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25 October 2023

Market Announcements Office
Australian Securities Exchange
Level 50, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000

Dear Sir/Madam

Off-market takeover bid by Bennamon Industries Pty Ltd for Pact Group Holdings Limited (ASX: PGH) – Second supplementary bidder's statement

We act for Bennamon Industries Pty Ltd (ACN 666 620 677) (**Bennamon Industries**) in relation to its off-market takeover bid for all the ordinary shares in Pact Group Holdings Limited (ACN 145 989 644) (**Pact**) (**Offer**).

We enclose, by way of service pursuant to section 647(3)(a)(ii) of the *Corporations Act 2001* (Cth) (as inserted by *ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688*), a copy of Bennamon Industries' second supplementary bidder's statement in respect of the Offer (**Second Supplementary Bidder's Statement**).

A copy of the Second Supplementary Bidder's Statement has today been lodged with the Australian Securities and Investments Commission and served on Pact.

Yours faithfully

Neil Pathak
Partner, Head of M&A (Australia)

Joseph Nguyen
Senior Associate

Kin Group

Second Supplementary Bidder's Statement

in relation to an off-market unconditional offer by Bennamon Industries Pty Ltd (ACN 666 620 677) (**Bennamon Industries**), a wholly owned subsidiary of Kin Group Pty Ltd (ACN 095 313 714) (**Kin Group**), to purchase all of the shares in Pact Group Holdings Limited (ACN 145 989 644) (**Pact**) (**Offer**).

25 October 2023

Dear fellow Pact Shareholders

Introduction

On behalf of Kin Group, I write to update you on the progress of the Offer and the key matters you should consider as you continue to assess the Offer. Before doing so, Kin Group would like to thank the 493 Pact Shareholders who have already accepted the Offer.[1]

Since the Offer was announced, global conflicts and tensions have increased, macroeconomic uncertainty has persisted, the ASX All Ordinaries Index is down 4.1%[2] and the Australian dollar (AUD) has continued to decline. Absent the Offer, it is likely that Pact's share price would have fallen further in this unstable environment. In this context, the unconditional, all-cash offer of $0.68 cash per share provides you with liquidity and certainty. The Offer allows you to sell your shares (in many cases without brokerage)[3] and avoid any further risk associated with your investment in Pact.

Pact Shareholders would have received Pact's target's statement released on 13 October 2023 (**Target's Statement**) and the accompanying independent expert's report prepared by Kroll Australia Pty Ltd (**Kroll**) (**Kroll Report**).

Kin Group is concerned that the Target's Statement is not balanced, is selective and has the potential to mislead. Importantly, the Target's Statement makes prominent reference to a valuation based on a hypothetical scenario of an offshore packaging company being able to acquire 100% of Pact[4] and access synergies, but fails to highlight that Kin Group already controls Pact and has confirmed that Kin Group will not sell its shares.

The Target's Statement and Kroll Report also fail to highlight the material increase in net debt by at least c. $96 million in just two months from June to August 2023.[5] The Target's Statement fails to appropriately caution shareholders of the prevailing macroeconomic uncertainty, risks and challenges facing Pact and that the Pact share price may fall after the Offer closes.

Key concerns with the Target's Statement and Kroll Report

We want to clarify the key misconceptions in the Target's Statement and Kroll Report so that you are provided with adequate information in assessing the Offer.

1. The Target's Statement relies on Kroll's hypothetical control value range

Kroll's headline value range includes a control premium, which is purely hypothetical as:

- Kin Group already controls Pact and has stated it will not sell its shares in Pact. Therefore, there is no real prospect of any third party acquiring control of Pact.
- Kroll provides a valuation range (minority basis), which was not referred to in the Target's Statement.[6]

Important notice

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth). It is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) issued by Bennamon Industries in relation to the Offer. This Second Supplementary Bidder's Statement is dated 25 October 2023 and supplements, and should read together with, the replacement bidder's statement dated 25 September 2023 (**Bidder's Statement**) and the first supplementary bidder's statement dated 25 September 2023, which attached a mark up of the Bidder's Statement against the original bidder's statement dated 13 September 2023, in relation to the Offer. A copy of this Second Supplementary Bidder's Statement was lodged with ASIC and given to ASX on 25 October 2023. Neither ASIC nor ASX, nor any of its respective officers, takes any responsibility for the contents of this Second Supplementary Bidder's Statement.

Unless the context otherwise requires, terms defined in the Bidder's Statement have the same meaning as in this Second Supplementary Bidder's Statement.

2. Significant flaws in Kroll's valuation analysis

In our view, there are significant flaws in Kroll's valuation analysis. These include:

- Kroll's control value range includes c. $25 million synergies available to a hypothetical third party bidder, which is unrealistic.
- Kroll's valuation ranges (both on a control basis and on a minority basis) are based on an optimistic and unrealistic earnings outlook for Pact, considering its historical downward earnings trend. Kroll's 'maintainable EBITDA' (excluding synergies)[7] for Pact is $284 million, which is $48 million (20%) above Pact's FY23 EBITDA of $236 million,[8] before the impact of 'one-off' costs of $66 million.[9]
- The valuation of the Contract Manufacturing division of $112.8 million to $127.2 million is just not credible. It does not recognise the prior failed sale process for the division, the reality that the division is unlikely to return to profitability levels seen during COVID, and the fact that the main manufacturing facility is not currently fully operational and will not be without further costs.

The Target's Statement suggests the Contract Manufacturing division could be sold with the caveat it does not have Board approval to do so. Kin Group considers that there is no prospect of an appropriate sale value being achieved in the context of the current operating performance and challenging environment.

3. Pact's balance sheet risks remain - net debt has substantially increased since June-23

- The material increase of c. $96 million in net debt has resulted in Pact's leverage increasing from 3.0x to 3.5x,[10] which is well above Pact's target leverage of below 2.5x by FY24.[11]
- Even if net debt reduced from the future sale proceeds of 50% of the Crate Pooling Business, it is unrealistic to assume with the ongoing growth capex that leverage would remain below 2.5x beyond the FY24 reporting period.
- Pact has neither explained why net debt has materially increased nor provided clarification on Kroll's assessment of 'normalised level of borrowings'.

4. In the absence of the Offer Pact's share price may fall

The share price may fall after the Offer closes as a number of macroeconomic and stock market conditions have worsened and may have adversely impacted Pact's share price if the Offer had not been made, for example:

- All Ordinaries Index is down 4.1% since the launch of the Offer;
- key input costs in AUD terms have generally increased (caustic soda and key resins);
- global geopolitical tensions have heightened; and
- global macroeconomic conditions remain challenging.

Key reasons to accept the Offer

Kin Group is concerned the Target's Statement is not balanced and has the potential to be misleading in particular by relying on a hypothetical valuation which overlooks the relevant minority valuation approach.

In addition, Kroll's valuation range (minority basis) is based on an optimistic earnings outlook notwithstanding a challenging economic environment and includes an unrealistic value for the Contract Manufacturing division.

The Target's Statement also fails to provide any insight as to why Pact's net debt has substantially increased since June 2023 by at least $96 million, which has resulted in Pact's leverage increasing from 3.0x to 3.5x.

Kin Group believes the future success of Pact is best achieved under private ownership.

The Bidder's Statement provided several key reasons to accept the Offer. These have not changed and, if anything, recent events make these facts even more compelling. In summary:

1. Pact faces a challenging environment.
2. Pact is now a smaller business, likely to continue to have high debt with uncertainty of future dividends.
3. The prospect of a competing offer is highly unlikely.
4. Low institutional support. From Pact's exclusion from the S&P / ASX 300 and the S&P / ASX Small Ords Index to the Announcement Date,[12] the share price declined 42.6% and may fall further after the Offer closes.
5. Unconditional cash offer provides certainty and liquidity.

Detailed on the following pages is Kin Group's detailed analysis of our concerns with the Target's Statement and Kroll's Report. Kin Group encourages you to act now and click here to **ACCEPT THE OFFER** before it closes.

Yours sincerely

Nick Perkins

Managing Director
Kin Group Pty Ltd

We encourage you to

ACCEPT THE UNCONDITIONAL OFFER

The Offer closes at 7.00 pm (Melbourne time) on 8 November 2023, unless extended or withdrawn

[1] As at 24 October 2023.

[2] Between 13 September 2023 and 24 October 2023, the last closing date prior to the release of this Second Supplementary Bidder's Statement.

[3] If Your Accepted Pact Shares are in a CHESS Holding or you hold Your Pact Shares through a bank, custodian or other nominee, you may be charged brokerage fees by your Controlling Participants or nominees. Refer to section 13.14 of the Bidder's Statement.

[4] The controlling interest valuation range assessed by Kroll is $1.06 to $1.51. Kin Group sets out a number of problems with these value ranges in this document.

[5] Based on Kroll's adjusted net borrowings (as at 31 August 2023) as disclosed on page 82 of the Kroll Report.

[6] Kroll's valuation range (minority basis) is $0.83 to $1.24 per share.

[7] Post-AASB 16 basis.

[8] Pact's FY23 underlying EBITDA of $277 million adjusted for Crate Pooling and Crate Manufacturing EBITDA of $41 million on a post-AASB 16 basis (implied by page 73 of the Kroll Report which states the Material Handling and Pooling division EBITDA adjusted for the impact of the Crate Transaction is $33 million. FY23 EBITDA including Crate Pooling and Crate Manufacturing was $74 million).

[9] One-off costs in FY23.

[10] Net debt / FY23 EBITDA (pre-AASB 16 basis).

[11] Target leverage from Pact's ASX announcement "2023 full year results" released on 16 August 2023. Leverage defined as net debt / FY23 EBITDA on a pre-AASB 16 basis.

[12] From 20 March 2023 until 12 September 2023 (the day prior to the Announcement Date). Pact was excluded from these indices on 17 March 2023. However, 20 March 2023 represents the first day of trading since Pact's exclusion from these indices.

ANALYSIS OF TARGET'S STATEMENT AND KROLL REPORT

1. Summary of concerns with the Target's Statement and Kroll Report

Kin Group is concerned that the Target's Statement and Kroll Report are not balanced and are potentially misleading.

Importantly, the Target's Statement makes prominent reference to a valuation based on a hypothetical scenario of an offshore packaging company being able to acquire 100% of Pact and access synergies, but fails to highlight that Kin Group already controls Pact and has confirmed that Kin Group will not sell its shares.

1.1 Target's Statement prominently references Kroll's control valuation despite Kin Group already controlling Pact

Pact's Target's Statement prominently references Kroll's control value range[1] which Kin Group considers not relevant as Kin Group already controls Pact.

Pact's Target's Statement also fails to provide any evidence to support its claim that a "customary premium" should be expected for a "transaction of this nature".

These statements need to be considered in the context that no third party would be able to secure control of Pact.

Kroll's control value range incorporates c. $25 million of the synergies available to a hypothetical acquirer of 100% of Pact.

- Firstly, this statement cannot be relied upon as Kin Group has stated that it has no intention of selling its shareholding.
- Secondly, it is unreasonable to assume that any bidder would pay away any or the full value of the synergies under a transaction.
- Thirdly, the synergy value is unrealistic as it is significantly higher than the recent comparable packaging transaction Kroll focuses on.[2]

As such, Kroll's control premium and synergistic value range is not relevant to Pact Shareholders and the Target's Statement should have noted this or provided just as much emphasis to a more relevant minority valuation.

1.2 Kroll provides a valuation range (minority basis) which was not referred to in the Target's Statement

No reference is made in the Target's Statement to Kroll's valuation range (minority basis) of $0.83 to $1.24 per share.

Kin Group holds, in aggregate, a 50.38% interest in Pact and has control. As Kin Group has no intention of selling its shareholding, there is no real prospect of a third party making a takeover offer with a control premium as no third party would be able to secure control of Pact.

While Kin Group also believes there are significant flaws with Kroll's valuation range (minority basis) (see section 1.3), it considers that this value range is more relevant for Pact Shareholders.

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[1] Control value range of $1.06 to $1.51 per share.

[2] The most relevant comparable transactions highlighted in Kroll's report are Orora/Saverglass (2023) and Pact/CSI Asia + Graham (2017) transactions due to their limited overlapping geographical footprints. Kin Group does not view the Pact/CSI Asia + Graham transaction as comparable as CSI Asia + Graham together only generated EBITDA of $19 million vs. Pact which Kroll assumes on a 'maintainable EBITDA' basis to generate $284 million per annum. The most relevant comparable transaction is the Orora / Saverglass transaction, which announced synergies equivalent to 5.2% of Saverglass EBITDA ($15 million on FY23 EBITDA of $306 million, based on $749 million pro-forma FY23 EBITDA (excluding synergies) less Orora's FY23 EBITDA of $444 million). Kroll's synergy assumption assumes 9.0% of Pact's EBITDA (c. $25 million of synergies based on Kroll's $284 million 'maintainable EBITDA').

1.3 The Kroll Report is based on a financial outlook that includes $48 million of EBITDA growth for Pact that lacks credibility

(a) Overview

Kroll's valuation is based on a 'maintainable EBITDA' (excluding synergies), which is 20% above Pact's FY23 underlying EBITDA (after adjusting for the sale of Pact's Crate Pooling Business (**Crate Transaction**)).

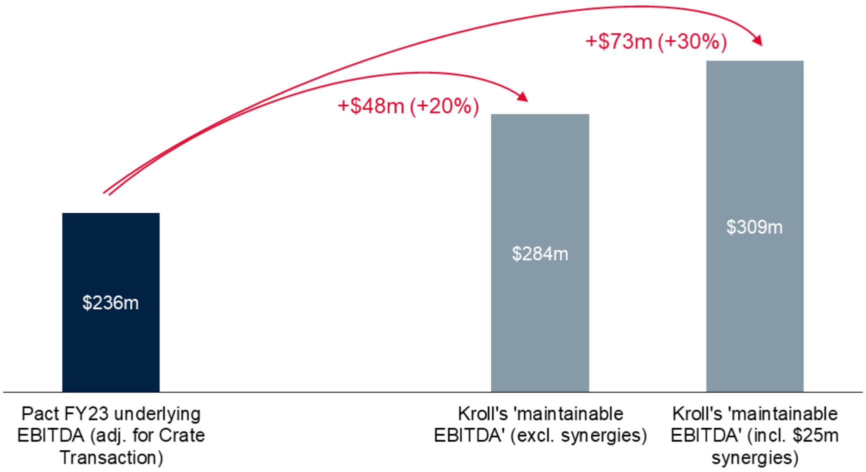
Kroll's valuation implies a material uplift in Pact's earnings of c. $48 million. Kroll's valuation does not consider Pact's history of revising guidance downwards. It also fails to consider whether Pact would be able to deliver this uplift in the context of the challenging environment and macroeconomic uncertainty that manufacturing businesses, including Pact, face.

In Kin Group's view, Kroll's valuation has not considered downside risk, is highly optimistic, not balanced and lacks credibility.

Summary of Kroll's 'maintainable EBITDA'

A$m	EBITDA
Pact underlying EBITDA FY23	$277
(-) Impact of Crate Transaction	($41)
Pact FY23 underlying EBITDA (adj. for Crate Transaction)	**$236**
Contract Manufacturing EBITDA uplift	$15
Packaging and Sustainability EBITDA uplift	$28
Material Handling and Pooling EBITDA uplift	$5
(+) Total EBITDA uplift	**$48**
Kroll's 'maintainable EBITDA' (excl. synergies)	**$284**
(+) Synergies	$25
Kroll's 'maintainable EBITDA'	**$309**

Pact's FY23 underlying EBITDA[3] vs Kroll's 'maintainable EBITDA'[4]



[3] Adjusted for Crate Transaction. Refer to endnote 8.

[4] Kroll's 'maintainable EBITDA' based on: Packaging & Sustainability maintainable EBITDA of $216.8 million, Materials Handling & Pooling maintainable EBITDA of $8.3 million and Contract Manufacturing maintainable EBITDA of $28.9 million. Excludes the c.$25 million of synergies EBITDA that is used to calculate the control valuation range.

(b) **Pillar 1 of Transformation Plan[5] either not generating expected savings or underlying margins have eroded**

- **Forecast EBIT[6] growth year on year**: Pact has confirmed it remains on track to deliver a full year underlying EBIT for FY24 of $153.7 million (in line with broker consensus).[7] The net increase to EBIT is c. $8.4 million higher than in FY23.

Earnings guidance for FY24

A$m	EBIT
FY23 underlying EBIT	$145.3
FY24 consensus / guidance EBIT[8]	$153.7
Forecast EBIT increase (year-on-year)	**$8.4**

- **Pillar 1 – cost restructuring and profit improvement**: Pact has also announced that it will reduce overhead costs from October 2023 to offset the increase in costs for FY24. The projected cost saving is $20 million per annum, and Kroll states that $13 million will be delivered in FY24, with the first full year of benefits not expected to be achieved until FY25.[9]

Pillar 1 cost restructuring and profit improvement

A$m	EBIT impact
Annual savings (per annum from FY25)	$20.0
Stated FY24 EBIT impact	**$13.0**

- **Underlying EBIT decline by $4.6 million**: The combination of the above shows that either the cost savings from the Transformation Plan are not as announced or implies that much of the cost saving benefit will be eroded by underlying business underperformance and/or other cost increases.

EBIT decline

A$m	EBIT impact
Forecast increase to EBIT	$8.4
Pact staged Pillar 1 cost save	($13.0)
Underlying EBIT decline	**($4.6)**

(c) **Contract Manufacturing valuation lacks any credibility**

Kroll's valuation range of $112.8 million to $127.2 million[10] for Pact's Contract Manufacturing division assumes a level of 'maintainable EBITDA', which is 102.3% higher than what was achieved in FY23, and 233.2% higher than what was achieved in FY22. We consider this level of 'maintainable EBITDA' and valuation to lack any credibility due to the following:

- As announced on 13 October 2021,[11] Pact abandoned the sale of the Contract Manufacturing division and presumably no acceptable and executable offer was received. The sale process is a relevant independent indicator of the true value of the division. The Kroll Report does not disclose the results of the previous failed sale process or, it seems, take it into account.

[5] The three-pillar transformation plan referred to in the Target's Statement (**Transformation Plan**).

[6] Earnings Before Interest and Taxation (**EBIT**).

[7] Page 16 of the Target's Statement.

[8] See page 89 of the Kroll Report.

[9] Page 7 and 60 of the Kroll Report.

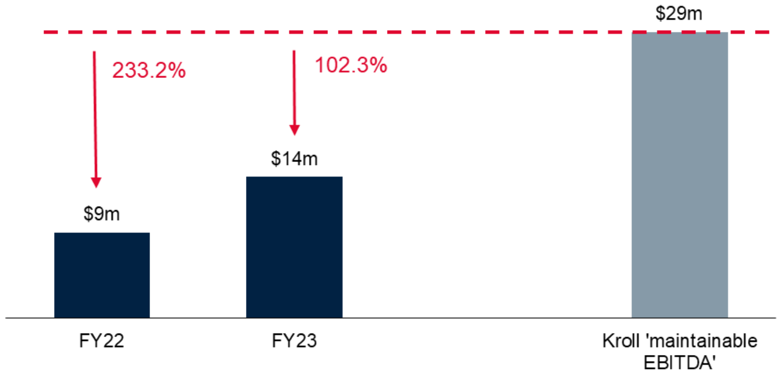
[10] Page 6 of the Kroll Report.

[11] Pact's ASX announcement "Contract Manufacturing, Trading and AGM Update" released on 13 October 2021.

- The new Contract Manufacturing facility in Horsley Park, New South Wales is currently not fully operational, and will require further capital expenditure before it is commissioned. It can be reasonably expected that it will face typical elevated operational risk and increased working capital during the commissioning period.

The Target's Statement suggests the Contract Manufacturing division could be sold with the caveat it does not have Board approval to do so.[12] Kin Group considers that there is no prospect of an appropriate sale value being achieved in the context of the current operating performance and challenging environment.

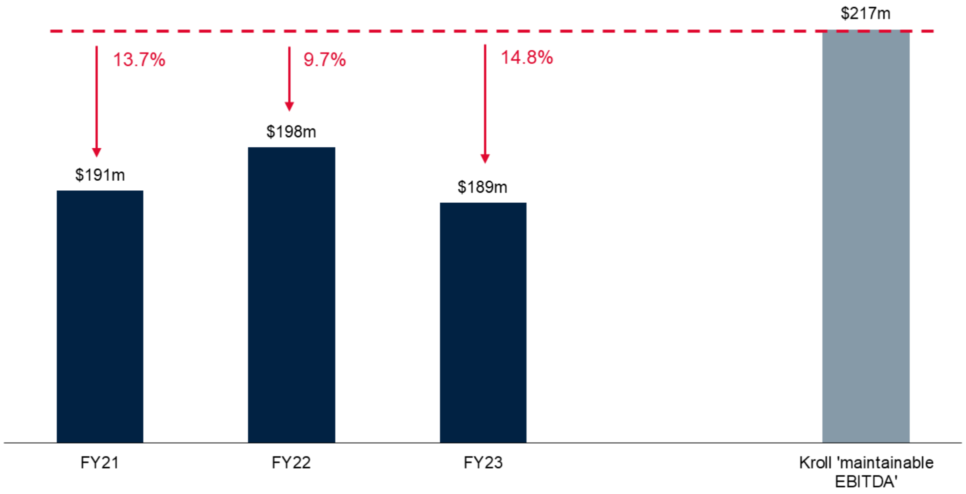
Contract Manufacturing EBITDA[13]



(d) **Packaging and Sustainability division 'maintainable EBITDA' c. 15% above FY23**

Kroll's valuation of Pact's Packaging and Sustainability division assumes a 'maintainable EBITDA' of $216.8 million, c. 15% above its FY23 result.

Packaging and Sustainability Division EBITDA[14]



Kroll's 'maintainable EBITDA' is based on a 'maintainable EBITDA' margin of 17.0%, which is over and above any EBITDA margin that the Packaging and Sustainability Division has achieved over the past four years.[15] We consider this to lack any credibility as it is based on:

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[12] Page 8 of the Target's Statement.

[13] FY21 is not a comparable financial year due to the elevated earnings associated with the production of various products (including hand sanitiser) with heightened demand during COVID-19. FY22 to FY23 underlying EBITDA as reported in Pact's FY23 Annual Report. Kroll 'maintainable EBITDA' per page 6 of the Kroll Report.

[14] FY21 to FY23 underlying EBITDA as reported in Pact's FY22 and FY23 Annual Report. Kroll 'maintainable EBITDA' per page 64 of the Kroll Report.

[15] No reference to earlier time periods due to treatment of AASB 16.

- implementation of the $20 million cost restructuring and profit improvement under Pillar 1 of the Transformation Plan being completed in October 2023. Per section 1.3(b), it appears that Pillar 1 is not generating expected savings, or there is further erosion in margins; and

- Pact being able to execute Pillar 3 of the Transformation Plan, which includes margin expansion due to uplift from the Circular Economy strategy, capital investment and procurement efficiencies, which is overly optimistic and may not be unachievable.

Given Pact's history of profit downgrades and inability to convince "the sharemarket that it has the capability to create organic growth",[16] Kin Group believes the Packaging and Sustainability division's 'maintainable EBITDA' and 'maintainable EBITDA margin' expansion factors in upside that may not be achieved.

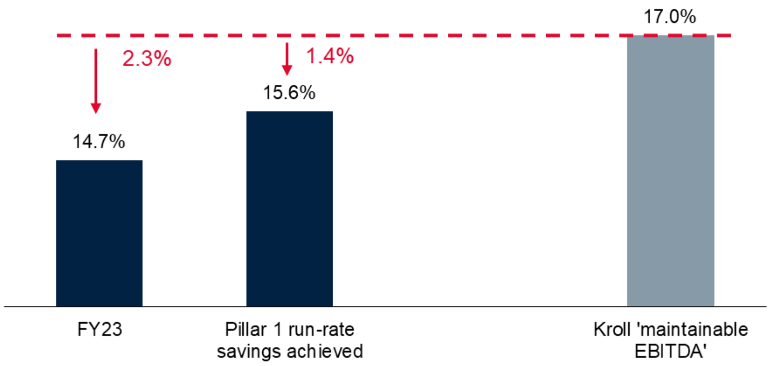
(e) **The remaining Material Handling and Pooling division's[17] maintainable EBITDA margin of 17.0% is significantly above the FY23 margin of 14.7%**

Kroll's valuation analysis assumes a 17.0% 'maintainable EBITDA' margin for the remaining Material Handling and Pooling division, significantly above Pact's achieved FY23 margin of 14.7%. We consider this to lack credibility as the basis of Kroll's valuation assumes:

- Pillar 1 run-rate savings will be achieved and will increase FY23 EBITDA margin by 0.9% to 15.6% (despite these savings not being guaranteed); and

- a further uplift by 1.4% on top of the Pillar 1 run-rate savings to achieve Kroll's 'maintainable EBITDA margin' of 17.0% (despite no evidence to substantiate this estimate).

Material Handling and Pooling division EBITDA margin[18]



Based on Kroll's analysis, the Material Handling and Pooling division's 'maintainable EBITDA' is expected to be $38 million, 15.1% above Pact's reported FY23 EBITDA, despite revenue declining by $1 million between these two reference periods.

Similar to the Sustainability and Packaging division, given Pact's history of profit downgrades and inability to convince "the sharemarket that it has the capability to create organic growth",[19] Kin Group believes Kroll's Material Handling and Pooling Division's 'maintainable EBITDA margin' expansion factors in upside that may not be achieved.

[16] Quote sourced from page 56 of the Kroll Report.

[17] Excluding Crate Pooling and Crate Manufacturing.

[18] Page 73 of the Kroll Report.

[19] Refer to footnote 16.

1.4 Target's Statement has not clearly stated that Pact's net debt has increased substantially since 30 June 2023

Pact's net debt has increased from $586 million at 30 June 2023 to a 'normalised' level of $682 million at 31 August 2023,[20] an increase of at least $96 million over a period of only two months. Kroll has only disclosed a 'normalised level of borrowings' and confirms a cash balance as at 31 August 2023.

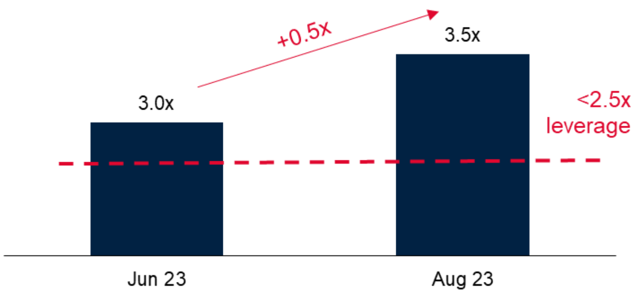
On this basis, leverage has increased from 3.0x to 3.5x over the same period.[21] Yet, Pact has a target to reset leverage levels to below 2.5x by end of FY24.[22]

The Target's Statement does not acknowledge this concerning increase to leverage and does not address how deleveraging to below 2.5x will be sustainable in light of the substantial future capital expenditure growth plans previously announced by Pact.

Pact's net debt and leverage[23]

A$m	30 June 2023	31 August 2023	2 month increase
Bank borrowings / normalised level of borrowings	$664.6	$768.5	$104.2
Cash and cash equivalents	($79.1)	($83.5)	($4.4)
Net debt (pre-AASB 16)	**$585.6**	**$685.0**	**$99.7**
FY23 underlying EBITDA (pre-AASB 16)	$195.2	$195.1	
Leverage (pre-AASB 16)	**3.0x**	**3.5x**	**+0.5x**

Net debt / FY23 EBITDA (pre-AASB 16) (x)



1.5 The Offer is supporting the Pact share price despite negative extraneous factors

The Target's Statement asserts that Pact's share price has consistently traded above the Offer Price since the Offer was announced on 13 September 2023.[24] While this is factually correct, in our view, the Pact share price is supported by the Offer and the share price may fall after the Offer closes. This should have been made clear in the Target's Statement.

This point is underlined by the fact that various extraneous macroeconomic and stock market conditions impacting Pact have worsened since the Offer was announced, for example:

[20] Excludes potential proceeds from the Crate Transaction. Based on Kroll's assumption of 'normalised' level of borrowings sourced from page 82 of the Kroll Report.

[21] Leverage defined as net debt / FY23 EBITDA on a pre-AASB 16 basis.

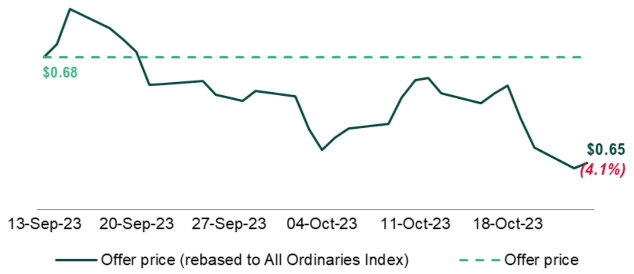
[22] Target leverage from Pact's ASX announcement "2023 full year results" released on 16 August 2023. Leverage defined as net debt / EBITDA on a pre-AASB 16 basis.

[23] Refer to footnote 20. FY23 underlying EBITDA has not been adjusted for the Crate Transaction.

[24] Refer to page 17 of the Target's Statement.

(a) **All Ordinaries Index has traded down 4.1% since announcement of the Offer**

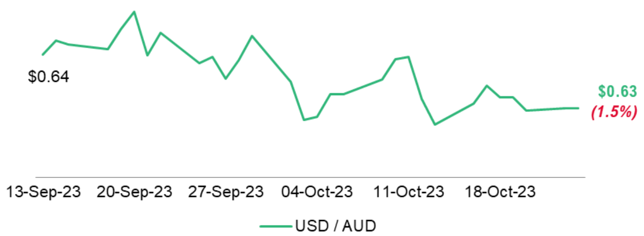
Since the Offer was announced, the ASX All Ordinaries Index has declined 4.1%. If the Offer had not been made and the Pact share price had tracked the All Ordinaries Index, it would be trading at $0.65.



(b) **Key input costs have increased in local currency terms**

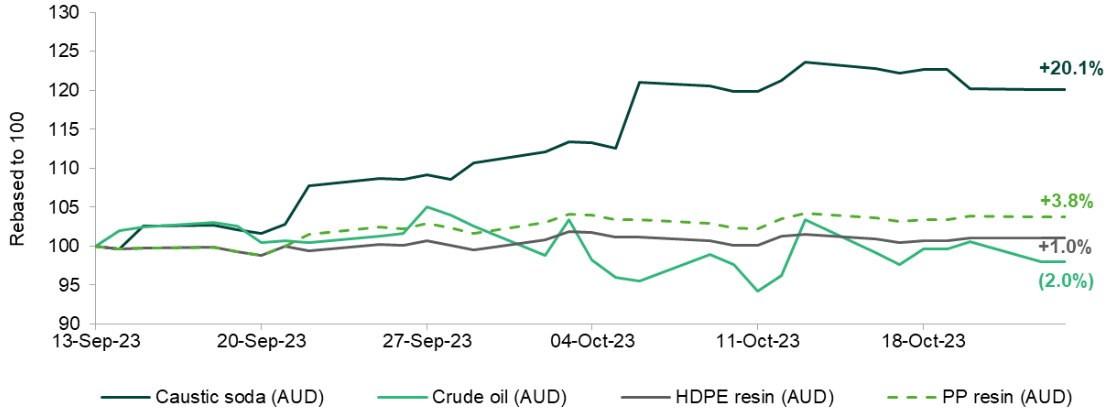
The AUD exchange rate, an important factor for both Pact's input costs and its customers' trading terms, has declined 1.5%. This may explain some of the reasons why the EBIT for FY24 is not providing the full impact of any cost reduction initiatives (i.e. Pillar 1).

AUD / USD exchange rate since 13 September 2023



Furthermore, key input costs have generally increased in AUD terms, with crude oil easing slightly (-2.0%) and the remaining inputs, caustic soda (+20.1%) and key resins (+1.0%) (HDPE) and (+3.8%) (PP), trending upwards.

Input costs performance since 13 September 2023 (converted to AUD)



(c) **Ongoing geopolitical tensions and challenging macroeconomic conditions**

Finally, geopolitical tension has heightened with the Russian / Ukraine conflict continuing, the recent terrorist attacks on civilians in Israel, followed by armed conflict with the potential for a wider impact in the Middle East. There has also been a material slowdown in the Chinese economy which remains a key risk to the global economic outlook.[25] The macroeconomic environment remains sluggish within Australia (and more broadly), with inflation remaining persistent, putting further pressure on business conditions.

[25] Reserve Bank of Australia, Monetary Policy Minutes (3 October 2023).

2. Key reasons to accept the Offer

Kin Group considers it important for Pact Shareholders to understand the key reasons to accept the Offer. We set these reasons out in the Bidder's Statement. They remain just as valid today. If anything, recent global conflicts and tensions and macroeconomic conditions over the last month make these points even more pertinent now.

1	**Pact faces a challenging environment**, with supply chain disruptions, inflationary pressures, fluctuating resin prices, labour constraints and macroeconomic uncertainty
2	**Pact is now a smaller business** with a reduced earnings base. Notwithstanding the sale of 50% of Pact's Crate Pooling Business, Pact will likely **continue to have high debt** in light of its ongoing capital expenditure plan. Accordingly, there is **uncertainty about the prospect of future dividends in the short to medium term**
3	Kin Group controls Pact and the **prospect of a competing offer eventuating is highly unlikely**. Kin Group **intends to delist the business** as soon as it is able to do so For further information on the potential for delisting and the relevant ASX requirements, please see sections 10.4(a) and 10.5(a) of the Bidder's Statement
4	Pact is **no longer in the S&P / ASX 300 Index** and has **low institutional investor support**. Compared to recent trading prices, the share price has declined and **may fall further** after the Offer closes
5	**The unconditional cash offer** provides **certainty at a price above** the closing price of Pact Shares (on 12 September 2023, the day prior to the Announcement Date) and an opportunity for minority shareholders to receive **liquidity**

To accept the Offer, please log in to https://events.miraqle.com/BennamonIndustries-Offer/ and follow the instructions, or follow the instructions on the Acceptance Form (see section 2 of the Bidder's Statement).

We encourage you to

ACCEPT THE UNCONDITIONAL OFFER

The Offer closes at 7.00 pm (Melbourne time) on 8 November 2023, unless extended or withdrawn

3. Approval of Second Supplementary Bidder's Statement

This Second Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Bennamon Industries.

Date: 25 October 2023.

SIGNED for and on behalf of **BENNAMON INDUSTRIES PTY LTD** by:

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Director

Nicholas Perkins

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Print name