



ASX Announcement

Takeover offer for PGH – Letter to shareholders

Date: 6 February 2024

Pact Group Holdings Ltd (ASX: PGH) (**Pact**) will dispatch the attached letter to shareholders by email or post in relation 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.

For further information contact:

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This document has been authorised for release by the Independent Board Committee.



6 February 2024

Dear Pact shareholder,

Pact Group Holdings (ASX: PGH, Pact or the Company) – Update on Recent Developments

I am writing to you as Chair of Pact's Independent Board Committee (**IBC**).

As you may be aware, on 11 December 2023, Kin Group's wholly owned subsidiary, Bennamon Industries Pty Ltd (**Bennamon**), increased its all-cash unconditional offer for Pact shares to \$0.84 per Pact share (the **Revised Offer**), which the IBC unanimously recommended you accept.

Bennamon has also announced that it has shortened its payment terms and will now pay shareholders within 5 business days of Bennamon receiving their acceptance. We confirm Pact's Independent Directors and the Managing Director and CEO have all accepted the Revised Offer in respect of all the Pact shares they own or control.

Today I would like to update you on several key developments since I last communicated with shareholders.

1. Pact 1H FY24 Trading Update

I draw to your attention to the trading update provided by Pact to ASX dated 6 February 2024 (**Trading Update**) which was provided in accordance with the information sharing protocols agreed by the IBC and the Chair of Pact (Mr Geminder) as set out in Section 4.1(b) of Pact's Target's Statement. I encourage shareholders to review the Trading Update which can be found at <https://pactgroup.com/investors/investor-communications/#asx--other-announcements>.

Pact is currently scheduled to release its half-year results on 15 February 2024.

2. Kin Group has substantially increased its shareholding in Pact

As at the date of this letter, Kin Group's relevant interest in Pact is over 85%.¹ Kin Group has advised that, should its relevant interest reach 90%, it intends to compulsorily acquire all of the Pact shares it does not own. In that event, Pact will be delisted shortly thereafter. Further discussion on the implications of this for minority shareholders is contained in the IBC Recommendation below.

3. New Substantial Shareholder

On 25 January 2024, Manipur Nominees Pty Ltd (**Manipur**) and its associates, a group of companies associated with Mr David Harris and Mr Mark Gandur, lodged a substantial shareholder notice with voting power over Pact of 5%. The IBC is not aware of Manipur's intentions.

IBC Recommendation

The IBC continues to recommend that minority shareholders accept the Revised Offer. Pact's share price has recently traded on ASX above \$0.84 per share. If that persists, shareholders may need to carefully consider if selling on market (after brokerage and other costs) might achieve a better outcome than accepting the Revised Offer of \$0.84 per share.

¹ Based on the notice of change of interests of substantial holder provided to Pact and disclosed to ASX on 5 February 2024.



If compulsory acquisition were to be initiated by Kin Group, any remaining Pact shareholders would receive the same \$0.84 per Pact share as under the Revised Offer; however, under the terms of the compulsory acquisition, those shareholders would be paid much later, over 5 or 6 weeks after compulsory acquisition has started (and only after the relevant shareholders claim their payment). This compares to payment within 5 business days if you accept the Revised Offer.

If the Revised Offer closes on 12 February 2024 (as currently scheduled) and Kin Group is not successful in reaching the 90% threshold, any remaining minority shareholders face a number of risks. Pact will have a small free float (of shares not owned by the major shareholder). There may be limited trading activity in Pact shares thereafter, potentially impeding the opportunity for minority shareholders to achieve a fair price for Pact shares on ASX in a timely manner. The IBC considers this reduced liquidity creates a heightened risk that Pact's share price may fall below its last closing price of \$0.885 per Pact share² and below the Revised Offer price of \$0.84 per Pact share.

There are additional risks associated with remaining as a minority shareholder in Pact, including the following based on statements made in Bennamon's Bidder's Statement:

- Kin Group intends to have Pact removed from the official list of the ASX as soon as it is able to do so. On certain conditions discussed in section 5.6 of our Target's Statement, delisting can occur even if Bennamon does not reach the 90% ownership threshold;
- Kin Group intends to support and prioritise increased investment in capital expenditure and strategic M&A, which may require Pact to pursue equity capital raisings; and
- Kin Group states that Pact would be unlikely to resume payment of dividends if appropriate opportunities exist to reinvest cash flows.

It is also appropriate that I remind you of other reasons given in December regarding why the IBC considers the Revised Offer as reasonable:

- The Revised Offer is within the Independent Expert's valuation range of \$0.83 to \$1.24 per share on a minority basis. The Independent Expert considers that there are compelling reasons to conclude that the offer is reasonable (as set out in the report released to the ASX on 20 December 2023).
- The Revised Offer represents an attractive premium of 24.4% to the closing price on 12 September 2023 of \$0.675 per share, being the day prior to Kin Group announcing the takeover bid.
- Kin Group has declared that the price under the Revised Offer is final, which means the Revised Offer cannot be increased.
- Pact's largest minority shareholder, Investors Mutual Limited, has accepted the Revised Offer.

How to accept the Revised Offer

The Revised Offer closes at 7.00pm (Melbourne time) on 12 February 2024, unless extended. You may accept the Revised Offer by:

- (a) logging into <https://events.miraqle.com/BennamonIndustries-Offer/> and following the instructions; or
- (b) signing the Acceptance Form previously provided by Bennamon and returning it to the address provided on the reply-paid envelope.

If you have already accepted the Revised Offer, no action is required.

If you are in any doubt as to the action you should take in relation to the Revised Offer, you should call the Shareholder Information Line (details of which are set out below) or contact your broker, financial adviser or legal adviser.

² As at 5 February 2024.



The IBC thanks you for your continued support.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael Wachtel". The signature is fluid and cursive, with the first name being more prominent.

Michael Wachtel
Chair, Independent Board Committee

Shareholders can call the Pact Shareholder Information Line on 1300 631 379 (within Australia) or +61 3 9415 4681 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Melbourne time).