



Close the Loop GROUP
Create - Recover - Reuse



Close the Loop Limited

ABN: 91 095 718 317

208 Hume Hwy

Somerton, Victoria 3062

AUSTRALIA

investors@ctlgroup.com.au

ctlgroup.com.au

Close the Loop strengthens its position within commercial seafood packaging industry through acquisition of Oceanic Agencies

7 December 2021

Key highlights:

- Close the Loop has acquired 100% of Oceanic Agencies, a profitable, fast-growing seafood packaging group
- The acquisition strengthens Close the Loop's bulk and commercial seafood packaging capability, in a growing and highly complementary sector to its existing seafood business offering
- Delivers on Company's strategy to grow within the niche packaging and recycling space
- Expected to be earnings accretive, with significant revenue and cost synergies
- Purchase price of A\$3.25m, including an earn out payable for the first year after completion of the acquisition

Melbourne, Australia – Close the Loop Limited (**Close the Loop** or the **Company**) (**ASX: CLG**), an end-to-end solutions provider from design and manufacturing, through to collection and recycling of products, has acquired leading seafood bulk commercial packaging provider, Oceanic Agencies Pty Ltd (Oceanic).

About Oceanic Agencies

Oceanic Agencies is a Queensland-based business and a major Australian supplier providing both packaging and materials handling for the aquaculture, wild caught and post-harvest sectors of the seafood industry.

Oceanic supplies some of the largest seafood companies in Australia with custom-printed commercial packaging, insulated bins, flexible plastic packaging and plastic tubs and crates. It is also the largest supplier of insulated bins in Australia and is the exclusive distributor for three globally recognised brands of insulated bins, and the only local distributor of three innovative sustainable packaging brands.

Oceanic currently supplies over 600 customers with a sustained interest in new business. It has experienced growth in both the number of clients and annual average contract volumes in the last three years.

In the year ended 30 June 2021, Oceanic generated audited revenue of \$5.2 million and net profit of \$764,000. On a normalised basis, Oceanic generated a net profit of \$880,000 and earnings before interest and tax (EBIT) of \$886,000. Non-recurring vendor payments were made in the year ending 30 June 2021, which accounts for the difference between the audited and normalised profit.

All Oceanic's products are manufactured in accordance with ISO standards, HACCP (Hazard Analysis Critical Control Point) protocols, and are food-grade certified.

Strategic Rationale

The acquisition marks Close the Loop's expansion in the growing commercial and bulk seafood packaging industry. It delivers on the Company's strategy to grow within the niche packaging and recycling space. It complements Close the Loop's range of flexible packaging that caters for some retail seafood brands.

The impact of COVID-19 has accelerated the seafood industry's implementation of branded packaging and product recognition, resulting in a substantial increase in the supply of different styles of packaging.

The industry is also cognisant of sustainability initiatives and ensuring their supply chains meet stringent industry and ESG requirements. Therefore, there is a big drive towards sustainable packaging and the replacement of polystyrene cartons with recyclable options.

The acquisition is also expected to be earnings per share (EPS) accretive on a pre- and post-synergy proforma statutory FY22 basis.

Details of the Acquisition

- Assets purchased: 100% of the issued capital of Oceanic Agencies Pty Ltd acquired.
- Purchase price: \$3,250,000, of which \$2,500,000 is payable at settlement. The purchase price is subject to customary adjustments for debt and working capital.
- Earn out: the purchase price includes an earn out component payable to the vendors, for the first year after completion of the acquisition. The earn out payment is equal to Oceanic's EBIT for the 12-month period following completion x 3.4 less \$2,500,000 (the amount paid at settlement). The earn out amount is capped at \$750,000.
- Funding: The acquisition was funded by Close the Loop's recent Initial Public Offering which raised gross proceeds of \$12 million.

Group Chief Executive Officer Joe Foster said: *"We are delighted to have acquired Oceanic Agencies – a company at the forefront of new and innovative sustainable packaging and material handling products for the Australian seafood industry. The acquisition delivers on our strategy of further growth within the niche packaging and recycling space and provides further diversification of our circular economy solution. We will combine Oceanic Agencies leading position in seafood packaging and growing customer base with our leadership in the global circular economy for packaging to further enhance our packaging and recycling offering across Australia and worldwide."*

This announcement has been authorised for release by the Board of Close the Loop Limited.

- ENDS -

For further information, please contact:

Investors

Adrian Mulcahy

E: investors@ctlgroup.com.au

P: +61 438 630 422

Media

Tristan Everett

E: media@ctlgroup.com.au

P: +61 403 789 096

About Close the Loop Group

With locations across Australia, Europe and the United States, Close the Loop create innovative products and packaging that includes recyclable and made-from recycled content, as well as collect, sort, reclaim and reuse resources that would otherwise go to landfill. From recovering print consumables, eyewear, cosmetics, and phone cases, through-to the reusing of toner and post-consumer soft plastics for an asphalt additive, the Group is focused on the future, sustainability and the circular economy.

Well positioned within the circular economy, Close the Loop consists of the merging of two secondary business groups - Close the Loop and O F Pack. The combining of these two entities allows for end-to-end solutions across packaging and consumables to a variety of markets, with advanced innovation in product development, as well as end of life take-back and recovery systems for complex commodities to greatly reduce waste to landfill.

Further information: www.ctlgroup.com.au and www.oceanicagencies.com.au