

Investor Presentation

First-Half FY23



**Close the Loop
GROUP**

Create - Recover - Reuse

Presenters



Joe Foster
Chief Executive Officer



Marc Lichtenstein
Chief Financial Officer

Agenda

01 Overview

02 The Circular Economy

03 The Global Market

04 Our Partners

05 Case Studies

06 Financials

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Close the Loop GROUP

Create - Recover - Reuse

Close the Loop Group is an ASX listed (ASX:CLG) global circular economy business with revolutionary end-to-end abilities to recover, reuse and create recycled, commercially viable, sustainable solutions.

OPERATIONAL GROWTH

260k+
Global collection points

250+
Enterprise customers in over 20 countries

Revenue
↑ **20.7%**
above forecast
\$89.23m

EBITDA
↑ **16.3%**
above forecast
\$14.34m

NPBT
↑ **17.2%**
above forecast
\$6.98m

Cash
\$10.60m

Key Reasons to Invest

1

Strategic global infrastructure

2

Large tier one customers and new innovative sustainable companies

3

Economies of scale

4

20+ years track record of profitability and underlying cash generation

5

True ESG business with clear value add proposition

6

Clear pathway to in-organic opportunities given scale, expertise and strong balance sheet



Close the Loop GROUP

Creating a more sustainable future
through advanced development and
innovation in the circular economy,
creating optimal value for
all stakeholders

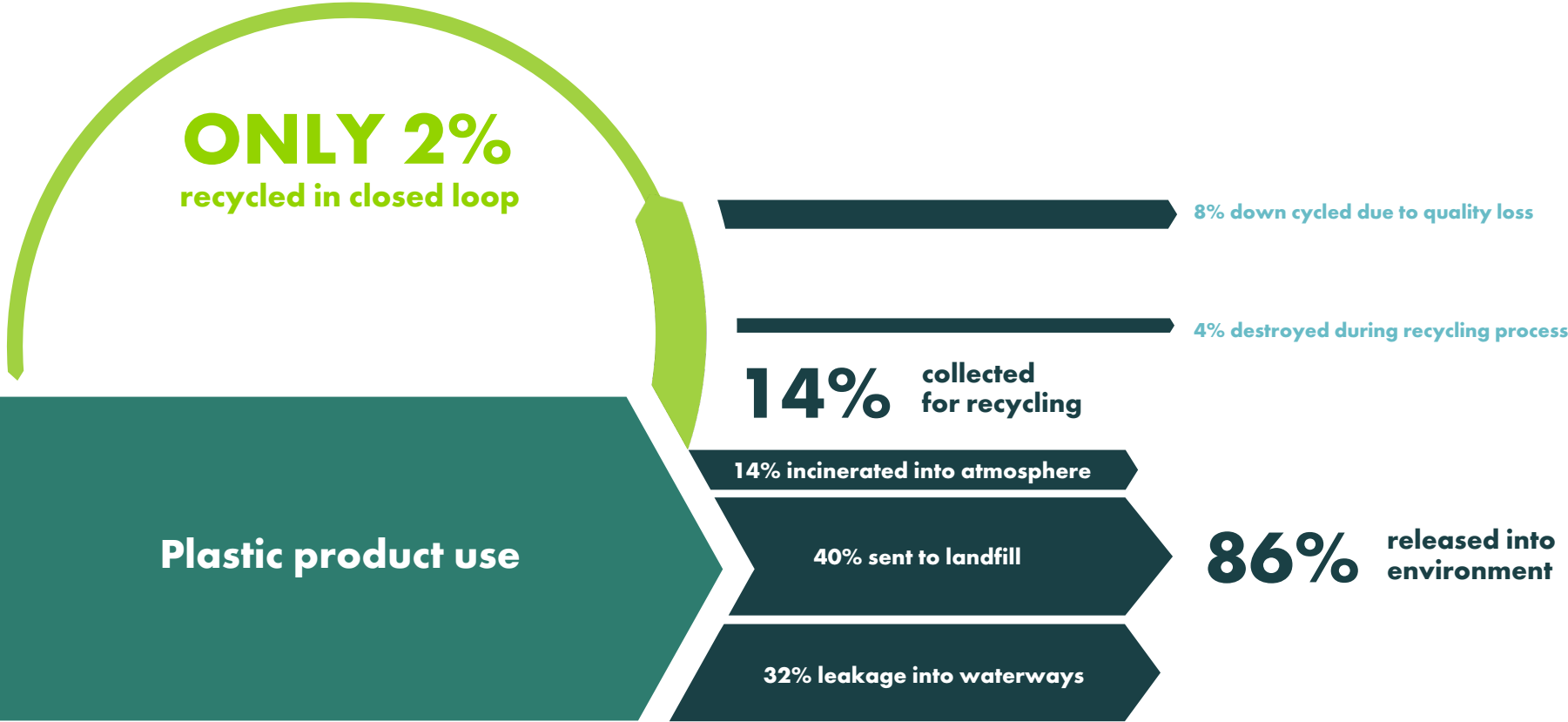
The War on Waste

Plastic Waste Generation



The War on Waste

Global Plastic Product Lifecycle and Wastage



The War on Waste

Global Plastic
Product Lifecycle
and Waste

Through education we can have significant impact on the 98% not recycled in closed loop to provide further growth opportunities, with an estimated market value of

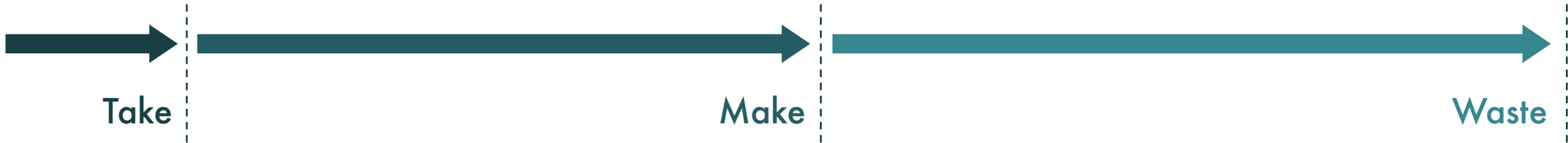
\$4.5 billion to \$9.9 billion



Traditional Linear Economy vs Circular Economy

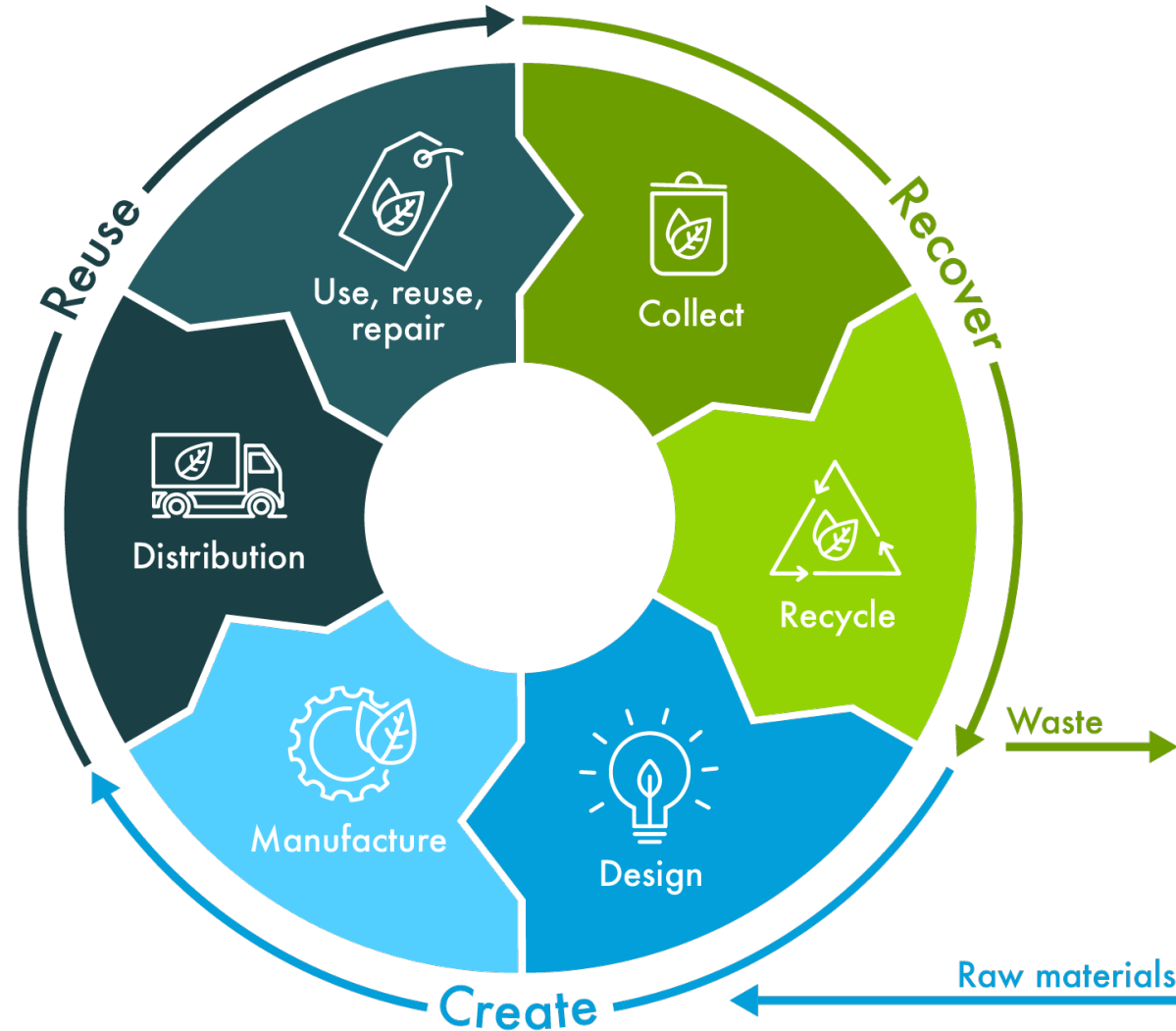
Linear Economy

'Take Make Waste' Traditional Landfill Process



Traditional Linear Economy vs Circular Economy

An industrial economy that is restorative or regenerative by value and design



Circular Economy

Recover

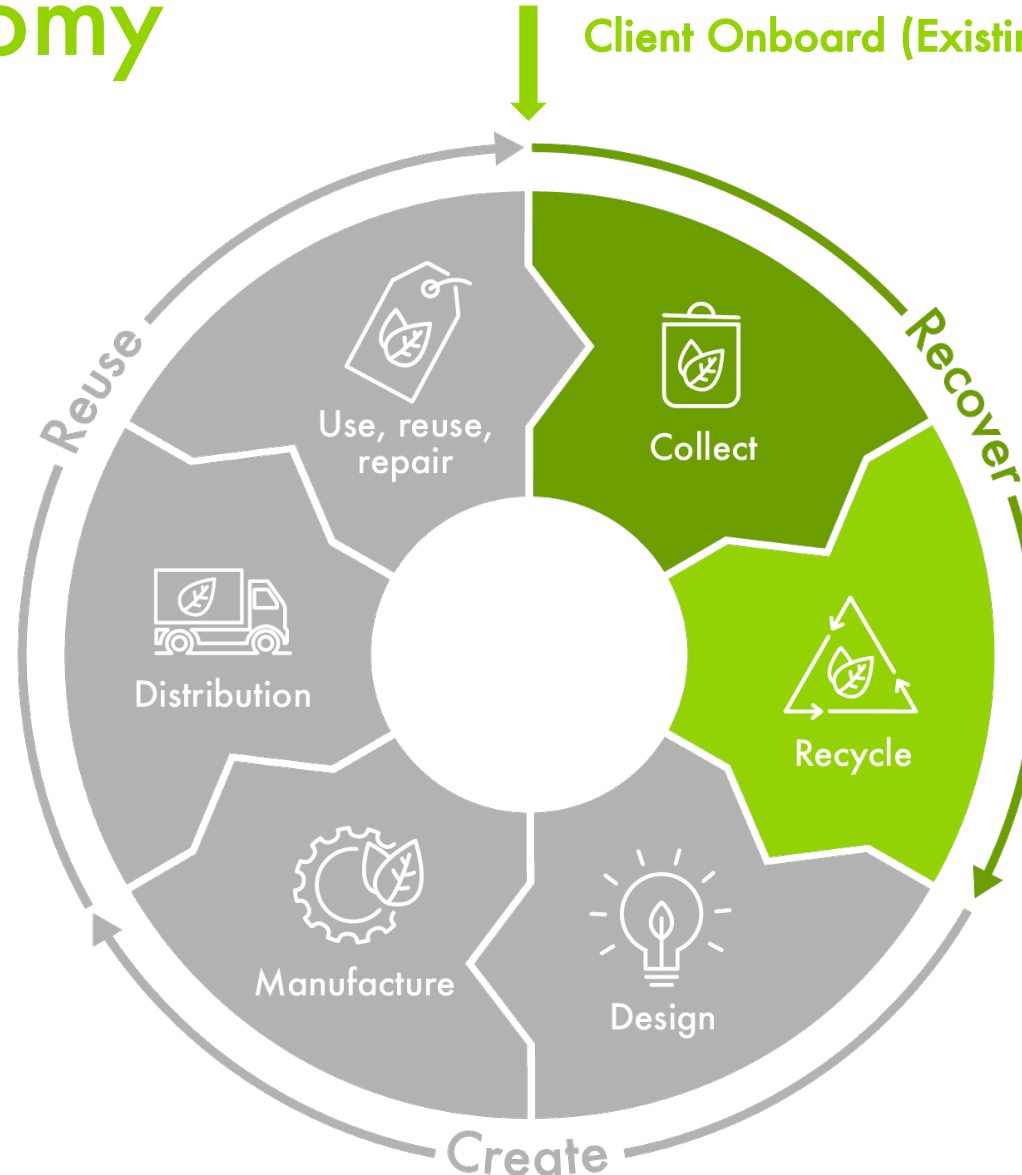
Products

- Printer cartridges
- Cosmetic packaging
- E-waste

Commodities

- Toner
- Ink
- Soft plastics
- Rigid plastics
- Paper
- Cardboard
- Metals

Continual improvements are being made to further enhance collection logistic infrastructure which provides revenue streams to the business



260k+

global public & private
collection points

Products are processed and
sorted into material or
commodity streams either at
government or private facilities
(like CTL)

Materials are further sorted,
cleaned and harvested for
recycling
or reuse

Circular Economy

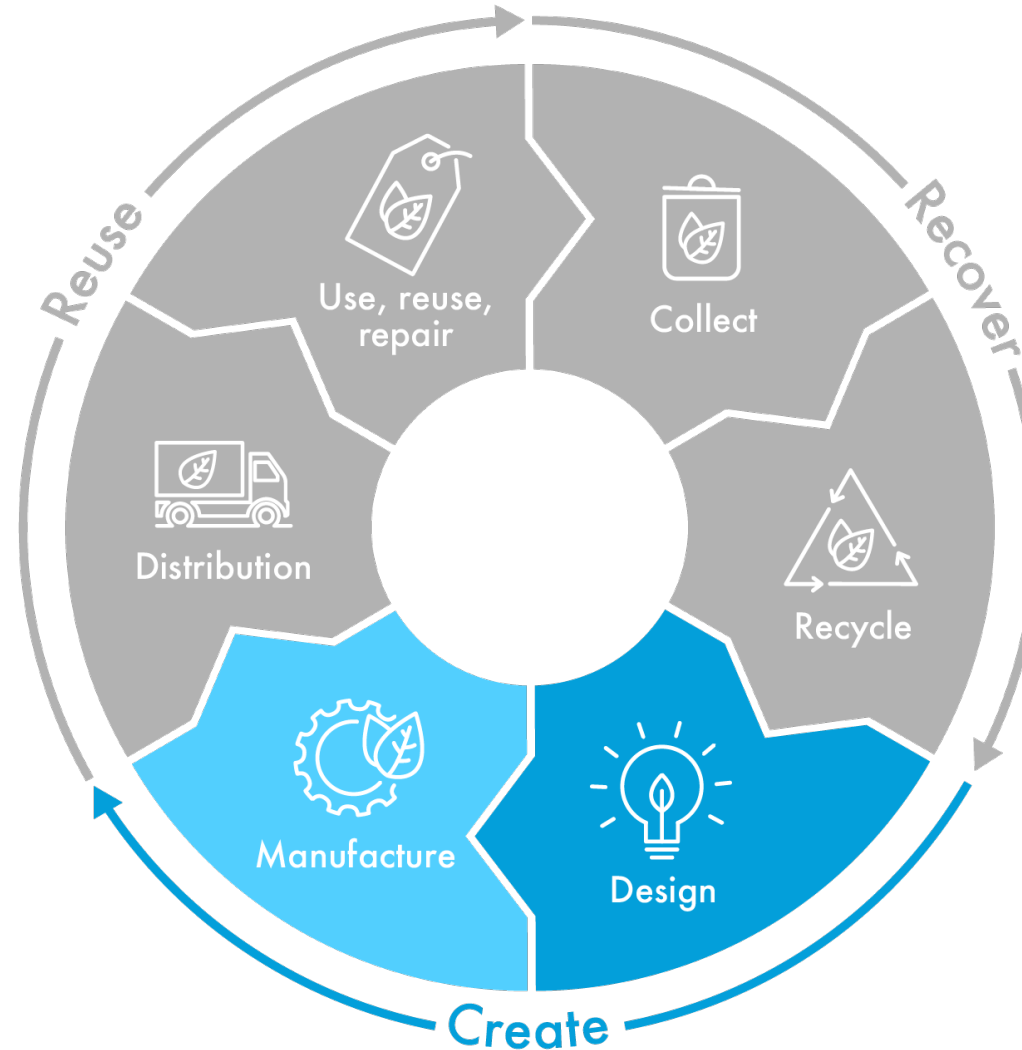
Create

- TonerPlas
- rFlex
- Recycled packaging
- Sustainable packaging
- Resin for the remanufacturing of cartridges
- Shopping carts

Ongoing R&D drives significant new opportunities and products across our global network

Products are designed with recycled materials and end of life solutions in mind

Recycled materials are reformed into high value commodities and new products



rFlex - Rigid Plastic Products



TonerPlas - Roads & Freeways



Circular Economy

Re-use

- Toner
- Ink
- Soft plastics
- Rigid plastics
- Metals
- Toner cartridges
- Cosmetics (glass/package)

Growing market opportunities are continually being developed



Products are sold and sent to retailers/used commercially

Products are purchased and used by consumers

Products are used until depleted and are ready for disposal

Circular Economy vs Traditional Linear Economy

Re-use

- Rigid plastics
- Toner
- Ink
- Metals
- Toner cartridges
- Cosmetics (glass/packaging)
- Soft plastics

Growing market for re-use, or continually being developed

The circular economy, through job creation and innovation, is positioned by 2030 to generate an additional

\$4.5 trillion of economic output

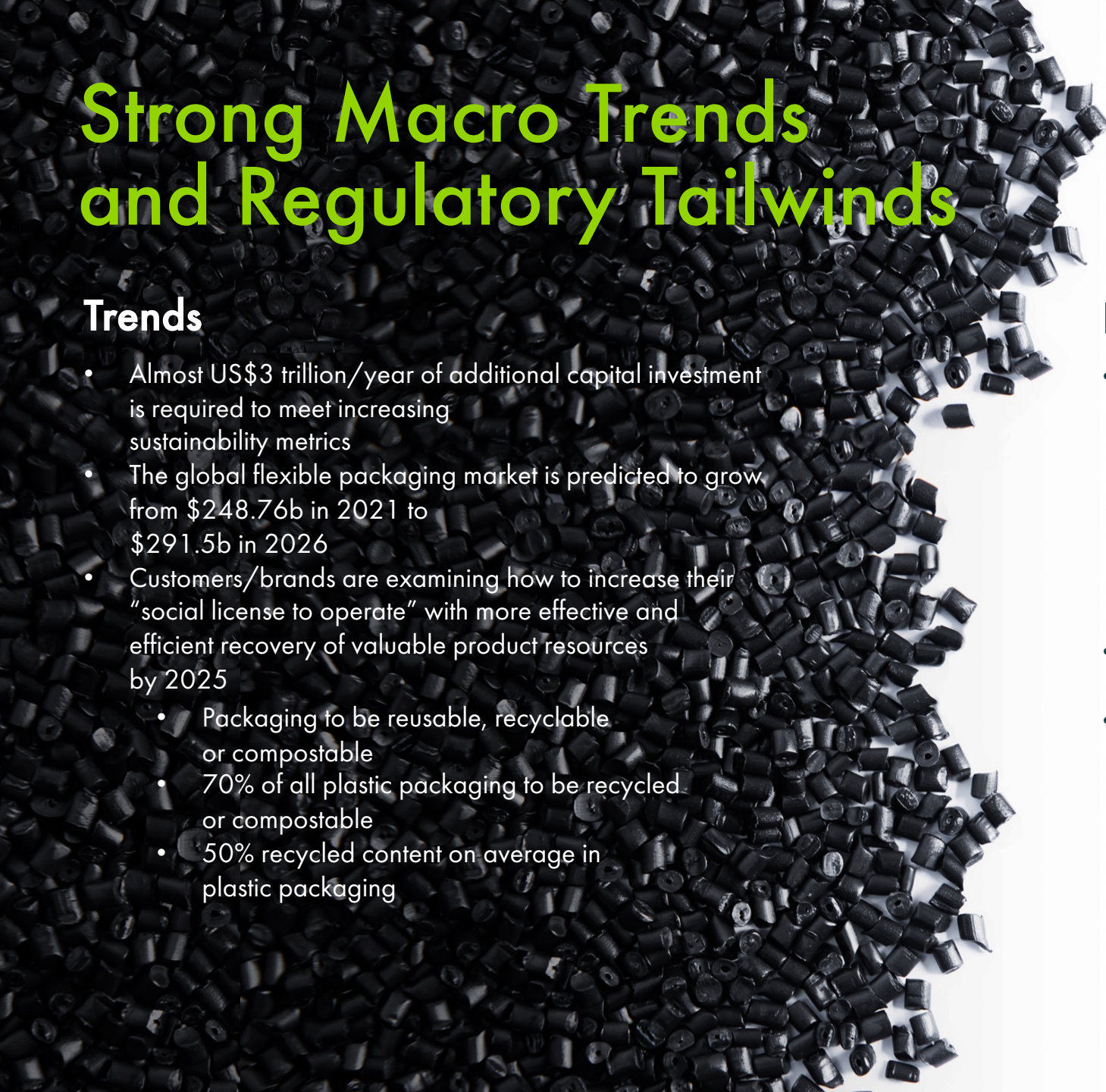
Products are sent to retailers/used commercially

Products are purchased and used by consumers

Depleted and are ready for disposal



The Global Market



Strong Macro Trends and Regulatory Tailwinds

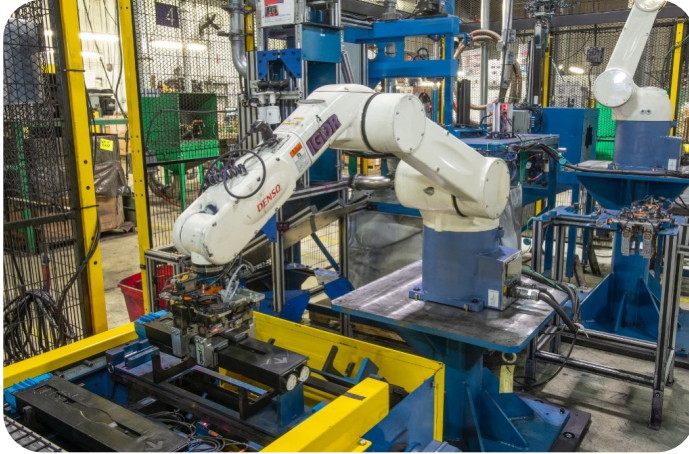
Trends

- Almost US\$3 trillion/year of additional capital investment is required to meet increasing sustainability metrics
- The global flexible packaging market is predicted to grow from \$248.76b in 2021 to \$291.5b in 2026
- Customers/brands are examining how to increase their “social license to operate” with more effective and efficient recovery of valuable product resources by 2025
 - Packaging to be reusable, recyclable or compostable
 - 70% of all plastic packaging to be recycled or compostable
 - 50% recycled content on average in plastic packaging

Legislative Tailwinds

- The Australian Government has been proactive for several years:
 - 2018 promoted the National Waste Management Policy
 - 2020 by legislating the Recycling and Waste Reduction Bill 2020
 - 2021 Plastics Export Waste Ban
 - 2022 Pure Recycled Stream
- EU’s Waste Electrical and Electronic Equipment (WEEE) Directive
- Chinese National Sword ban on importing mixed recycled plastic waste

Technologies Creating Value from Waste



Automation

- Installed in November 2019
- Headcount reduction from 10 to 3
- Services include handle removal, plug removal, toner dump, blow-out and blow-off



Value Added Services

- Remanufacturing: toner bottle cleaning for refilling and waste toner bottle cleaning and pack-out to OEM's customer
- Parts harvest and quality checks: Harvest specific parts and/or components to be shipped back to OEM



Material Processing

- 4 million products recycled globally per month
- Four machines process over 600 tonnes of material per month
- 1 million bottles cleaned per year
- Toner solution used for asphalt-based products and plastic colorant

Strategic Growth

Growth in plastic washing and separation in Australia and EU

Mirror USA automation process across the two OPPs geographies

Additional investment in resource recovery equipment for recycling of soft and rigid plastics

Further cross-selling opportunities identified for the packaging division, recovery and reuse

Targeted growth strategy in USA for both recyclables and packaging sectors

Expand recovery and remanufacturing offerings in the print space across all geographic regions

Soft plastics programs being developed for key packaging, retail and divisional clients

Upgrade TonerPlas and Close the Loop recycled product manufacturing capability

Growth Opportunities

**In-organic
US market
growth
opportunities**

**Organic
growth driven
by cross-selling
and customer
expansion**

**Leverage
infrastructure into
new market
verticals**

**Further
commercialisation
of existing
technologies**

Our Innovations Create Value

Paper Products & Packaging



Bamboo Products for food service (cups, plates etc.)

100% Compostable
100% Bio-based items
PFAS Free

Our Innovations Create Value

Cosmetics Recycling



Forming stewardship program for the industry through our cosmetics recycling feasibility study in partnership with Myer, Mac/Estee Lauder, and the Australian Federal Government.

Our Innovations Create Value

Multitank Partnership



Re-useable, carbon-efficient nestable bulk handling bins based in the UK and Europe.

Sustainable solution for multiple food and beverage industries.

Our Innovations Create Value

Battery Collection Expansion



Expanding battery operations as a service provider for clients.

Using smart technology for battery collection programs.

Our Innovations Create Value

Recyclable Flexible Packaging Expansion



100% Mono-polymer packaging for easier recycling for soft plastics, including at kerbside.



Our Trusted Partners

Collection



Supply



Greener Solutions



Awards and Affiliations

Awards



2021
Diamond Winner
The Packaging
Innovation Awards
brought to you by



2021
Gold Winner
The Packaging
Innovation Awards
brought to you by



Affiliations



Australian Government
Department of Agriculture,
Water and the Environment



TonerPlas®



TonerPlas is a patented asphalt additive made from recycled soft plastics and waste toner from printer cartridges to construct roads. It's use improves durability and performance, decreases maintenance, increases lifespan and reduces carbon footprint.

Example Major Project – M80 & Monash Freeway Projects (VIC)



Koh, an eco-friendly cleaning product business, wanted a kerbside recyclable spout pouch made from recycled PE plastic. As a new-age brand focused on environmentally conscious cleaning products, it was integral that their packaging also matched their brand ethos. Lightweight recycled packaging also benefits their ecommerce business model.



Income Statement

Proforma	1H23* (\$m)	1H22* (\$m)	Change (\$m)
Revenue	58.6	40.7	44%
Cost of Sales	39.4	25.9	52%
Gross Profit	19.2	14.8	30%
Operating Expenditure	10.2	9.8	4%
Operational Profit	9.0	5.0	80%
Other Income	0.5	2.4	(79%)
EBITDA	9.5	7.4	28%
Depreciation & Amortisation	3.2	1.6	100%
EBIT	6.3	5.8	9%
NPAT**	4	0.7	
Business Combination Amortisation	1	-	-
Underlying NPAT	5	-	

* Based on aggregation financial report

** As per statutory half year accounts

- Revenue increase driven by both organic growth & acquisitions
- EBITDA growth driven by core business
- Depreciation & amortisation increased due to business combination amortisation
- Other income decrease due to pcp Covid support in USA
- EBITDA margin remains consistent

Balance Sheet

	1H23 (\$m)	1H22 (\$m)	Change (%)
Assets			
Cash and cash equivalents	13.2	14.4	(8)
Trade and other receivables	23.9	15.3	56
Inventories	7.2	3.6	100
Other assets	7.2	1.2	500
Total Current Assets	51.5	34.5	49
Property, plant & equipment	8.3	8.0	4
Intangibles	29.6	24.9	19
Right of use assets	12.6	14.0	(10)
Other	1.5	1.6	(6)
Total Non-Current Assets	52.0	48.5	(7)
Liabilities			
Trade and other payables	15.7	7.8	101
Borrowings	6.3	3.5	80
Tax liabilities	0.1	0.4	(75)
Lease liabilities	2.0	2.3	(13)
Other	4.7	3.9	21
Total Current Liabilities	28.8	17.9	61
Non-current borrowings	7.7	3.7	108
Lease liabilities	12.4	13.5	(8)
Other	1.1	0.7	57
Total Non-Current Liabilities	21.2	17.9	18
Net Assets	54.6	47.2	16

- Trade receivables increase due to business growth
- Other assets increase due to equipment deposits & reimbursement of insurance proceeds
- Borrowings funding acquisitions
- Inventory growth due to Crasti & Alliance acquisitions
- Creditors increase due to acquisitions & CtL Operations (AU)

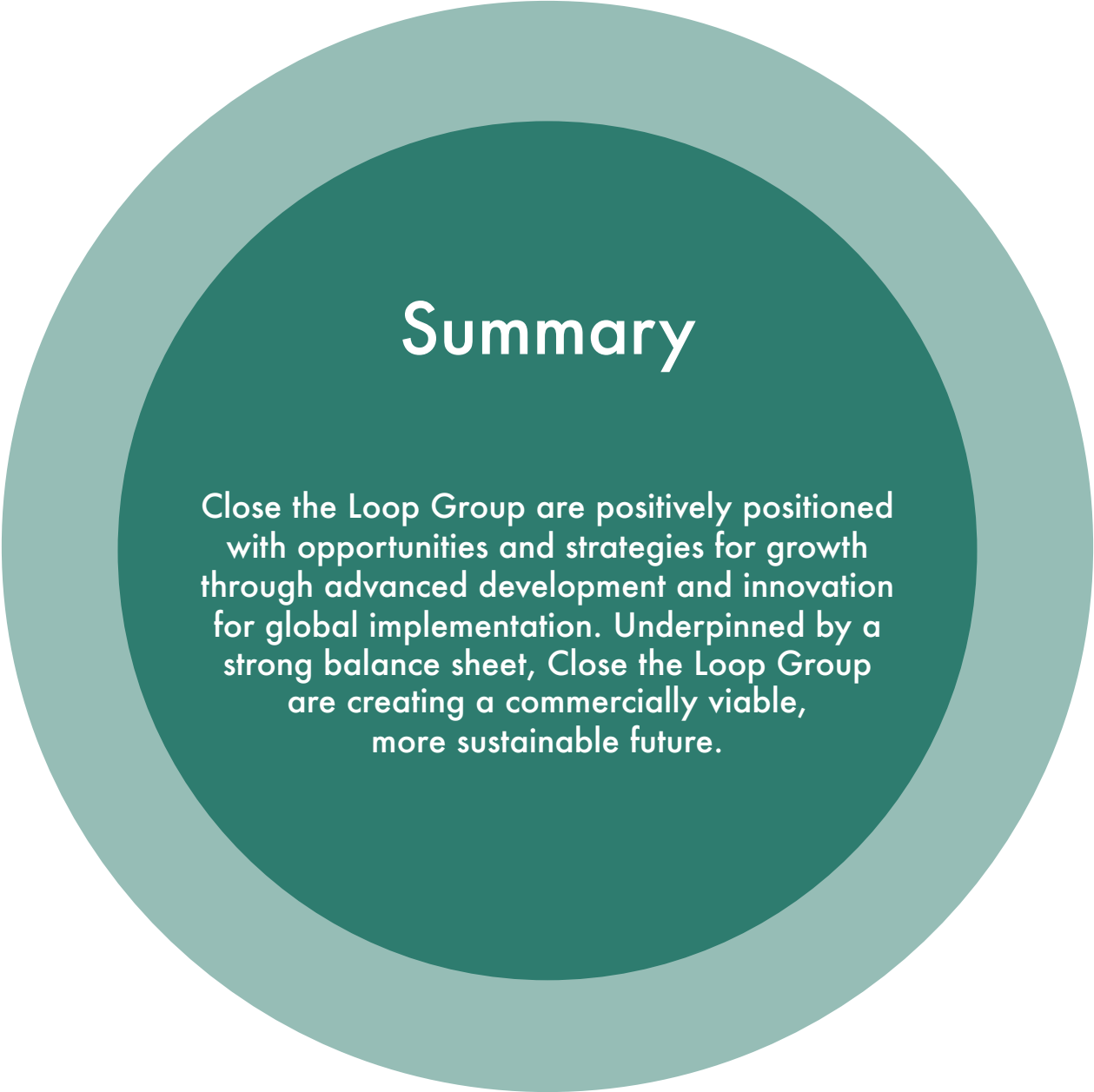
Cashflow Statement

	1H23 (\$m)	1H22 (\$m)	Change (%)
Cash flows from operating activities			
Receipts from customers	64.7	21.4	202
Payments to suppliers and employees	(58.0)	(20.8)	179
Interest paid	(0.7)	(0.4)	75
Income taxes paid	0.1	(1.4)	(107)
Other receipts	0.1	-	-
Net cash provided by/(used in) operating activities	6.0	(1.2)	(600)
Cash flows from investing activities			
Payment for intangible asset	(0.1)	-	-
Purchase of property, plant and equipment	(2.2)	(0.6)	267
Purchase of subsidiary net of cash acquired	(2.6)	(0.5)	420
Net cash provided by/(used in) investing activities	(4.9)	(1.1)	345
Cash flows from financing activities			
Proceeds from share issue net of issue costs	-	11.4	(100)
Proceeds from borrowings	6.0	1.0	500
Payment of lease liability	(1.7)	(0.3)	467
Repayment of borrowings	(2.1)	-	-
Dividends paid	-	(1.0)	(100)
Net cash provided by/(used in) financing activities	2.2	11.1	(80)
Net increase/(decrease) in cash and cash equivalents held	3.3	8.8	(63)
Cash and cash equivalents at beginning of year	9.7	5.6	73
Cash and cash equivalents at end of financial year	13.0	14.4	(10)

- Group produces strong positive cash from operations
- Bank debt funding acquisition of Alliance & Crasti
- Alliance acquisition settled and paid during period
- Replaced Commbank debt for NAB debt
- Capital raise in PCP as part ASX listing
- 1H22 reverse acquisition accounting

Cashflow Reconciliation





Summary

Close the Loop Group are positively positioned with opportunities and strategies for growth through advanced development and innovation for global implementation. Underpinned by a strong balance sheet, Close the Loop Group are creating a commercially viable, more sustainable future.



Close the Loop GROUP

Create - Recover - Reuse

Contact Us

investors@ctlgroup.com.au