses relating to short-term leases	**1,506**	3,107
Expenses relating to low-value leases	**537**	320
Variable lease payments	**294**	-
Property outgoings[1]	**20,820**	17,114

[1] Includes council rates, taxes, insurance and other lease related payments. Outgoings are 26.6% of the Group's property lease payments in the financial year (2023: 21.2%).

The lease liabilities included in the *Consolidated Statement of Financial Position* are:

$'000	2024	2023
Current	**78,256**	80,747
Non-current	**431,041**	451,614

The maturity analysis of contractual undiscounted cash flows for lease liabilities are:

$'000	2024	2023
Less than one year	**80,650**	83,247
One to five years	**271,773**	287,681
More than five years	**437,832**	454,026
Total undiscounted liabilities	**790,255**	824,954

2.5 LEASES (CONTINUED)

Impacts on financial statements (continued)

The amounts recognised in the statement of cash flows are:

$'000	2024	2023
Repayment of lease liability principal(1)	**50,006**	54,350
Interest payments(1)	**34,887**	31,735
Expenses relating to short-term leases	**1,506**	3,107
Expenses relating to low-value leases	**537**	320
Variable lease payments	**294**	-
Property outgoings	**19,720**	16,683

(1) Of the total lease payments, 8.3% (2023: 16.1%) relate to property leases that exclude renewal options in the assessment of the lease term. This includes warehouses, offices and shopfronts where the exercise of the option is not reasonably certain.

Key Estimate and Judgement – Incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (**IBR**) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available.

Key Estimate and Judgement – Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

SECTION 3 – GROUP STRUCTURE

This section provides details of acquisitions and divestments which the Group has made in the financial year, as well as details of controlled entities and interests in joint ventures.

3.1 BUSINESS COMBINATIONS

There have been no business acquisitions during the year ended 30 June 2024.

3.2 CONTROLLED ENTITIES

During the year, the Group deregistered Guangzhou Viscount Plastics Co., Ltd and Langfang Viscount Plastics Co., Ltd (China entities) and Pact Group (USA), Inc (USA entity).

Australian incorporated entities that are party to the Deed of Cross Guarantee and tax consolidated Group at 30 June 2024:(1)

- Pact Group Industries (ANZ) Pty Ltd
- Pact Group Holdings (Australia) Pty Ltd
- Pact Group Finance (Australia) Pty Ltd
- Pact Group Industries (Asia) Pty Ltd
- Alto Manufacturing Pty Ltd
- Alto Packaging Australia Pty Ltd
- Astron Plastics Pty Limited
- Australian Pharmaceutical Manufacturers Pty Ltd
- Baroda Manufacturing Pty Ltd
- Brickwood (Dandenong) Pty Ltd
- Brickwood (NSW) Pty Ltd
- Brickwood (QLD) Pty Ltd
- Brickwood (VIC) Pty Ltd
- Cinqplast Plastop Australia Pty Limited
- Davmar Investments Pty Ltd
- Inpact Innovation Pty. Ltd.
- Jalco Australia Pty. Limited
- Jalco Automotive Pty. Limited
- Jalco Care Products Pty Limited
- Jalco Cosmetics Pty. Limited
- Jalco Group Pty. Limited
- Jalco Plastics Pty. Ltd.
- Jalco Powders Pty Limited
- Jalco Promotional Packaging Pty. Limited
- MTWO Pty Ltd
- Packaging Employees Pty Limited
- Pact Retail Accessories (Australia) Pty Ltd
- Pascoe's Pty Ltd
- Plaspak Closures Pty Limited
- Plaspak Management Pty Limited
- Plaspak Pty Limited
- Power Plastics Pty. Limited
- Ruffgar Holdings Pty Limited
- Salient Asia Pacific Pty Ltd
- Skyson Pty. Ltd.
- Snopak Manufacturing Pty Ltd
- Steri-Plas Pty Ltd
- Sulo MGB Australia Pty Ltd
- Summit Manufacturing Pty Ltd
- Sunrise Plastics Pty. Ltd.
- Synergy Packaging Pty Ltd
- VIP Drum Reconditioners Pty. Ltd.
- VIP Plastic Packaging Pty Ltd
- VIP Steel Packaging Pty Ltd
- Viscount Logistics Services Pty Ltd
- Viscount Plastics (Australia) Pty Ltd
- Viscount Plastics (China) Pty Ltd
- Viscount Rotational Mouldings Pty Ltd
- Vmax Returnable Packaging Systems Pty Ltd

3.2 CONTROLLED ENTITIES (CONTINUED)

Entities that are not party to the Deed of Cross Guarantee, incorporated in the following jurisdictions:(1)

NEW ZEALAND

- Pact Group Holdings (NZ) Limited(13)
- Pact Group Finance (NZ) Limited(3)
- Pact Group (NZ) Limited(3)
- VIP Steel Packaging (NZ) Limited(14)
- VIP Plastic Packaging (NZ) Limited(14)
- Alto Packaging Limited(15)
- Auckland Drum Sustainability Services Limited(14)
- Tecpak Industries Limited(14)
- Astron Plastics Limited(14)
- Pacific BBA Plastics (NZ) Limited(14)
- Viscount Plastics (NZ) Limited(16)
- Stowers Containment Solutions Limited(14)
- Sulo (N.Z.) Limited(2)
- Pact Retail Accessories (New Zealand) Limited(3)

CHINA

- Pact Group Closure Systems (Guangzhou) Co., Ltd(4)
- Pact Group Closure Systems (Tianjin) Co., Ltd(4)
- Pact Group Packaging Systems (Guangzhou) Co., Ltd(6)
- Dongguan Top Rise Trading Co. Ltd(7)
- Dongguan Regent Plastic Products Co., Ltd(5)
- Ningbo Xunxing Trade Co. Ltd(8)

BANGLADESH

- TIC Trading (Bangladesh) Limited(8)(9)
- TIC Manufacturing (Bangladesh) Limited(8)(9)
- TIC Industries (Bangladesh) Pty Ltd.(8)(9)

INDIA

- Pact Closure Systems (India) Private Limited(4)(9)
- AMRS Business Services Private Limited(10)(17)

HONG KONG

- Pact Group Holdings (Hong Kong) Limited(9)
- Roots Investment Holding Private Limited(4)
- Pact Retail Accessories (Hong Kong) Limited(10)
- Pact Retail Accessories (Asia) Limited(10)
- Talent Group Development Limited(10)
- Fast Star International Holdings Limited(10)

INDONESIA

- PT Plastop Asia Indonesia(11)(9)
- PT Plastop Indonesia Manufacturing(11)(9)

SOUTH KOREA

- Pact Group Closure Systems Korea Ltd(4)

NEPAL

- Pact Group Closure Systems Nepal Private Limited(9)

PHILIPPINES

- Plastop Asia, Inc.(12)
- Pact Packaging Philippines Inc.(9)
- Pact Closure Systems (Philippines) Inc.(9)

SINGAPORE

- Asia Peak Pte. Ltd.(9)

UNITED STATES OF AMERICA

- Pact Retail Accessories (USA) LLC(10)

UNITED KINGDOM

- Pact Retail Accessories (UK) Limited(13)

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(1) All entities are wholly owned
(2) Owned by Sulo MGB Australia Pty Ltd
(3) Owned by Pact Group Holdings (NZ) Limited
(4) Owned by Pact Group Holdings (Hong Kong) Limited
(5) Owned by Talent Group Development Limited
(6) Owned by Roots Investment Holding Private Limited
(7) Owned by Pact Retail Accessories (Asia) Limited
(8) Owned by Fast Star International Holdings Limited
(9) Owned by Pact Group Industries (Asia) Pty Ltd
(10) Owned by Davmar Investments Pty Ltd
(11) Owned by Asia Peak Pte. Ltd.
(12) Owned by Ruffgar Holdings Pty Limited
(13) Owned by Pact Group Industries (ANZ) Pty Ltd
(14) Owned by Pact Group (NZ) Limited
(15) Owned by VIP Plastic Packaging (NZ) Limited
(16) Owned by Pacific BBA Plastics (NZ) Limited
(17) Owned by Pact Closure Systems (India) Private Limited

The Group owns shares in White Rock Insurance Company PCC Limited (a protected cell captive (**PCC**)).

How Pact accounts for controlled entities

Controlled entities are consolidated when the Group obtains control and cease to be consolidated when control is transferred out of the Group. The Group controls an entity when it:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to affect those returns through its power over the entity, for example has the ability to direct the relevant activities of the entity, which could affect the level of profit the entity makes.

3.3 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. The disposal was treated as discontinued operations in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations* and subsequent reacquisition of a joint venture in accordance with *AASB 128 Investment in Associates and Joint Ventures.*

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

$'000	2024
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	**(13,880)**
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	**(104,989)**
Transaction costs	**(10,294)**
Gross gain on sale	**217,684**
Goodwill allocated to discontinued operations	**(113,473)**
Foreign exchange translation reserve	**(982)**
Gain on sale of businesses before tax	**103,229**

The results of discontinued operations for the period are presented below:(1)

$'000	2024	2023
Revenue	**53,478**	119,598
Interest and other income	**232**	922
Expenses	**(35,581)**	(94,906)
Underlying EBIT before sale of businesses	**18,129**	25,614
Gain on sale of businesses	**103,229**	-
Reported EBIT	**121,358**	25,614
Net finance costs	**(590)**	(1,265)
Profit before tax	**120,768**	24,349
Income tax expense	**(49,630)**	(4,965)
Profit for the period from discontinued operations, net of tax	**71,138**	19,384

(1) Based on discontinued operations trading for five months in the current financial year, compared to trading for 12 months in the prior year.

Earnings per share attributable to equity holders of the parent entity from discontinued operations (in cents)(2)

Basic earnings per share	**20.7**	5.6
Diluted earnings per share	**20.6**	5.6

(2) The calculation is based on the same weighted average number of ordinary shares for basic and diluted as seen at Note 1.1.

Cash flows from discontinued operations

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

$'000	2024
Net cash flows provided by operating activities	**15,402**
Net cash flows used in investing activities	**(10,806)**
Net cash flows used in financing activities	**(2,436)**
Net cash inflow for the period	**2,160**

3.4 JOINT VENTURES

Pact has entered into a number of strategic partnering arrangements with third parties and jointly controlled entities. The following are entities that Pact has joint control with:

Entity	Principal place of operation	About	Pact's ownership interest[1]	Carrying value	
$'000				**2024**	**2023**
Spraypac Products (NZ) Limited	New Zealand	Is a joint venture distributing plastic bottles and related spray products.	50%	**683**	711
Weener Plastop Asia, Inc.	Philippines	A joint venture with Weener Plastik Beteiligungs GmbH which has ceased operations.	50%	**1,203**	1,623
Gempack Asia Limited (**Gempack**)	Thailand	A joint venture with Weener Plastik Beteiligungs GmbH which manufactures plastic jars and bottles for the Personal Care, Food & Beverage and Home Care markets.	50%	**16,097**	15,894
PT Weener Plastop Indonesia Inc	Indonesia	A joint venture with Weener Plastik Beteiligungs GmbH which manufactures closures and roll-on balls for the Personal Care and Home Care markets.	50%	**3,788**	3,521
Australian Recycled Plastic Pty Ltd[2]	Australia	A joint venture which processes kerbside collected recyclable plastic materials to produce PET flake and HDPE flake simultaneously.	-	**-**	3,986
Circular Plastics Australia (PET) Holdings Pty Ltd (**CPAP**)[3]	Australia	The holding company of Circular Plastics Australia (PET) Pty Ltd and Circular Plastics Australia (PET) Vic Pty Ltd.	33.33%	**10,212**	13,382
Circular Plastics Australia Pty Ltd (**CPA**)[4]	Australia	The holding company of Circular Plastics Australia (PE) Pty Ltd which processes post-consumer HDPE and PP into various forms of plastic resins and flakes for use as raw materials in the production of finished plastic products.	50.0%	**12,359**	7,695
Circular Plastics Australia (LDPE) Pty Ltd[5]	Australia	A joint venture established to develop and operate LDPE plastics recycling facility in Australia.	33.33%	**-**	-
Marquis Holdco Pty Ltd[6]	Australia	The holding company of Earl Finco Pty Ltd and the operating entities of the crate pooling and crate manufacturing businesses.	50.0%	**99,061**	-
				143,403	46,812

(1) Ownership interest at 30 June 2024 and 30 June 2023, unless otherwise stated.

(2) On 31 January 2024, the Group sold its investment in Australian Recycled Plastic Pty Ltd. Ownership interest at 30 June 2023 was 50.83%.

(3) A joint venture with Cleanaway Pty Ltd (33.33%), Asahi Holdings (Australia) Pty Ltd (16.67%) and Coca-Cola Europacific Partners Australia Pty Limited (16.67%).

(4) A joint venture with Cleanaway Pty Ltd.

(5) 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.

(6) From 1 December 2023, the Group has a 50% interest in the Crates Business through establishment of Marquis Holdco Pty Ltd, a joint venture that operates as a separate entity. Ownership interest in this joint venture at 30 June 2023 was Nil.

3.4 JOINT VENTURES (CONTINUED)

In accordance with AASB 12: *Disclosure of Interests in Other Entities*, given the material carrying value of the Group's investment in Gempack, Marquis, CPAP and CPA, the table below shows summarised financial information of the Group's investment:

$'000	Gempack	Marquis	CPAP	CPA	Other	Total
Year ended 30 June 2024						
Summarised Statement of financial position						
Cash and cash equivalents	5,229	18,720	3,064	2,003	3,709	32,725
Other current assets	10,247	45,020	12,408	2,784	4,398	74,857
Non-current assets	25,837	378,256	131,123	62,522	6,280	604,018
Current liabilities	(5,123)	(42,801)	(23,179)	(7,173)	(2,893)	(81,169)
Non-current liabilities	(3,997)	(191,772)	(92,778)	(35,419)	(878)	(324,844)
Net assets	32,193	207,423	30,638	24,717	10,616	305,587
Carrying amount of the Group's investment	16,097	99,061	10,212	12,359	5,674	143,403
Year ended 30 June 2023						
Summarised Statement of financial position						
Cash and Cash equivalents	3,878	-	3,971	1,751	1,801	11,401
Other current assets	9,452	-	7,466	4	14,416	31,338
Non-current assets	27,443	-	96,772	34,545	9,622	168,382
Current liabilities	(4,703)	-	(11,511)	(2,492)	(4,279)	(22,985)
Non-current liabilities	(4,282)	-	(56,548)	(18,419)	(2,723)	(81,972)
Net assets	31,788	-	40,150	15,389	18,837	106,164
Carrying amount of the Group's investment	15,894	-	13,382	7,695	9,841	46,812

$'000	Gempack	Marquis	CPAP	CPA	Other	Total
Year ended 30 June 2024						
Summarised Statement of financial performance						
Revenue	28,055	80,040	38,403	-	14,643	161,141
Interest income	9	341	123	-	-	473
Interest expense	938	9,681	4,794	-	175	15,588
Depreciation and amortisation	2,974	11,940	5,560	-	1,010	21,484
Income tax expense/(benefit)	1,226	1,699	(4,943)	(288)	1,145	(1,161)
Net profit/(loss) for the year	4,694	607	(12,012)	(671)	3,567	(3,815)
Other comprehensive (loss)/gain for the year	(636)	(133)	-	-	(761)	(1,530)
Total comprehensive income/(loss) for the year	4,058	474	(12,012)	(671)	2,806	(5,345)
Group's share of profit/(loss) for the year	2,347	303	(4,002)	(336)	1,781	93
Year ended 30 June 2023						
Summarised Statement of financial performance						
Revenue	27,317	-	33,842	-	21,534	82,693
Interest income	2	-	68	43	-	113
Interest expense	877	-	2,187	-	298	3,362
Depreciation and amortisation	2,442	-	3,352	-	977	6,771
Income tax expense/(benefit)	434	-	(790)	-	1,099	743
Net profit/(loss) for the year	1,697	-	(1,817)	37	3,072	2,989
Other comprehensive loss for the year	413	-	-	-	271	684
Total comprehensive income/(loss) for the year	2,110	-	(1,817)	37	3,343	3,673
Group's share of profit for the year	848	-	(606)	12	1,520	1,774

3.4 JOINT VENTURES (CONTINUED)

Summary of joint venture financial information at 30 June (continued)

Dividends received from joint ventures during the year was $0.8 million (2023: $1.5 million), contributed by Spraypac ($0.1 million) and Weener Plastop Asia, Inc. ($0.7 million). Total loans and borrowings including shareholder loans provided to the joint ventures was $16.8 million (2023: $14.0 million). Guarantees and other securities provided to the joint ventures was $4.3 million (2023: $5.1 million).

The joint ventures had capital commitments at 30 June 2024 of $2.9 million (2023: $0.7 million), out of which the Group's share of capital commitments was $1.4 million (2023: $0.4 million). No contingent liabilities were noted at 30 June 2024 (2023: Nil).

Related party transactions with joint ventures

The following table provides the total amount of transactions with related parties – joint ventures for the year ended 30 June 2024:

$'000	Year	Sales	Purchases	Net other (income)	Net amounts receivable/ (payable)
Related parties – joint ventures	**2024**	**29,627**(1)	**17,328**(1)(2)	**(4,333)**(1)	**8,060**(1)
	2023	7,597	13,122	(2,008)	(921)

(1) Includes sales to Marquis of $21.5 million, purchases from Marquis of $0.6 million, net other income of $1.5 million and net amounts receivable of $8.0 million from Marquis for the period 1 December 2023 to 30 June 2024.

(2) Includes purchases from CPAP of $7.1 million.

How Pact accounts for investment in joint ventures and jointly controlled entities

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group uses the equity method to account for its investments in joint ventures.

Under the equity method:

- Investments are carried at cost plus post-acquisition changes in the Group's share of net assets.
- Goodwill relating to a joint venture is included in the carrying amount of the investment and is not tested for impairment separately.
- The Group's share of its joint venture post-acquisition profits or losses is recognised in the *Consolidated Statement of Comprehensive Income*, and its share of post-acquisition movements in reserves is recognised in reserves.
- When the Group's share of losses in its joint venture equals or exceeds its interest in the joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within share of profit in joint ventures in the *Consolidated Statement of Comprehensive Income*.

SECTION 4 – OUR CAPITAL STRUCTURE

This section details specifics of the Group's capital structure. When managing capital, management's objective is to ensure that the entity continues as a going concern as well as to provide optimal returns to shareholders and other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Primary responsibility for identification and control of capital and financial risks rests with the Treasury Risk Management Committee.

4.1 NET DEBT

Debt profile

Pact has the following interest-bearing loans and bank borrowings as at 30 June 2024:

CURRENT

$'000	Notes	2024	2023
Bank overdraft		**3,052**	1,021
Lease liabilities	2.5	**78,256**	80,747
Total current interest-bearing loans and bank borrowings		**81,308**	81,768

NON-CURRENT

$'000	Notes	2024	2023
Syndicated facility agreements[2]		**408,103**	589,471
Subordinated debt facility[2][4]		**78,526**	78,448
Capitalised borrowing costs		**(2,548)**	(4,312)
Total bank borrowings (including capitalised borrowing costs)		**484,081**	663,607
Lease liabilities	2.5	**431,041**	451,614
Total non-current interest-bearing loans and bank borrowings		**915,122**	1,115,221

$'000	Notes	2024	2023
Total bank borrowings (including capitalised borrowing costs)		**484,081**	663,607
Bank overdraft		**3,052**	1,021
Cash and cash equivalents		**(68,229)**	(79,061)
Net debt before lease liabilities		**418,904**	585,567
Lease liabilities	2.5	**509,297**	532,361
Net debt[1]		**928,201**	1,117,928

[1] Net debt is a non-IFRS measure.

[2] The syndicated facility agreements include $251.8 million of sustainability linked loans.

The Group syndicated facilities are as follows:

Debt facilities

Facility	Maturity date	Total facilities $'000
Working capital facility	Revolving with an annual review	**22,916**
Loan facility[3]	April 2025	**76,625**
Subordinated debt facility[4]	July 2025	**74,833**
Loan facility	January 2026	**185,101**
Loan facility	January 2027	**276,123**
Term facility	December 2027	**200,000**
Total facilities		**835,598**
Facilities utilised		**485,989**
Facilities unutilised		**349,609**

[3] This facility is undrawn as at 30 June 2024.

[4] The subordinated debt facility is denominated in USD and converted to AUD74.8 million of subordinated financing which is fully hedged. The USD debt is translated to AUD using the AUD/USD spot rate as at 30 June 2024 and disclosed as a financial liability of AUD78.5 million, while the foreign currency spot component of the fair value of the hedges of AUD3.7 million is held in other current financial liabilities and cash (2023: $3.6 million).

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

4.1 NET DEBT (CONTINUED)

Fair values

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

The computation of the fair value of borrowings is derived using significant observable inputs (fair value hierarchy Level 2).

The carrying amount and fair value of the Group's non-current borrowings are as follows:

	2024 $'000		2023 $'000	
	Carrying Value	Fair Value[(1)]	Carrying Value	Fair Value
Syndicated facility agreements	**408,103**	**408,103**	589,471	589,471
Subordinated debt facility	**78,526**	**78,526**	78,448	78,448
Total bank borrowings	**486,629**	**486,629**	667,919	667,919

(1) The fair value measurement of the Group's non-current borrowings represent Level 2 of the fair value hierarchy. Fair value is equivalent to carrying value as the bank borrowings are at market interest rates. Market interest rates have been used as key inputs.

Defaults and breaches

During the year, there were no defaults or breaches on any of the loan terms and conditions.

Finance costs and loss on de-recognition of financial assets – continuing operations

Pact has incurred the following finance costs during the year ending 30 June:

$'000	2024	2023
Interest expense on bank loans and borrowings	**45,988**	42,407
Borrowing costs amortisation	**2,937**	2,077
Amortisation of securitisation program costs	**179**	402
Sundry items	**122**	128
Total interest expense on borrowings	**49,226**	45,014
Interest expense on unwinding of provisions	**572**	610
Interest expense on lease liabilities	**34,887**	31,735
Total finance costs	**84,685**	77,359
Loss on de-recognition of financial assets	**8,879**	6,524
Total finance costs and loss on de-recognition of financial assets	**93,564**	83,883
Less: net finance costs – discontinued operations	**(590)**	(1,265)
Total finance costs and loss on de-recognition of financial assets – continuing operations	**92,974**	82,618

How Pact accounts for loans and borrowings

All loans and borrowings are:

- Initially recognised at the fair value of the consideration received less directly attributable transaction costs.
- Subsequently measured at amortised cost using the effective interest method, which is calculated based on the principal borrowing amount less directly attributable transaction costs.
- Are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value of the Group's interest-bearing loans and bank borrowings are determined by using a discounted cash flow method, applying a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. As the underlying debt has a floating interest rate (excluding the impact of the separate interest rate swaps), the Group's own performance risk at 30 June 2024 was assessed to be insignificant.

The carrying amount of the Group's current and non-current borrowings materially approximates fair value. The computation of the fair value of borrowings is derived using significant observable inputs (fair value hierarchy Level 2).

Finance costs are recognised as an expense when incurred. Finance costs which are directly attributable to the acquisition of, or production of, a qualifying asset are capitalised as part of the cost of that asset using the weighted average cost of borrowings.

4.1 NET DEBT (CONTINUED)

Reconciliation of net profit after tax to net cash flows from operations[2]

$'000	Notes	2024	2023
Net profit/(loss) for the year		**74,873**	(6,605)
Non cash flows in operating profit:			
Depreciation and amortisation		**110,850**	131,769
Loss on sale of property, plant and equipment		**340**	572
Share of net profit in joint venture		**(93)**	(1,774)
Share-based payments expense		**321**	495
Gain on sale of business	3.3	**(103,229)**	-
Impairment and write off expenses		**3,858**	52,586
Other		**140**	(92)
Changes in assets and liabilities:			
Increase in trade and other receivables		**(13,368)**	(29,642)
Decrease in inventory		**2,653**	31,677
Decrease/(increase) in net deferred tax assets and liabilities		**2,241**	(7,668)
(Decrease)/increase in trade and other payables		**(2,387)**	20,093
Increase/(decrease) in employee entitlement provisions		**36**	(171)
Increase/(decrease) in other provisions		**12,216**	(2,259)
Increase/(decrease) in current tax liabilities		**29,305**	(2,583)
Net cash flow provided by operating activities		**117,756**	186,398

[2] The *Consolidated Statement of Cash Flows* includes both continuing and discontinued operations. Refer Note 3.3 for cash flows from discontinued operations.

Reconciliation to cash at the end of the year

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 the end of the financial year as follows:

$'000	2024	2023
Cash and cash equivalents	**68,229**	79,061
Bank overdraft	**(3,052)**	(1,021)
Balance per Consolidated Statement of Cash Flows	**65,177**	78,040

How Pact accounts for cash and cash equivalents

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and on hand and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the *Consolidated Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdraft balances. Bank overdrafts are included in current liabilities on the *Consolidated Statement of Financial Position*. Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

4.2 CONTRIBUTED EQUITY AND RESERVES

Terms, conditions and movements of 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.

	2024		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
End of the year	**344,290,053**	**1,751,706**	344,290,053	1,751,706

How Pact accounts for contributed equity

Issued and paid up capital is classified as contributed equity and recognised at the fair value of the consideration received by the entity. Incremental costs directly attributable to the issue of new shares or options are shown in contributed equity as a deduction, net of tax, from the proceeds.

Reserves

$'000	2024	2023
Foreign currency translation reserve(1)	**17,855**	23,519
Cash flow hedge reserve(2)	**990**	4,881
Common control transaction reserve(3)	**(928,385)**	(928,385)
Share-based payments reserve(4)	**5,490**	5,282
Total reserves	**(904,050)**	(894,703)

(1) The foreign currency translation reserve is used to record foreign exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries.

(2) This reserve records the portion of the gain or loss on a hedging instrument and the related transaction in a cash flow hedge that are determined to be an effective relationship.

(3) The common control reserve of $928.4 million includes a balance of $942.0 million that arose through a Group restructure in the financial year ended 30 June 2011, less $13.6 million in relation to the acquisition of Viscount Plastics (China) Pty Ltd and Asia Peak Pte. Ltd. in the year ended 30 June 2014.

(4) The share-based payments reserve records items recognised as expenses representing the fair value of employee share rights.

4.3 MANAGING OUR FINANCIAL RISKS

There are a number of financial risks the Group is exposed to that could adversely affect the achievement of future business performance. The Group's risk management program seeks to mitigate risks and reduce volatility in the Group's financial performance. Financial risk management is managed centrally by the Treasury Risk Management Committee.

The Group's principal financial risks are:

- Interest rate risk;
- Foreign currency risk;
- Liquidity risk;
- Credit risk; and
- Commodity price risk.

4.3 MANAGING OUR FINANCIAL RISKS (CONTINUED)

Managing interest rate risk

Pact seeks to manage its finance costs by assessing and, where appropriate, utilising a mix of fixed and variable rate debt. When variable debt is utilised, it exposes the Group to interest rate risk.

What is the risk?	How does Pact manage this risk?	Impact at 30 June 2024[1]
Pact has variable interest rate debt, and therefore if interest rates increase, the amount of interest Pact is required to pay would also increase.	• Utilises interest rate swaps to lock in the amount of interest that Pact will be required to pay. • Considers alternative financing and a mix of fixed and variable debt, as appropriate.	At 30 June 2024, the Group hedge cover is 12% (2023: 20%) of its variable debt facilities drawn excluding the Group exposure to the sale of receivables under securitisation facilities. Based on average debt during the year, a sensitivity analysis performed by the Group showed that a +1% movement in AUD interest rates would reduce net profit after tax in FY24 by $3.8 million and reduce equity by $3.7 million (2023: $4.1 million reduction in net profit after tax and reduce equity by $3.9 million), including the impact on discount on sale of receivables. Based on average debt in FY24, a sensitivity analysis performed by the Group showed that a +1% movement in NZD interest rates would reduce net profit after tax by $1.2 million and reduce equity by $1.2 million (2023: $1.2 million reduction in net profit after tax and reduce equity by $1.2 million), including the impact on the discount on sale of receivables. Sensitivity analysis performed by the Group showed that a +1%movement in USD interest rates would reduce net profit after tax and equity by $0.4 million (2023: $0.4 million). The total impact on net profit after tax from a +1% movement in interest rates is a reduction of $5.5 million and reduction of $5.4 million in equity (2023: $5.7 million reduction in net profit after tax and reduce equity by $5.5 million).

(1) The impact of a +/- 1% movement in interest rates was determined based on the Group's mix of debt, credit standing with finance institutions, the level of debt that is expected to be renewed and economic forecasters' expectations.

Managing foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's (i) operating activities which are denominated in a different currency from the entity's functional currency, (ii) financing activities, and (iii) net investments in foreign subsidiaries.

The Group currently operates in the following countries outside of Australia, with the following functional currencies:(1)

Country of domicile	Functional currency
New Zealand	NZD
Thailand	THB
Singapore	USD
China	RMB
Philippines	PHP
Indonesia	IDR
Hong Kong	HKD/USD
Nepal	NPR
India	INR
South Korea	KRW
Bangladesh	BDT/USD
United Kingdom	GBP
United States of America	USD

(1) Pact Retail Accessories (Australia) Pty Ltd is incorporated in Australia and has USD as its functional currency.

4.3 MANAGING OUR FINANCIAL RISKS (CONTINUED)

As Pact has an Australian dollar (AUD) presentation currency, which is also the functional currency of its Australian entities, this exposes Pact to foreign exchange rate risk.

What is the risk?	How does Pact manage this risk?	Impact at 30 June 2024
If transactions are denominated in currencies other than the functional currency of the operating entity, there is a risk of an unfavourable financial impact to earnings if there is an adverse currency movement.	Utilises forward foreign currency contracts to eliminate or reduce currency exposures of the net Group exposure once the Group has entered into a firm commitment for a purchase.	The Group has significant exposure to the USD against the AUD and NZD from USD purchase commitments, while the Group's exposure to sales denominated in currencies other than the functional currency of the operating entity is less than 1%. At 30 June 2024, the Group has the majority of its foreign currency committed purchase orders hedged. Sensitivity analysis of the foreign currency net transactional exposures (including hedges) was performed to movements in AUD against the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges. This analysis showed that a 10% movement in its major trading currencies would not materially impact net profit after tax and would have the following impact on equity for the largest hedging position AUD/USD ($1.2) million to $1.4 million.
As Pact has entities that do not have an Australian dollar functional currency, if currency rates move adversely compared to the AUD, then the amount of AUD-equivalent profit would decrease, and the balance sheet net investment value would decline.	Pact utilises borrowing in the functional currency of the overseas entity to naturally hedge offshore entities where considered appropriate. The foreign currency debt provides a balance sheet hedge of the asset, while the foreign currency interest cost provides a natural hedge of the offshore profit.	Sensitivity analysis performed by management showed that a 10% +/- movement in the Group's major translational currencies as at 30 June 2024 would have the following impact on equity: • AUD/NZD ($12.2) million to $14.9 million • AUD/CNY ($11.9) million to $14.5 million • AUD/USD ($5.1) million to $6.3 million • AUD/PHP ($2.4) million to $2.9 million Sensitivity analysis performed by management showed that a 10% +/- movement in the Group's major translational currencies during the year, would have the following impact on net profit after tax: • AUD/NZD ($3.7) million to $4.6 million • AUD/CNY ($0.3) million to $0.3 million • AUD/USD ($1.1) million to $1.4 million

Managing liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's ability to meet its obligations to repay these financial liabilities as and when they fall due. Pact has a range of liabilities at 30 June that will be required to be settled at some future date.

What is the risk?	How does Pact manage this risk?	Impact at 30 June 2024
Pact cannot meet its obligations to repay its financial liabilities as and when they fall due.	• Having access to an adequate amount of committed credit facilities. • Maintains a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and debtor securitisation.	The Directors have assessed that due to the Group's access to undrawn facilities and forecast positive cash flows into the future the Group will be able to pay its debts as and when they fall due, and therefore it is appropriate that the financial statements are prepared on a going concern basis.

4.3 MANAGING OUR FINANCIAL RISKS (CONTINUED)

The maturity profile of the Group's assets and liabilities based on contractual undiscounted receipt/payments terms is as follows:

$'000	≤ 6 months	6–12 months	1–5 years	> 5 years	Total
Year ended 30 June 2024					
Financial assets⁽¹⁾					
Cash and cash equivalents	**68,229**	**-**	**-**	**-**	**68,229**
Trade and other receivables	**137,985**	**-**	**-**	**-**	**137,985**
Interest rate swaps	**796**	**-**	**-**	**-**	**796**
Foreign exchange forward contracts⁽²⁾	**110,271**	**3,787**	**234**	**-**	**114,292**
Total inflows	**317,281**	**3,787**	**234**	**-**	**321,302**
Financial liabilities⁽¹⁾					
Trade and other payables	**(376,086)**	**-**	**-**	**-**	**(376,086)**
Foreign exchange forward contracts⁽²⁾	**(110,627)**	**(3,795)**	**(234)**	**-**	**(114,656)**
Interest-bearing loans and bank borrowings⁽³⁾⁽⁴⁾	**(19,688)**	**(19,367)**	**(533,111)**	**(3,052)**	**(575,218)**
Total outflows	**(506,401)**	**(23,162)**	**(533,345)**	**(3,052)**	**(1,065,960)**
Net outflow	**(189,120)**	**(19,375)**	**(533,111)**	**(3,052)**	**(744,658)**
Year ended 30 June 2023					
Financial assets⁽¹⁾					
Cash and cash equivalents	79,061	-	-	-	79,061
Trade and other receivables	146,262	-	-	-	146,262
Interest rate swaps	2,018	1,543	817	-	4,378
Foreign exchange forward contracts⁽²⁾	193,483	683	-	-	194,166
Total inflows	420,824	2,226	817	-	423,867
Financial liabilities⁽¹⁾					
Trade and other payables	(389,926)	-	-	-	(389,926)
Foreign exchange forward contracts⁽²⁾	(189,710)	(674)	-	-	(190,384)
Interest-bearing loans and bank borrowings⁽³⁾⁽⁴⁾	(24,351)	(24,976)	(761,350)	-	(810,677)
Total outflows	(603,987)	(25,650)	(761,350)	-	(1,390,987)
Net outflow	(183,163)	(23,424)	(760,533)	-	(967,120)

(1) The Group's principal financial instruments comprise cash, receivables, payables, bank loans, bank overdrafts, finance leases and derivative instruments.

(2) Foreign exchange forward contracts are recognised at fair value on a net balance in the *Consolidated Statement of Financial Position*, where in this table the contractual maturities are the gross undiscounted cash flows.

(3) When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. These commitments include cash flows associated with the cross currency swap.

(4) Refer Note 2.5 for details on lease maturity analysis.

The following table represents the changes in financial liabilities arising from financing activities:

$'000	1 July 2023	Cash flows	Non-cash changes	Foreign exchange movement	30 June 2024
Lease liabilities	**(532,361)**	**50,006**	**(27,820)**	**878**	**(509,297)**
Non-current interest-bearing loans and bank borrowings	**(663,607)**	**181,796**	**(1,764)**	**(506)**	**(484,081)**
Total liabilities from financing activities	**(1,195,968)**	**231,802**	**(29,584)**	**372**	**(993,378)**

Managing credit risk

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under a contract or arrangement. The Group is exposed to credit risk arising from its operating activities (primarily from customer receivables) and financing activities. The Group manages this risk through the following measures:

- Operating activities: The Group has a number of mechanisms in place to manage its exposure to customer credit risk, discussed in Note 2.1, including debtor's securitisation programs where substantially all the risks and rewards of the receivables within the program are transferred to a third party.
- Financial activities: Restricting dealings to counterparties with low credit ratings and limiting concentration of credit risk.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount as presented in the *Consolidated Statement of Financial Position*.

4.3 MANAGING OUR FINANCIAL RISKS (CONTINUED)

Commodity price risk

The Group is exposed to commodity price risk from a number of commodities, including resin. The Group manages these risks through customer pricing, including contractual rise and fall adjustments. The Group also occasionally manages commodity price risk using resin forward contracts in circumstances where contractual rise and fall adjustments are not in place to minimise the variability of cash flows arising from price movements. The exposure to resin will be partially mitigated through use of recycled content, however pricing for recycled content will still be exposed to market indices.

4.4 FINANCIAL INSTRUMENTS

Utilising hedging contracts to manage risk

As discussed above, the Group utilises interest rate swaps and foreign exchange forward contracts to hedge its risks associated with fluctuations in interest rates and foreign currency. All of Pact's hedging instruments are designated in cash flow hedging relationships, providing increased certainty over future cash flows associated with foreign currency purchases or interest payments on variable interest rate debt facilities.

How Pact accounts for derivative financial instruments in a cash flow hedge relationship

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes:

- identification of the hedging instruments;
- the hedged items or transactions;
- the nature of the risks being hedged; and
- how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting period for which they were designated.

Derivative financial instruments are:

- Recorded at fair value at inception and every subsequent reporting date.
- Classified as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair value of:

- Forward currency contracts are calculated by using valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs, which are not considered to be significant (fair value hierarchy Level 2).
- Cross currency interest rate swaps and interest rate swap contracts is determined by reference to market values for similar instruments (fair value hierarchy Level 2).

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the *Consolidated Statement of Comprehensive Income*.

Amounts taken to equity are transferred to the *Consolidated Statement of Comprehensive Income* when the hedge transaction affects the *Consolidated Statement of Comprehensive Income*, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the *Consolidated Statement of Comprehensive Income*. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction to which the hedging instrument relates is not expected to occur, the amount is taken to the *Consolidated Statement of Comprehensive Income*.

4.4 FINANCIAL INSTRUMENTS (CONTINUED)

Effect on financial position and performance – hedging instruments

The impact of each hedging instrument and hedged item on the *Consolidated Statement of Financial Position* of the Group is as follows:

$'000	Hedged item	Notional amount	Carrying amount asset/ (liability)	Change in fair value(4)	Cash flow hedge reserve	Effective proportion reclassified to profit or loss
Year ended 30 June 2024						
Foreign exchange forward contracts(5)(7)	Committed purchases	**114,657**	**376**(1) **(741)**(2)	**(2,940)**	**(38)**	**(310)**(7)
Cross currency swaps(5)(6)	FX component of debt	**80,654**	**(2,136)**(6)	**(3,343)**	**(5)**	**(2,128)**(6)
Interest rate swaps(5)	Floating component of debt	**50,000**	**752**(3)	**(3,623)**	**1,404**(8)	**(1,367)**(9)
Year ended 30 June 2023						
Foreign exchange forward contracts(5)	Committed purchases & FX component of debt	113,200	2,666 (91)	(128)	502	1,853
Cross currency swaps(5)(6)	FX component of debt	77,184	1,207	761	6	1,199
Interest rate swaps(5)	Floating component of debt	95,927	4,375	(4,574)	4,492	825

(1) The carrying amount is included in other current financial assets in the *Consolidated Statement of Financial Position*.

(2) The carrying amounts included in other current financial liabilities in the *Consolidated Statement of Financial Position*.

(3) The carrying amount is included in other current financial assets in the *Consolidated Statement of Financial Position*.

(4) The change in fair value represents the difference between the current and previous period carrying amount of net hedge assets and hedge liabilities.

(5) The fair value measurement of the hedging instruments represents Level 2 of the fair value hierarchy.

(6) The carrying amount is included in other current financial liabilities in the *Consolidated Statement of Financial Position*. The carrying amount recognised is the fair value of the cross currency swaps or FX forwards, which are used to hedge the USD loan. The impact from movements in foreign currency rates was an unfavourable $2.1 million (2023: $1.2 million favourable). The impact from movements in foreign currency rates fully offsets the translation of the USD loan.

(7) A loss of $0.3 million (2023: $1.9 million gain) is included in other (losses)/gains – FX gains/loss in the *Consolidated Statement of Comprehensive Income*, as it is taken to profit and loss to match the underlying committed purchases. The ineffective proportion taken to *Consolidated Statement of Comprehensive Income* was immaterial, less than $10,000.

(8) Included within the cash flow hedge reserve is the remaining $0.9 million from closing an interest rate swap in the prior year.

(9) Relates to interest recognition from amortisation of the hedge reserve arising from the closure of the interest rate swap in the prior year.

The impact of hedging on cash flow hedge reserve contained within other comprehensive income/(loss) is as follows:

$'000	2024	2023
Opening balance of cash flow hedge reserve	**4,881**	6,071
Effective portion of changes in fair value arising from:		
- Foreign exchange forward contracts	**(771)**	751
- FX debt forwards/cross currency swaps	**(16)**	30
- Interest rate swaps	**(4,411)**	(2,599)
FX impact	**(253)**	123
Tax effect	**1,560**	505
Closing balance of cash flow hedge reserve	**990**	4,881

How Pact accounts for foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency of the individual entity by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at reporting date.

Non-monetary items that are measured at:

- Historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.
- Fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of the controlled entities with non-Australian dollar functional currencies are translated into the presentation currency of Pact at the rate of exchange at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rate for the year (where appropriate).

The exchange rate differences arising on the translation to presentation currency are taken directly to the foreign currency translation reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the *Consolidated Statement of Comprehensive Income*.

SECTION 5 – REMUNERATING OUR PEOPLE

This section provides financial insight into employee reward and recognition designed to attract, retain, reward and motivate high performing individuals so as to achieve Pact's objectives, in alignment with the interests of the Group and its Shareholders.

This section should be read in conjunction with the *Remuneration Report*, contained within the *Directors' Report*, which provides specific details on the setting of remuneration for KMP.

5.1 EMPLOYEE BENEFITS EXPENSES AND PROVISIONS

The Group's employee benefits expenses for the year ended 30 June were as follows:

$'000	2024	2023
Wages and salaries	**415,699**	413,530
Defined contribution superannuation expense	**24,109**	24,603
Other employee benefits expense	**27,582**	26,340
Share-based payments expense	**321**	495
Total employee benefits expense	**467,711**	464,968

The current employee benefits provisions as at 30 June comprise of the following:

Annual leave	**22,943**	24,230
Long service leave	**21,417**	22,847
Total current provisions	**44,360**	47,077

The Group's non-current employee benefits provisions of $5.3 million relate to long service leave entitlements of $3.8 million (2023: $4.3 million), and a defined benefit net liability of $1.5 million (2023: $2.1 million). The defined benefit net liability resides in six foreign jurisdictions.

How Pact accounts for employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Benefits vested within 12 months of the reporting date are classified as current and are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Under this method consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds (except for Australia where high-quality corporate bond rates are used in accordance with the standards) with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

5.2 SHARE-BASED PAYMENTS

During the year, the Executive KMP remuneration framework was revised to comprise fixed annual remuneration and a cash short-term incentive, with the Board determining that no long-term incentive grant would be awarded to Executive KMP for FY24. These revisions to Executive KMP remuneration are due to the Board requiring management to focus on short-term initiatives to accelerate improvement in the financial performance of the Company.

Total share-based payments expense recognised in the current period was $0.3 million (2023: $0.5 million).

5.3 KEY MANAGEMENT PERSONNEL

Compensation of Group KMP

The amounts disclosed in the table below are the amounts recognised as an expense during the year relating to Group KMP compensation:

$'000	2024	2023
Short-term employee benefits	**4,098**	3,130
Post-employment benefits	**47**	59
Other long-term benefits	**136**	-
Share-based payments expense	**191**	477
Total compensation	**4,472**	3,666

Related party transactions with KMP

The following table provides the total amount of transactions with related parties for the year ended 30 June 2024:

$'000	Year	Sales	Purchases	Other expenses	Net amounts receivable
Related parties – Director's interests[1]	**2024**	**13,496**	**21,990**	**6,908**	**(2,212)**
	2023	22,003	25,685	6,339	(2,654)

[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 had sales of $13.5 million (2023: $22.0 million) to 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.

Pro-Pac Packaging Limited (Pro-Pac)

Pro-Pac, an entity in which Raphael Geminder owns 65.75% (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 $4.1 million (2023: $6.1 million). The agreement is on commercial terms which the Board has determined are at arm's 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 Raphael Geminder and are therefore related parties of the Group (**Centralbridge Leases**). The aggregate annual rent payable by Pact under the Centralbridge Leases for the period ended 30 June 2024 was $6.8 million (June 2023: $6.2 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. As at 30 June 2024, the total lease liabilities owing to Centralbridge Leases is $38.1 million (June 2023: $34.2 million). The leases are on commercial terms which the Board has determined are at arm's length in accordance with section 210 of the *Act*.

Visy Industries Pty Ltd

Visy Industries Pty Ltd (**Visy**) is a supplier to, and customer of, the Group. The Group purchases products such as industrial packaging printing and carton packaging from Visy and sells recycled resins to Visy. During the year, the Group had purchases of $17.8 million (2023: $19.5 million) and sales of $5.6 million (2023: $13.8 million) with Visy.

SECTION 6 – OTHER DISCLOSURES

This section includes additional financial information that is required by the accounting standards and the *Act*.

6.1 BASIS OF PREPARATION

Basis of preparation and compliance

This *Report*:

- Comprises the financial statements of Pact Group Holdings Ltd, being the parent entity, and its controlled entities as specified in Note 3.2.
- Is a general purpose financial report.
- Has been prepared in accordance and complies with the requirements of the *Act*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**).
- Complies with International Financial Reporting Standards (**IFRS**) and Interpretations as issued by the International Accounting Standards Board.
- Has been prepared on an historical cost basis except for derivative financial instruments, which are measured at fair value.
- Has revenues, expenses and assets recognised net of 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 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 3.3 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 the balance date; however, the Directors have assessed that due to the Group's access to undrawn facilities (see Note 4.1) and forecast positive cash flows into the future, the Group will be able to pay its debts as and when they fall due.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The Group will adopt the new and amended standards and interpretations that are issued, but not yet effective, at the date they become effective. The Group's results and disclosures will not be materially impacted by these 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.

6.2 OTHER LOSSES

The amounts disclosed in the table below are the amounts recognised in the *Consolidated Statement of Comprehensive Income* for continuing operations:

$'000	2024	2023
Underlying adjustments in other losses	**(32,596)**	(13,815)
Other losses		
Unrealised (losses)/gains on revaluation of foreign exchange forward contracts	**(698)**	771
Loss on sale of property, plant and equipment	**(27)**	(572)
Realised net foreign exchange losses	**(704)**	(1,420)
Share of costs of incorporation of Marquis HoldCo Pty Ltd	**1,632**	-
Total other gains/(losses)	**203**	(1,221)
Total losses before tax	**(32,393)**	(15,036)

6.3 PACT GROUP HOLDINGS LTD – PARENT ENTITY FINANCIAL STATEMENTS SUMMARY

$'000	2024	2023
Current assets	**75,086**	74,861
Non-current assets	**1,486,041**	1,485,945
Total assets	**1,561,127**	1,560,806
Current liabilities	**3,093**	3,093
Total liabilities	**3,093**	3,093
Net assets	**1,558,034**	1,557,713
Issued capital	**1,571,706**	1,571,706
Reserves	**5,486**	5,165
Retained earnings	**(185,812)**	(185,812)
Profit reserve	**166,654**	166,654
Total equity	**1,558,034**	1,557,713
Loss of the parent entity(1)	**-**	(185,876)
Total comprehensive loss of the parent entity	**-**	(185,876)

(1) Loss relates to an impairment in the carrying value of investments in subsidiaries in the parent entity. Impairment write downs at parent entity level are eliminated on consolidation and assessed at a Group level.

The above is a summary of the individual financial statements for Pact Group Holdings Ltd at 30 June. Pact Group Holdings Ltd:

- is the parent of the Group;
- is a for-profit company limited by shares;
- is incorporated and domiciled in Australia;
- has its registered office at Level 5, Building 1, 658 Church Street, Cremorne, Victoria, 3121 Australia; and
- is listed on the Australian Securities Exchange (**ASX**) and its shares are publicly traded.

Ultimate parent entity

The Group's ultimate parent entity is Kin Group Pty Ltd. Following an off market takeover offer that commenced 13 September 2023 and concluded 7 June 2024, Kin Group Pty Ltd and its associates have increased their share ownership in Pact to 88.04% as at 30 June 2024 (June 2023: 49.76%).

How Pact accounted for information within parent entity financial statements

The financial information for the Company has been prepared on the same basis as the consolidated financial statements, except as set out below:

- Investments in subsidiaries are accounted for at cost in the financial statements of the Company.

6.4 DEED OF CROSS GUARANTEE

$'000	2024	2023
Closed group consolidated income statement		
Profit/(loss) before income tax	**49,659**	(32,467)
Income tax (benefit)/expense	**(38,666)**	10,064
Net profit/(loss) for the year	**10,993**	(22,403)
Retained earnings at beginning of the year	**(266,370)**	(238,803)
Net profit/(loss) for the year	**10,993**	(22,403)
Dividends received/(paid)	**7,168**	(5,164)
Retained earnings at end of the year	**(248,209)**	(266,370)
Closed group consolidated balance sheet		
CURRENT ASSETS		
Cash and cash equivalents	**12,628**	29,259
Trade and other receivables	**74,012**	73,374
Inventories	**134,914**	136,970
Contract assets	**17,101**	14,712
Loans to related parties	**58,104**	58,354
Other current financial assets	**996**	2,970
Prepayments	**6,184**	8,708
TOTAL CURRENT ASSETS	**303,939**	324,347
NON-CURRENT ASSETS		
Prepayments	**408**	1,157
Property, plant and equipment	**586,973**	649,165
Investments in subsidiaries	**488,594**	490,010
Investments in joint ventures	**138,931**	42,580
Intangible assets and goodwill	**104,329**	203,445
Other non-current financial assets	**-**	2,628
Deferred tax assets	**40,085**	43,543
TOTAL NON-CURRENT ASSETS	**1,359,320**	1,432,528
TOTAL ASSETS	**1,663,259**	1,756,875
CURRENT LIABILITIES		
Trade and other payables	**235,862**	243,451
Loans from related parties	**94,007**	67,480
Current tax liability	**26,082**	1,437
Employee benefits provisions	**38,273**	40,572
Lease liabilities	**51,484**	55,610
Other current financial liabilities	**2,773**	77
TOTAL CURRENT LIABILITIES	**448,481**	408,627
NON-CURRENT LIABILITIES		
Employee benefits provisions	**3,290**	3,814
Other provisions	**8,389**	9,056
Interest-bearing loans and bank borrowings	**392,226**	507,907
Lease liabilities	**280,967**	312,640
TOTAL NON-CURRENT LIABILITIES	**684,872**	833,417
TOTAL LIABILITIES	**1,133,353**	1,242,044
NET ASSETS	**529,906**	514,831
EQUITY		
Contributed equity	**1,751,706**	1,751,706
Reserves	**(973,591)**	(970,505)
Retained earnings	**(248,209)**	(266,370)
TOTAL EQUITY	**529,906**	514,831

Pact has a number of Australian entities that are party to a Deed of Cross Guarantee (**Deed**), representing the 'Closed Group', entered into in accordance with ASIC Class Order 98/1418. This Deed grants these entities relief from preparing and lodging audited financial statements under the *Act*.

The Closed 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 and forecast positive cash flows into the future the Group will be able to pay its debts as and when they fall due (refer to Managing our liquidity risk at Note 4.3).

6.5 AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the Company's external auditor Ernst & Young:

$	2024	2023
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	**1,570,102**	1,915,020
Fees for other assurance and agreed upon procedure services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**39,000**	93,645
Fees for other services:		
Tax compliance	**99,500**	126,785
Tax advisory – Crates transaction	**420,609**	-
Tax advisory – Other	**120,640**	213,325
Remuneration services	**10,000**	-
Consulting fees	**-**	279,325
Total fees to Ernst & Young (Australia)	**2,259,851**	2,628,100
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	**858,605**	716,631
Fees for other assurance and agreed upon procedure services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**-**	-
Fees for other services:		
Tax compliance	**30,272**	29,390
Tax advisory	**61,061**	70,974
Total fees to other overseas member firms of Ernst & Young	**949,938**	816,995
Total auditor's remuneration	**3,209,789**	3,445,095

6.6 SEGMENT ASSETS AND SEGMENT LIABILITIES

Segment assets

$'000	2024	2023
Packaging & Sustainability	**1,558,243**	1,452,752
Materials Handling & Pooling	**252,973**	515,164
Contract Manufacturing	**237,474**	222,300
Total Segment Assets	**2,048,690**	2,190,216
Reconciliation to total assets(1):		
Receivables included in securitisation programs	**(137,610)**	(149,516)
Deferred tax assets	**43,527**	44,380
Inter-segment eliminations	**(2,431)**	(2,894)
TOTAL ASSETS	**1,952,176**	2,082,186

Segment liabilities

$'000	2024	2023
Packaging & Sustainability	**687,342**	666,301
Materials Handling & Pooling	**124,435**	184,279
Contract Manufacturing	**143,992**	143,505
Total segment liabilities	**955,769**	994,085
Reconciliation to total liabilities(1):		
Interest-bearing liabilities	**484,081**	664,629
Income tax payable	**32,795**	11,096
Deferred tax liabilities	**7,778**	6,579
Inter-segment eliminations	**(2,431)**	(2,894)
TOTAL LIABILITIES	**1,477,992**	1,673,495

(1) These reconciling items are managed centrally and not allocated to reportable segments.

6.7 GEOGRAPHIC REVENUE

The table below shows revenue recognised in each geographic region that Pact operates in for its continuing operations.

$'000	2024	2023
Australia	**1,194,387**	1,203,054
New Zealand	**342,814**	346,240
Asia and others	**266,486**	279,706
Total	**1,803,687**	1,829,000

6.8 SUBSEQUENT EVENTS

Australian 15% global and domestic minimum taxes law introduced into Australian Parliament

On 4 July 2024, the Australian Government introduced legislation into Parliament, to implement Australia's adoption of the OECD/G20 Pillar Two solution, including a 15% global minimum tax and domestic minimum tax following public consultation of exposure drafts in March 2024.

The legislation is not enacted as at the date of this *Report*. To the extent that domestic top up tax legislation has been substantially enacted in each jurisdiction that the Group operates, no additional tax liability should arise.

In the opinion of the Directors, other than the matters aforementioned, there have been no other material matters or circumstances which have arisen between 30 June 2024 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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

The Consolidated Entity Disclosure Statement has been prepared in accordance with the *Act* and incorporates certain information for each entity that was part of the consolidated entity at the end of the financial year:

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
Pact Group Industries (ANZ) Pty Ltd	Body corporate	Australia	100	Australia
Pact Group Holdings (Australia) Pty Ltd(1)	Body corporate	Australia	100	Australia
Pact Group Finance (Australia) Pty Ltd	Body corporate	Australia	100	Australia
Pact Group Industries (Asia) Pty Ltd	Body corporate	Australia	100	Australia
Alto Manufacturing Pty Ltd	Body corporate	Australia	100	Australia
Alto Packaging Australia Pty Ltd	Body corporate	Australia	100	Australia
Astron Plastics Pty Limited(2)	Body corporate	Australia	100	Australia
Australian Pharmaceutical Manufacturers Pty Ltd	Body corporate	Australia	100	Australia
Baroda Manufacturing Pty Ltd	Body corporate	Australia	100	Australia
Brickwood (Dandenong) Pty Ltd	Body corporate	Australia	100	Australia
Brickwood (NSW) Pty Ltd(3)	Body corporate	Australia	100	Australia
Brickwood (QLD) Pty Ltd	Body corporate	Australia	100	Australia
Brickwood (VIC) Pty Ltd	Body corporate	Australia	100	Australia
Cinqplast Plastop Australia Pty Limited	Body corporate	Australia	100	Australia
Davmar Investments Pty Ltd	Body corporate	Australia	100	Australia
Inpact Innovation Pty. Ltd.	Body corporate	Australia	100	Australia
Jalco Australia Pty. Limited	Body corporate	Australia	100	Australia
Jalco Automotive Pty. Limited	Body corporate	Australia	100	Australia
Jalco Care Products Pty Limited	Body corporate	Australia	100	Australia
Jalco Cosmetics Pty. Limited	Body corporate	Australia	100	Australia
Jalco Group Pty. Limited	Body corporate	Australia	100	Australia
Jalco Plastics Pty. Ltd.	Body corporate	Australia	100	Australia
Jalco Powders Pty Limited	Body corporate	Australia	100	Australia
Jalco Promotional Packaging Pty. Limited	Body corporate	Australia	100	Australia
MTWO Pty Ltd	Body corporate	Australia	100	Australia
Packaging Employees Pty Limited	Body corporate	Australia	100	Australia
Pact Retail Accessories (Australia) Pty Ltd	Body corporate	Australia	100	Australia
Pascoe's Pty Ltd	Body corporate	Australia	100	Australia
Plaspak Closures Pty Limited	Body corporate	Australia	100	Australia
Plaspak Management Pty Limited	Body corporate	Australia	100	Australia
Plaspak Pty Limited	Body corporate	Australia	100	Australia
Power Plastics Pty. Limited	Body corporate	Australia	100	Australia
Ruffgar Holdings Pty Limited(4)	Body corporate	Australia	100	Australia
Salient Asia Pacific Pty Ltd	Body corporate	Australia	100	Australia
Skyson Pty. Ltd.(5)	Body corporate	Australia	100	Australia
Snopak Manufacturing Pty Ltd	Body corporate	Australia	100	Australia
Steri-Plas Pty Ltd	Body corporate	Australia	100	Australia
Sulo MGB Australia Pty Ltd	Body corporate	Australia	100	Australia
Summit Manufacturing Pty Ltd	Body corporate	Australia	100	Australia
Sunrise Plastics Pty. Ltd.	Body corporate	Australia	100	Australia
Synergy Packaging Pty Ltd	Body corporate	Australia	100	Australia
VIP Drum Reconditioners Pty. Ltd.	Body corporate	Australia	100	Australia
VIP Plastic Packaging Pty Ltd	Body corporate	Australia	100	Australia
VIP Steel Packaging Pty Ltd	Body corporate	Australia	100	Australia
Viscount Logistics Services Pty Ltd	Body corporate	Australia	100	Australia
Viscount Plastics (Australia) Pty Ltd	Body corporate	Australia	100	Australia
Viscount Plastics (China) Pty Ltd	Body corporate	Australia	100	Australia
Viscount Rotational Mouldings Pty Ltd	Body corporate	Australia	100	Australia
Vmax Returnable Packaging Systems Pty Ltd	Body corporate	Australia	100	Australia
Pact Group Holdings (NZ) Limited	Body corporate	New Zealand	100	New Zealand
Pact Group Finance (NZ) Limited	Body corporate	New Zealand	100	New Zealand
Pact Group (NZ) Limited(6)	Body corporate	New Zealand	100	New Zealand
VIP Steel Packaging (NZ) Limited	Body corporate	New Zealand	100	New Zealand
VIP Plastic Packaging (NZ) Limited	Body corporate	New Zealand	100	New Zealand
Alto Packaging Limited	Body corporate	New Zealand	100	New Zealand
Auckland Drum Sustainability Services Limited	Body corporate	New Zealand	100	New Zealand

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
Tecpak Industries Limited	Body corporate	New Zealand	100	New Zealand
Astron Plastics Limited	Body corporate	New Zealand	100	New Zealand
Pacific BBA Plastics (NZ) Limited	Body corporate	New Zealand	100	New Zealand
Viscount Plastics (NZ) Limited	Body corporate	New Zealand	100	New Zealand
Stowers Containment Solutions Limited	Body corporate	New Zealand	100	New Zealand
Sulo (N.Z.) Limited	Body corporate	New Zealand	100	New Zealand
Pact Retail Accessories (New Zealand) Limited	Body corporate	New Zealand	100	New Zealand
Pact Group Closure Systems (Guangzhou) Co., Ltd	Body corporate	China	100	China
Pact Group Closure Systems (Tianjin) Co., Ltd	Body corporate	China	100	China
Pact Group Packaging Systems (Guangzhou) Co., Ltd	Body corporate	China	100	China
Dongguan Top Rise Trading Co. Ltd	Body corporate	China	100	China
Dongguan Regent Plastic Products Co. Ltd	Body corporate	China	100	China
Ningbo Xunxing Trade Co. Ltd	Body corporate	China	100	China
TIC Trading (Bangladesh) Limited	Body corporate	Bangladesh	100	Bangladesh
TIC Manufacturing (Bangladesh) Limited	Body corporate	Bangladesh	100	Bangladesh
TIC Industries (Bangladesh) Pty Ltd.	Body corporate	Bangladesh	100	Bangladesh
Pact Closure Systems (India) Private Limited	Body corporate	India	100	India
AMRS Business Services Private Limited	Body corporate	India	100	India
Pact Group Holdings (Hong Kong) Limited	Body corporate	Hong Kong	100	Hong Kong
Roots Investment Holding Private Limited	Body corporate	Hong Kong	100	Hong Kong
Pact Retail Accessories (Hong Kong) Limited	Body corporate	Hong Kong	100	Hong Kong
Pact Retail Accessories (Asia) Limited	Body corporate	Hong Kong	100	Hong Kong
Talent Group Development Limited	Body corporate	Hong Kong	100	Hong Kong
Fast Star International Holdings Limited	Body corporate	Hong Kong	100	Hong Kong
PT Plastop Asia Indonesia	Body corporate	Indonesia	100	Indonesia
PT Plastop Indonesia Manufacturing(7)	Body corporate	Indonesia	100	Indonesia
Pact Group Closure Systems Korea Ltd	Body corporate	Korea	100	Korea
Pact Group Closure Systems Nepal Private Limited	Body corporate	Nepal	100	Nepal
Plastop Asia, Inc.	Body corporate	Philippines	100	Philippines
Pact Packaging Philippines Inc.	Body corporate	Philippines	100	Philippines
Pact Closure Systems (Philippines) Inc.	Body corporate	Philippines	100	Philippines
Asia Peak Pte. Ltd.	Body corporate	Singapore	100	Singapore
Pact Retail Accessories (USA) LLC	Body corporate	USA	100	USA
Pact Retail Accessories (UK) Limited	Body corporate	UK	100	UK
Full View Plastics Unit Trust	Trust	N/A	N/A	N/A
White Rock Insurance Company PCC Limited (Cell Pact)	PCC	Guernsey	-(8)	Guernsey
Spraypac Products (NZ) Limited	Body corporate	New Zealand	50	New Zealand
Weener Plastop Asia, Inc.	Body corporate	Philippines	50	Philippines
Gempack Asia Limited	Body corporate	Thailand	50	Thailand
PT Weener Plastop Indonesia	Body corporate	Indonesia	50	Indonesia
Circular Plastics Australia (PET) Holdings Pty Ltd	Body corporate	Australia	33.33	Australia
Circular Plastics Australia Pty Ltd	Body corporate	Australia	50	Australia
Circular Plastics Australia (LDPE) Pty Ltd	Body corporate	Australia	33.33	Australia
Marquis Holdco Pty Ltd	Body corporate	Australia	50	Australia

(1) Participant in the Gempack Asia Limited joint venture and the Marquis Holdco Pty Ltd joint venture.

(2) Participant in the Circular Plastics Australia Pty Ltd joint venture, the Circular Plastics Australia (PET) Holdings Pty Ltd joint venture and the Circular Plastics Australia (LDPE) Pty Ltd joint venture.

(3) The trustee of the Full View Plastics Unit Trust, a trust in the consolidated entity.

(4) Participant in the Weener Plastop Asia, Inc. joint venture.

(5) Participant in the Gempack Asia Limited joint venture.

(6) Participant in the Spraypac Products (NZ) Limited joint venture.

(7) Participant in the PT Weener Plastop Indonesia joint venture.

(8) The Group has an “equity interest” in the Cell Pact within White Rock Insurance Company PCC Limited. This entity is made up of the Cell Pact (in which the Group has 100% “ownership interest”) and many other cells in which the Group does not have an ownership interest. The Group does not have any ownership interest in White Rock Insurance Company PCC Limited.

DIRECTORS’ DECLARATION

In the Directors’ opinion:

1. The consolidated financial statements and notes, and the *Remuneration Report* included in the *Directors’ Report*, 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 30 June 2024 and of its performance for the year ended on that date;

    (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

    (c) complying with International Financial Reporting Standards as disclosed in Note 6.1;

2. The consolidated entity disclosure statement required by section 295(3A) of the *Act* is true and correct;

3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

4. As at the date of this Declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 6.4 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee described in Note 6.4.

This Declaration has been made after receiving the declarations required to be made to the Directors by the Group Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

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

Raphael Geminder
Chair

Dayal

Sanjay Dayal
Managing Director and Group Chief Executive Officer

15 August 2024

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working world

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Pact Group Holdings Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Recoverability of property, plant and equipment, intangible assets and goodwill

Why significant	How our audit addressed the key audit matter
At 30 June 2024, the Group's consolidated statement of financial position includes property, plant and equipment of $969.4 million and intangible assets and goodwill of $314.6 million, collectively representing 66% of total assets as disclosed in Note 2.2. The Group performs an annual impairment assessment of its property, plant and equipment, intangible assets and goodwill for all identified Cash Generating Units ("CGUs"). The assessment of the carrying value of property, plant and equipment, intangible assets and goodwill incorporated significant judgement and was inherently subjective based on conditions existing at balance date including; ▶ Future cash flow assumptions; ▶ Discount rate and terminal growth rate assumptions; and ▶ Sensitivities applied to the impairment test. Accordingly, this was considered a key audit matter due to the significance of these balances and the complexity of the impairment assessment process due to the judgements in estimating future market conditions.	In conjunction with our valuation specialists, our audit procedures included the following: ▶ Assessed the identification of the CGUs where impairment testing is performed, taking into consideration the levels at which Management monitors business performance and the interdependency of cash flows ▶ Assessed whether the forecast cash flows, used in the impairment testing model, were consistent with the most recent Board approved cash flow forecasts ▶ Performed a comparison to the Group's historical trading performance when considering future cashflow assumptions ▶ Assessed other key assumptions such as discount rates and growth rates with reference to publicly available information on comparable companies in the industry and markets in which the Group operates ▶ Performed earnings multiples cross checks in comparison with other comparable businesses to assess the output of impairment testing models ▶ Tested the mathematical accuracy of the impairment models ▶ Assessed whether the impairment testing methodology met the requirements of Australian Accounting Standards ▶ Evaluated the Group's sensitivity calculations, including evaluating the Group's assessment of whether any reasonably possible change in these key assumptions would result in an impairment to property, plant and equipment, intangible assets or goodwill ▶ We also assessed the adequacy and appropriateness of the disclosures in relation to the impairment testing of property, plant and equipment, intangible assets and goodwill included in Note 2.2 to the financial report.

Accounting for the sale of the Crate Pooling and Manufacturing businesses

Why significant	How our audit addressed the key audit matter
On 1 December 2023, the Group completed the sale of 50% of its Crate Pooling and Manufacturing businesses ("Crates Business") for $333.0 million as disclosed in Note 3.3. The Group recognised 100% of the gain on disposal and an interest in the joint venture at fair value in accordance with Australian Accounting Standards. In addition, the Group exercised judgement in estimating the appropriate allocation of goodwill to the Disposal Group in its calculation of the gain on sale of $103.2 million. The determination of the gain on sale also required the consideration of the fair value of the resulting interest in the joint venture, the cash consideration received as well as the relevant transaction costs. Accordingly, we considered the sale of the Crate Business to be a key audit matter.	Our audit procedures in respect of the sale of the Crates Business included the following: ▶ Inspected the underlying sale documentation including the sale and purchase agreement to understand the contractual terms associated with the sale ▶ In conjunction with our valuation specialists, assessed the Group's determination of the relative fair value of the Crates Business used in allocating goodwill to the disposal group ▶ Assessed the fair value of the Group's acquired interest in joint venture ▶ Agreed the cash consideration received to supporting documentation including the bank statement ▶ Tested the amounts included as transaction costs back to supporting documentation ▶ Agreed the carrying amounts of the Disposal Group to underlying accounting records and assessed the Group's allocation of goodwill to the assets held for sale group ▶ We also assessed the adequacy and appropriateness of the disclosures relating to the Crates Business as Discontinued Operations included in the Notes to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;

b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Pact Group Holdings Ltd for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

David Shewring
Partner
Melbourne
15 August 2024