



Close the Loop GROUP
Create - Recover - Reuse



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Close the Loop expands bulk packaging market through acquisition of Crasti & Co.

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Key highlights:

- Acquisition of 100% of Crasti & Company, a well-established, fast growing, and profitable bulk packaging business located in Sydney, Australia
- The acquisition furthers Close the Loop's (CTL) strength in the lucrative bulk packaging market, following the recent acquisition of Oceanic Agencies
- Provides a highly complementary market and product fit with CTL's existing packaging offering
- Delivers on CTL's strategy to grow within the niche packaging space and via acquisition
- Extends the product range and fits the model through our circular economy program
- Expected to add significantly to CTL's sales and profitability levels and will be immediately earnings per share accretive, adding 16% to our EBITDA on an FY22 annualised basis

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 strengthened its position in the bulk packaging market via the acquisition of leading Australian bulk packaging business, Crasti & Company Pty Ltd (Crasti & Co.).

About Crasti & Co.

Established for over 25 years, Crasti & Co. is one of Australia's largest Flexible Intermediate Bulk Container (FIBC) and bulk packaging supplier. Crasti & Co. is a market leader in ensuring that all its FIBCs meet stringent Australian safety standards and has led the industry in developing these strict standards over many years.

These FIBCs enable clients within major industries, such as food manufacturing, construction, and primary industries to transport their goods and ingredients safely, with a reduced likelihood of goods being damaged or contaminated during transit. The FIBCs have a capacity and load limit of up to 3 tonnes.

The Company is a direct importer, national wholesaler and distributor and supplier to a large number of business-to-business clients, including multinationals, national corporates, and major government departments. Its Australia wide client base is spread across a diverse industry base with no one client representing more than 6.3% of total annual sales.

Crasti & Co enjoys a very sticky client base with the vast majority of all its active business and government customers remaining loyal to the business for the past decade. The Company is growing strongly, with sales growth of almost 30% since 2017.

Crasti & Co. is a founding member of the Australian Flexible Intermediate Bulk Container Association (AFIBCA).

Strategic Rationale

The acquisition marks Close the Loop's expansion into the bulk packaging market and provides a complementary market and product fit to Close the Loop's existing O.F. Packaging business.



The deal delivers on the company's strategy of growing within the niche packaging space and via acquisition. It follows the acquisition in December of commercial and bulk seafood packaging provider, Oceanic Agencies. Crasti & Co is one of Australia's largest FIBC specialists.

Given Crasti & Co's strong sales and net profit levels, it will have a significant impact on CTL's sales and profitability levels and is anticipated to add approximately \$2.78 million in gross profit on a proforma statutory FY22 basis. The acquisition is immediately earnings per share (EPS) accretive on a pre and post-synergy proforma statutory FY22 basis.

Details of the Acquisition

- Assets purchased: 100% of Crasti & Company Pty Ltd acquired.
- Purchase price: \$5,850,000 of which \$4,387,500 is payable at completion in cash plus any stock over the value of \$1,000,000 payable at completion in cash.
- Earn out: the earn out payment is equal to Crasti & Company's net profit before tax 12 months post completion x 3.1622 less \$4,387,500 cash paid at completion.
- Funding: The acquisition is funded from Close the Loop's recent Initial Public Offering which raised gross proceeds of \$12 million and bank debt.

Group Chief Executive Officer Joe Foster said: *"We are thrilled to be entering additional markets for Close the Loop via this acquisition of Crasti & Company. Entering into the bulk packaging market was a logical next step for Close the Loop as it provides us with a highly complementary market space and product suite to our existing packaging offering."*

"Crasti & Company not only gives us ownership of a leading Australian FIBC provider, but also provides strong sales growth and profitability and a diverse suite of well-established and loyal clients. The acquisition delivers on our strategy of growth via acquisition and further expansion within the niche packaging sector."

"The combination of Crasti & Co's expertise in FIBCs and our leadership in the global circular economy for packaging will increase our capability to reduce the amount of waste that ends up in landfill and instead, gets recycled back into new products."

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

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About Close the Loop Group

With locations across Australia, Europe, South Africa 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.



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Close the Loop

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 waste streams to greatly reduce waste to landfill.

Further information: www.ctlgroup.com.au, www.closesthe-loop.com.au and www.ofpack.com.au