



Close the Loop GROUP
Create - Recover - Reuse

Close the Loop Limited
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AUSTRALIA

ASX Announcement

11 April 2024

Notice of Investor Briefing

Close the Loop Limited (Close the Loop or the Company) (ASX: CLG), the circular economy industry leader, is pleased to announce it will present at the Coffee Microcaps investor webinar.

CEO Joe Foster will present at 9 am AEST on Thursday 11 April 2024.

The format for the webinar will be a 20-minute slide presentation (appended below) providing an overview of the Company, followed by a 10-minute Q&A session.

Investors can register here to attend live:

https://us02web.zoom.us/webinar/register/WN_w-aSSUzYQgC5wpfnl-NPBw

A recording of the presentation will also be made available and distributed by the Company once available.

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

- ENDS -

For further information, please contact:

Investors/Media

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About Close the Loop

With locations across the United States, Australia, South Africa and Europe, Close the Loop collects and repurposes products through takeback programs across its Resource Recovery Division; and provides sustainable packaging products through its Packaging Division, which allow for greater recoverability and recyclability. The Company's overall premise is 'Zero Waste to Landfill'. From recovering a wide range of electronic products, print consumables, cosmetics, plastics, paper and cartons, through to the reusing of toner and post-consumer soft plastics for an asphalt additive, the Company is a global leader in the fast-growing circular economy with a focus on global expansion and sustainability.

Further information: www.ctlgroup.com.au, www.closeitheloop.com.au and www.ofpack.com.au



Close the Loop GROUP

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INVESTOR PRESENTATION COFFEE MICROCAPS

ASX: CLG

11 April 2024

Presenter



Joe Foster
Chief Executive Officer

Agenda

3

The circular economy

12

Customer case study - HP

5

Strategic growth objectives

7

Geographic breakdown

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THE GLOBE HAS A CIRCULARITY PROBLEM

RESOURCE RECOVERY:

- A small percentage of consumer electronics are reused
- Major OEMs have ambitious ESG targets to increase circularity in the economy
- All OEMs need to partner with providers to achieve these goals and Close the Loop is at the forefront of this global market trend

PACKAGING¹:

- There will be more plastic than fish in the oceans by 2050
- 95% of disposable plastic value lost after its use, estimated at roughly \$100 billion annually
- Health issues are clear, with scientists finding microplastics in human blood for the first time in March 2022



1. <https://www.weforum.org/impact/accelerating-reuse-models-world-free-of-plastic-waste/>

A GLOBAL CIRCULAR ECONOMY LEADER

Delivering our zero waste to landfill promise



Global reverse logistics collection network



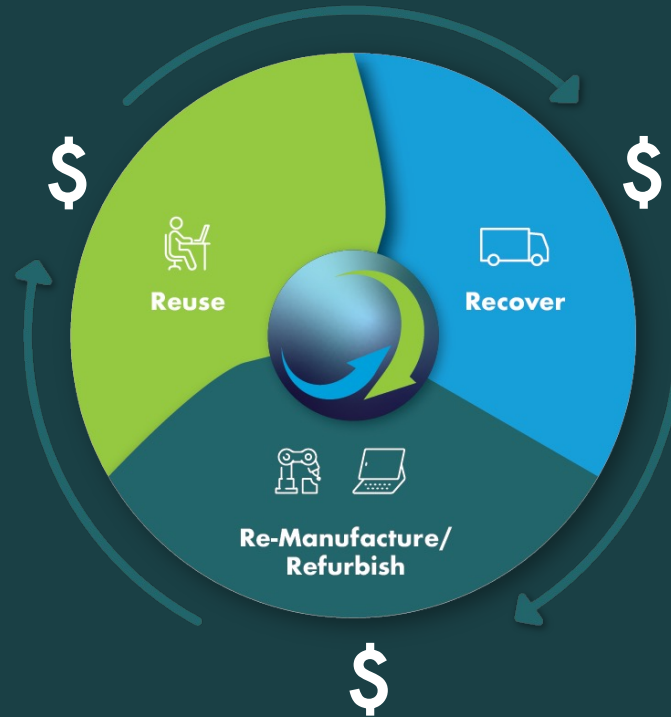
Re-manufacture over 500,000 consumer electronics per year



Process over 25 million print consumables per year



What can't be reused is recycled



We collect:

- Laptops
- PCs
- Gaming devices
- Teleconferencing equipment
- Desktop printers
- Commercial printers
- Monitors
- Print cartridges
- Soft plastics
- Cosmetics

THE HIGHER THE VOLUME, THE HIGHER THE VALUE

DELIVERING OUR STRATEGIC GROWTH OBJECTIVES

ISP Tek Services has delivered:



1. Repositioned Close the Loop as a circular economy leader in the US, the world's largest market



2. Delivered revenue and EBITDA growth in 1H'24 ahead of our expectations



3. Provided access to the world's largest OEMs with deep and broad partnership discussions taking place



4. Opened significant expansion opportunities in new geographies, with an initial focus on Australia and Europe

The business (excluding ISP Tek Services) has delivered:



1. Produced strong free cash flow



2. Invested into Resource Recovery plant and equipment for future growth (ITAD¹, TonerPlas)



3. Launched pan-European multi-vendor collection programme



4. Maintained EBITDA margins from Packaging despite a challenging macro environment

ISP Tek Services has delivered ahead of expectations and is presenting the Company with strategic global growth opportunities as per acquisition rationale

DELIVERING STRONG FINANCIAL METRICS (1H'24)

\$106.2m

REVENUE¹

Exceeding FY24 guidance of \$200m

\$22.7m

EBITDA

Upgrading FY24 guidance to \$44m to \$46m

\$13.3m

NPATA

Adds back intangible amortisation of \$8.3m, a non-cash, business combination adjustment

\$55.7m

CASH

Up 12.6% since 30 June 2023

\$17.2m

NET CUSTOMER RECEIPTS²

76% cash conversion in 1H'24

\$26.2m

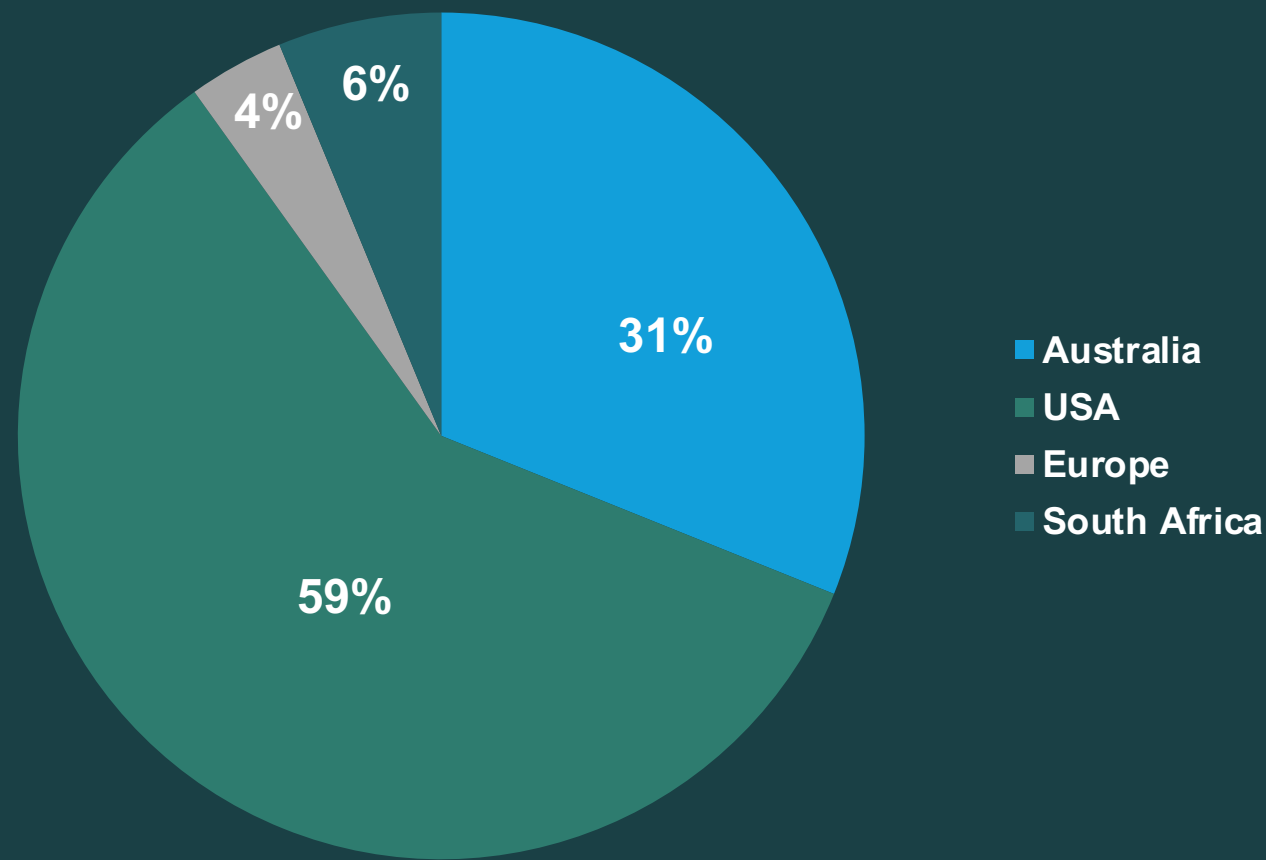
NET DEBT³

Reduced \$11.8m since 30 June 2023

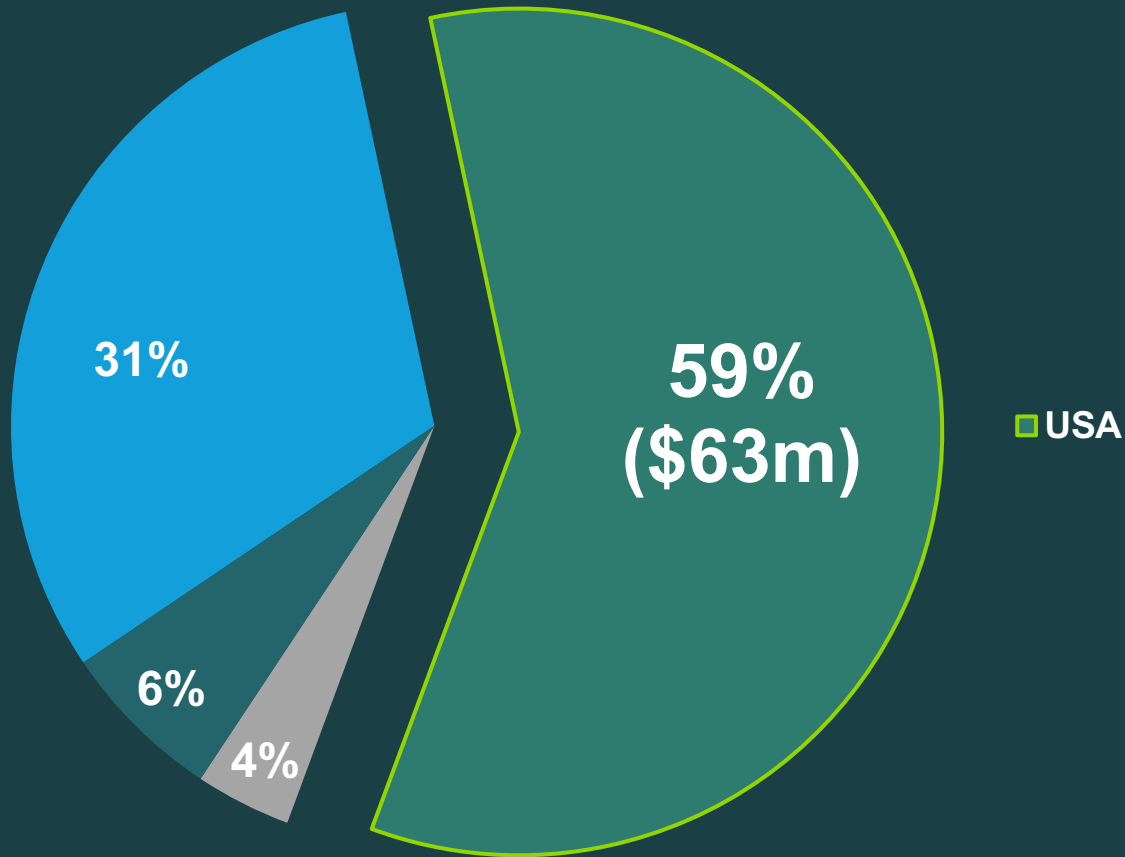
1. Revenue plus other income
2. Receipts from customers less payment to suppliers
3. Borrowings less cash at bank

REVENUE BREAKDOWN

REVENUE BY GEOGRAPHY (1H'24)



REVENUE BY GEOGRAPHY 1H'24



EXISTING BUSINESS:

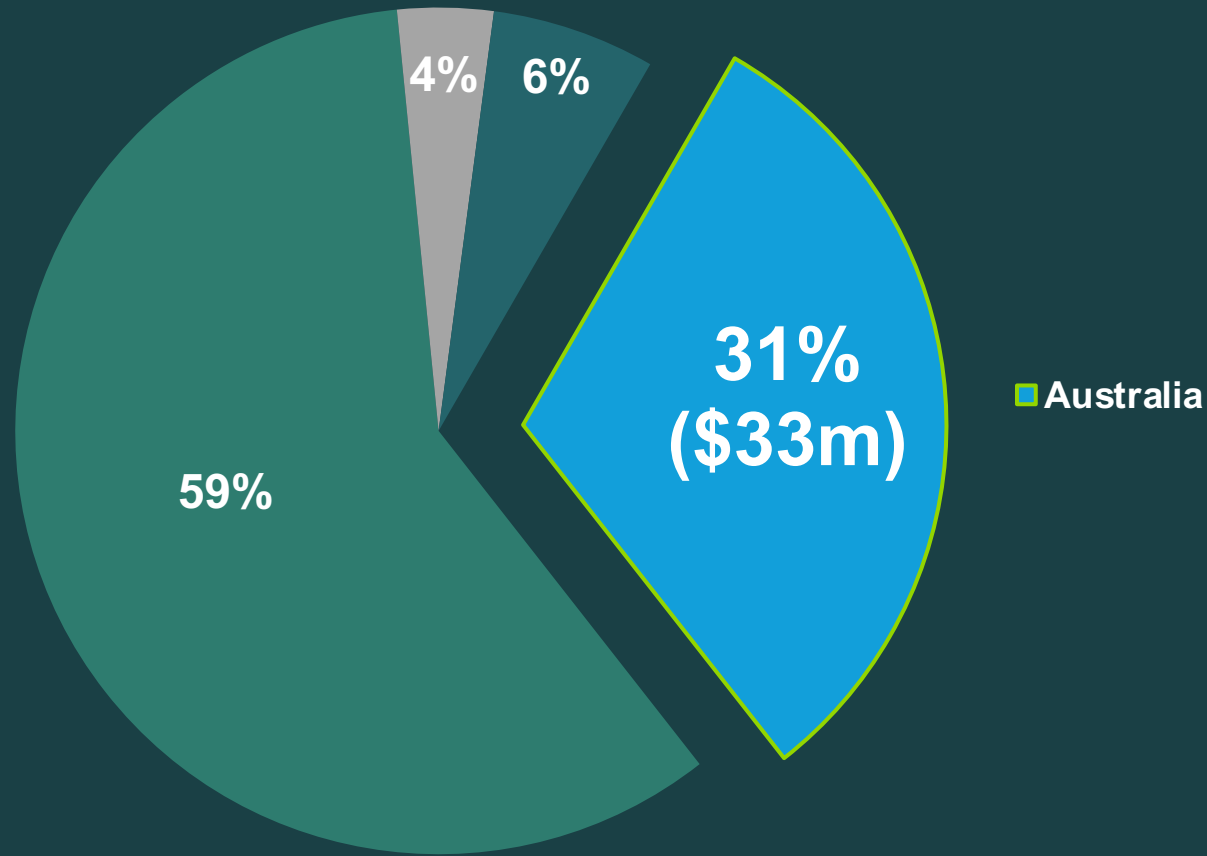
- Predominantly Resource Recovery business with 30-day customer returns of consumer electronics
- Multiple OEM relationships across print consumables
- Three-year revenue sharing contract with HP Inc
- Plastic recycling

NEAR TO MEDIUM TERM GROWTH OPPORTUNITIES:

- Work with OEMs deeper into the consumer electronic product lifecycle refurbishing 1, 2 and 3-year-old products
- Expand and cross sell existing OEM relationships from print consumables to consumer electronics
- Add new and existing OEM product lines
- Grow plastic recycling volumes

AUSTRALIA

REVENUE BY GEOGRAPHY (1H'24)



EXISTING BUSINESS:

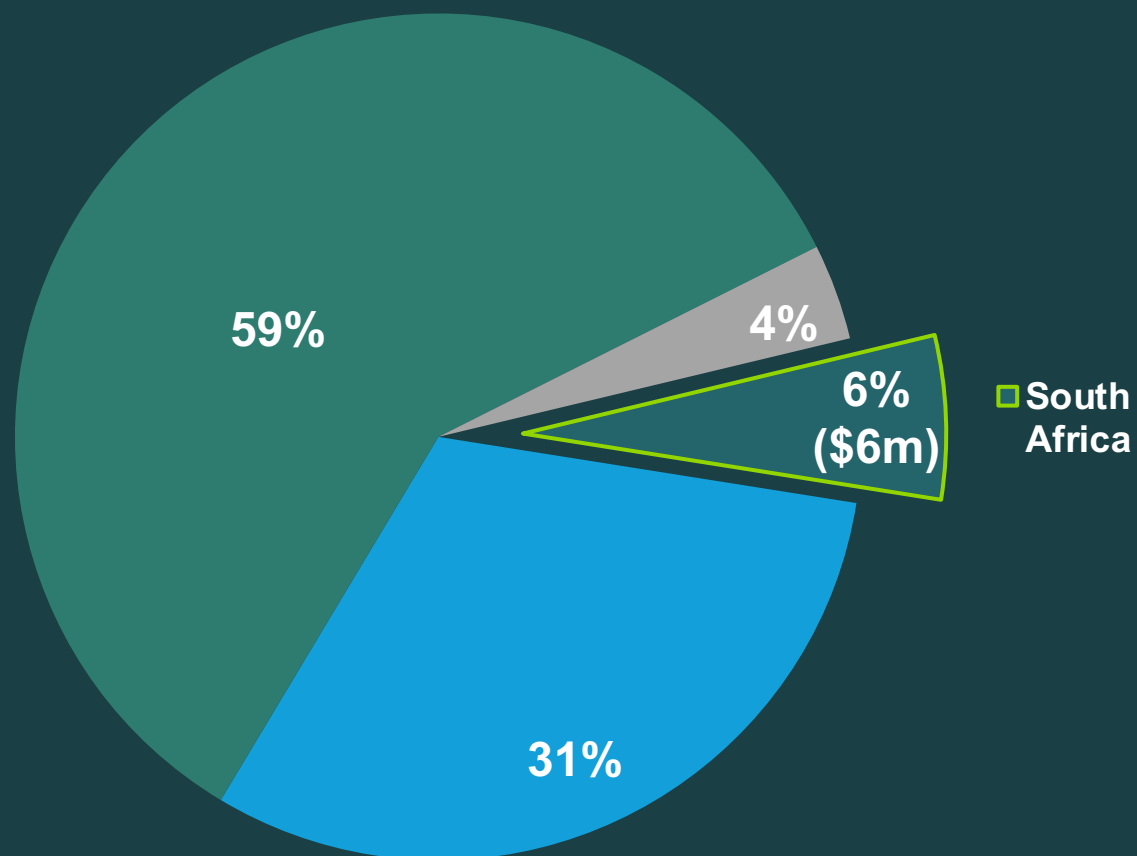
- Predominantly packaging businesses
- Work with all print consumables OEMs
- Soft plastic processing plant with 5,000tpa processing capacity

NEAR TO MEDIUM TERM GROWTH OPPORTUNITIES:

- Leveraging existing OEM relationships to expand into IT Asset Disposition (ITAD) sector
- Developing circular contracts to take back soft plastics enabling further manufacturing expansion and sales of TonerPlas and rFlex products

SOUTH AFRICA

REVENUE BY GEOGRAPHY (1H'24)



EXISTING BUSINESS:

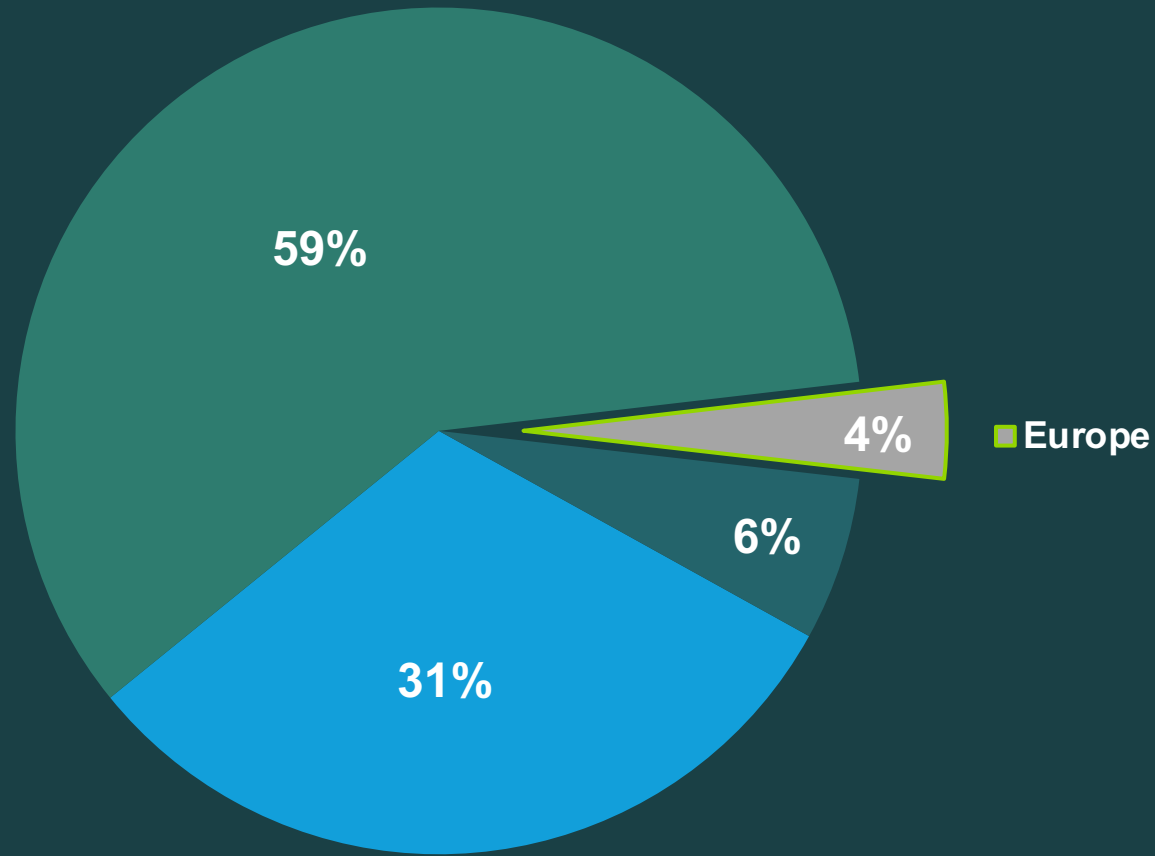
- Packaging businesses

NEAR TO MEDIUM TERM OPPORTUNITIES:

- Increase sales volumes by expanding packaging service offering
- Expansion of the Resource Recovery business into Southern Africa

EUROPE

REVENUE BY GEOGRAPHY (1H'24)



EXISTING BUSINESS:

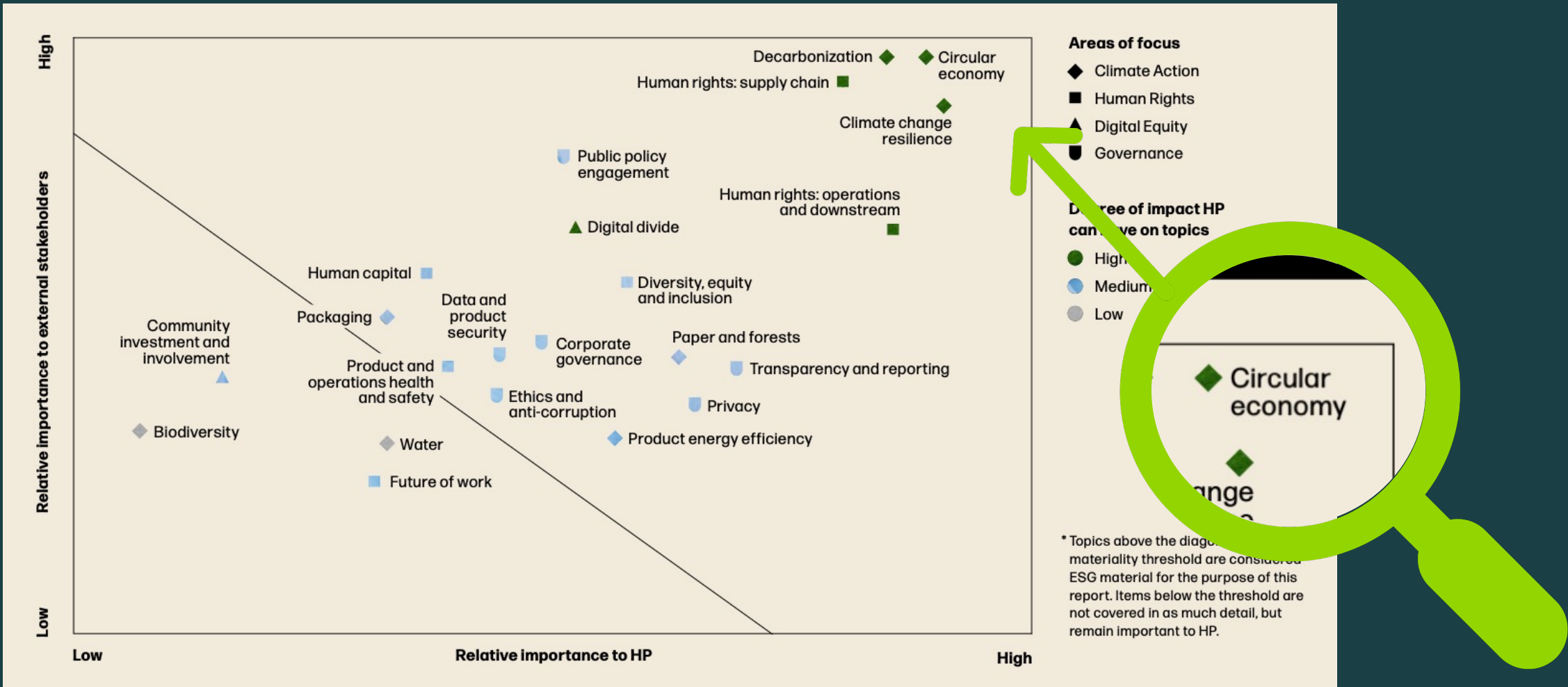
- Resource Recovery business
- Multiple OEM relationships across print consumables

NEAR TO MEDIUM TERM OPPORTUNITIES:

- Expand ISP business model across Europe
- ITAD opportunities in Europe
- Expansion of new multi vendor print consumables program across Europe and add additional OEMs to the program

CASE STUDY: HP

The circular economy is the highest priority for HP and its stakeholders



CASE STUDY: HP

HP has set ambitious targets to achieve its circularity objectives by 2023

Circularity	
Reach 75% circularity for products and packaging, by 2030 ⁵	Reached 40% circularity, by weight. ⁶ Learn more.
Recycle 1.2 million tonnes of hardware and supplies by 2025, since the beginning of 2016	Recycled 879,100 tonnes. Learn more.
Use 30% postconsumer recycled content plastic across HP's personal systems and print product portfolio by 2025 ⁷	In 2022, we used 32,200 tonnes of postconsumer recycled content plastic in HP products—equivalent to 15% achieved. Learn more.
Eliminate 75% of single-use plastic packaging by 2025, compared to 2018 ⁸	55% reduction, from an average of 221 grams/unit in 2018 to 99 grams/unit in 2022. Learn more.
Reach zero waste in HP operations by 2025 ⁹	In 2022, we achieved an 87.7% landfill diversion rate globally. Learn more.

CASE STUDY: HP

HP recognised Close the Loop's support for its HP Certified Program at it's global provider conference in Las Vegas last month.

New Offerings to Accelerate a Circular Economy and Extend the Life of Devices

HP is demonstrating its continued commitment to driving a circular economy with new programs that help extend the life of devices. As a result, today **HP unveiled a new Device Life Extension Service** enabling customers to optimize their IT investments and reduce their carbon impact by enhancing device performance and maximizing the life of their existing HP PCs. **Customers simply ship their devices to HP's trusted partners** and receive them back with restored performance and enhanced functionality.

In addition, **HP introduced its first Partner Certified Refurbishment** program. Now commercial customers can purchase HP Partner Certified refurbished devices that have gone through a rigorous refurbishment process and have been tested extensively. **HP is also expanding its PC refurbishment program to the US.**

For more information on how HP is helping accelerate a circular future with today's announcements, please visit

<https://press.hp.com/us/en/blogs/2024/hp-accelerating-circular-future.html>



Grant Hoffman • 2nd

Chief Supply Chain Officer | GM | Leader in Circularity

3w • 🌐

Last week, Jedd Williams and I presented two awards to celebrate and acknowledge the collaboration with our partners at the **#HPAmplify** Partner Conference in Las Vegas on behalf of Renew Solutions. At this event HP hosted 1,500 partners from around the world to review HP's future plans and amazing portfolio.

During the event, Renew Solutions recognized **Close the Loop USA** with an award for their support with our HP Certified program. In addition, we presented **TD SYNnex** with an award for their sourcing of Renew Solutions devices which are now available to all partners. Congratulations to the winners!

We look forward to collaborating with our partners to deliver a first-in-class service to all our customers.

#HPAmplifyPartnerConference #RenewSolutions #HP



INVESTMENT PROPOSITION

The circular economy is in its infancy with only a small percentage of consumer electronics and plastics being recovered, reused or recycled

The volume of consumer electronics and plastics is set to grow with regulatory and social pressure placed on companies, with 2025 being a key milestone

Close the Loop is positioned to lead the circular economy's global growth being the first to market due to its deep integrations with OEMs and innovative product development



Q&A

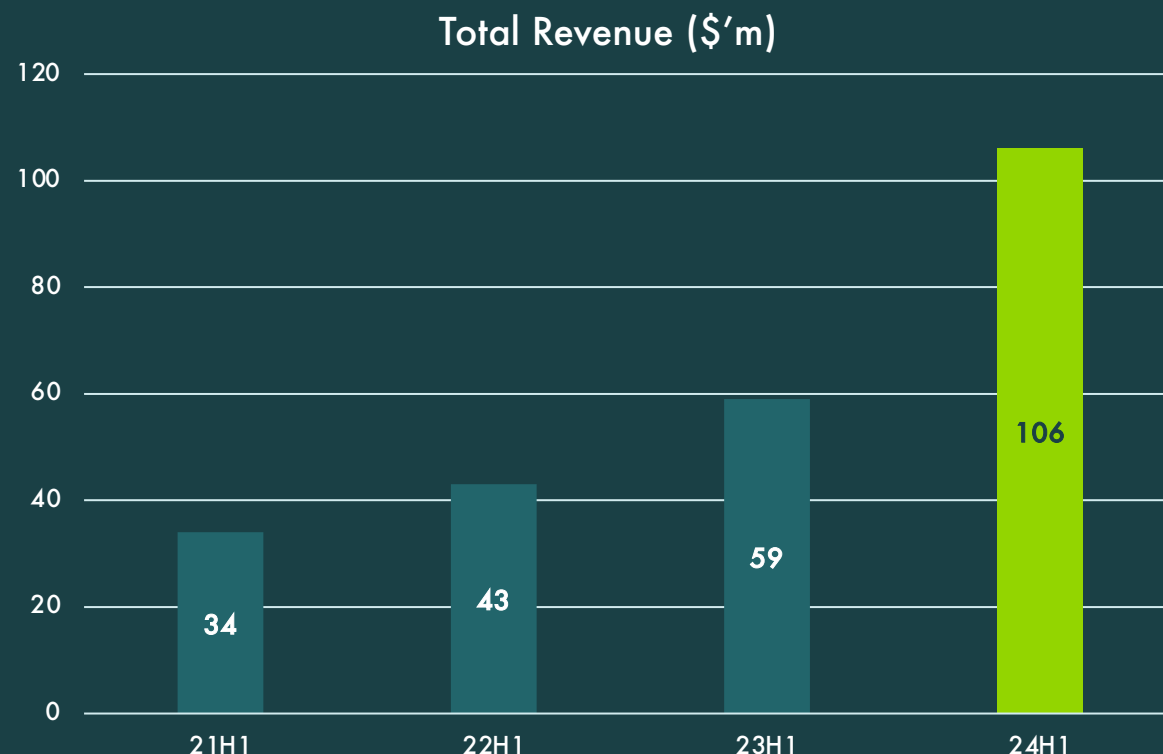
Contact us
investors@ctlgroup.com.au

APPENDIX

REVENUE¹

\$106.2m

Exceeding FY24 guidance of \$200m



1. Revenue plus other income

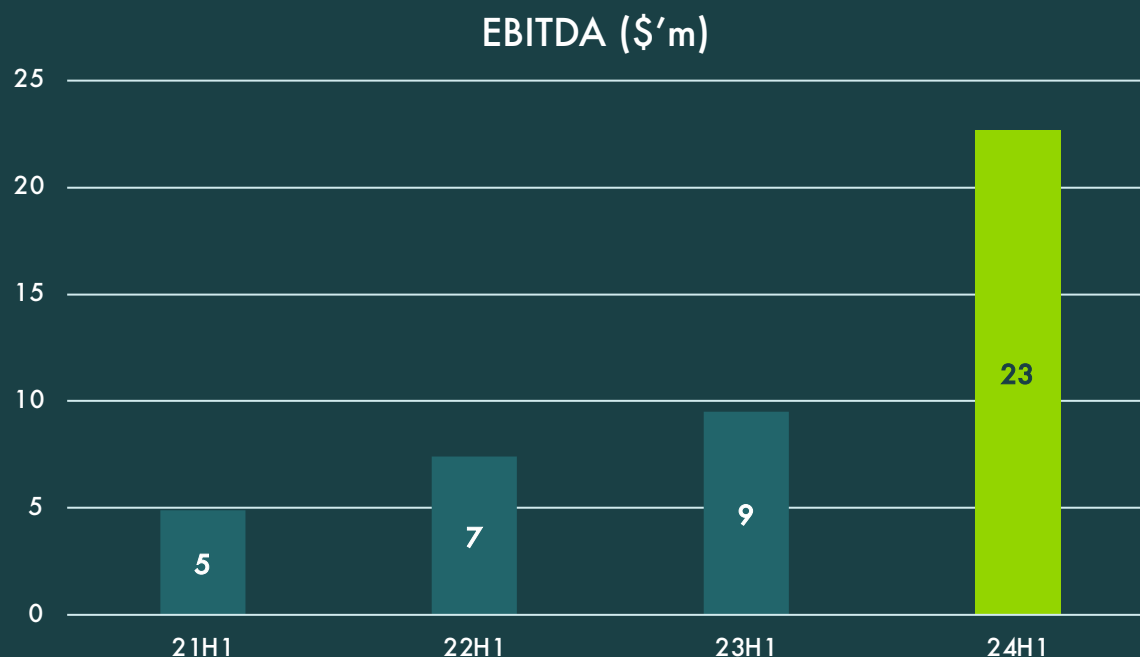
Commentary:

- First reporting period that includes the full impact of ISP Tek Services, Alliance Paper and Plastic Recycling
- Strong growth from Recovery Division driven by increased volumes and new programs
- ISP Tek Services has performed better than expected and opened opportunities in other jurisdictions, expanding refurbishment and remanufacturing opportunities across the group for consumer and commercial electronic equipment
- Packaging revenue down 14%, with DP industrial dispute in Australia and international shipping delays in the Red Sea
- Macro conditions and logistics challenges have improved since year end

EBITDA

\$22.7m

FY24 guidance upgraded to \$44m to \$46m



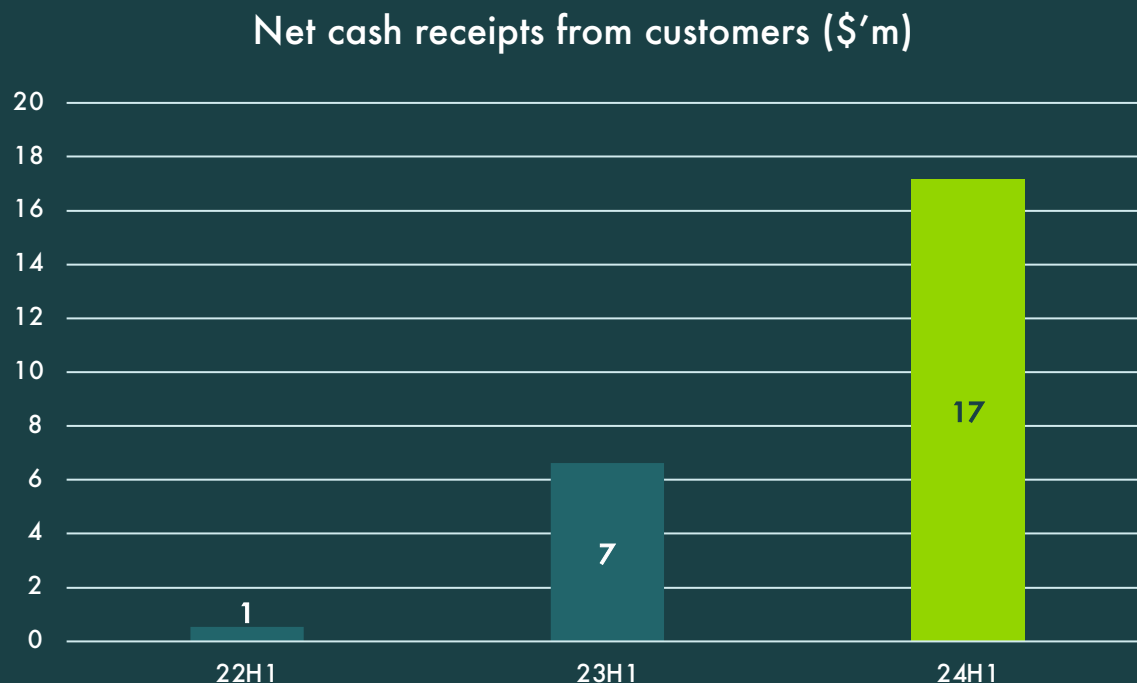
Commentary:

- Recovery Division has performed strongly
- EBITDA as a percentage of revenue at 21%
- Packaging EBITDA has been consistent despite shipping and industrial delays with management actively reducing costs to maintain margins
- Increase in volume resulting in operational efficiencies with gross profit margin up from 33% to 36%

CASH CONVERSION

\$17.2m

Net cash receipts from customers¹



1. Receipts from customers less payment to suppliers

Commentary:

- 76% net cash¹ conversion to EBITDA
- Investment in working capital
- Investment in plant and equipment (TonerPlas, ITAD)
- Net debt decreases \$11.8m (\$26.2m)
- Repayment of borrowings \$4.2m
- Finance costs \$5.4m

INCOME STATEMENT

	1H'24	1H'23	Change
Revenue	103.1	58.6	76%
Cost of Sales	65.8	39.4	67%
Gross Profit	37.3	19.2	94%
Operating Expenditure	17.0	10.2	67%
Other Income ¹	3.0	0.5	500%
EBITDA	22.7	9.5	139%
Depreciation & Amortisation	11.0	3.2	244%
Operating Profit	12.4	6.3	97%
Underlying NPBT ²	15.2	5	204%

1. Includes interest received

2. Excluding amortization of business combinations (non-cash)

BALANCE SHEET

Statement of financial position	31 Dec 2023 \$'m	30 Jun 2023 \$'m
Assets		
Cash and cash equivalents	55.7	49.5
Trade and other receivables	29.9	26.1
Inventories	19.7	15.9
Other	3.7	5.1
Total current assets	109.0	96.6
Property, plant, and equipment	20.7	20.2
Right-of-use assets	22.8	20.8
Intangibles	146.4	131.3
Other	4.3	2.4
Total non-current assets	194.2	174.7
Liabilities		
Trade and other payables	26.5	29.2
Borrowings	14.8	16.1
Lease liabilities	3.4	3.8
Income tax	4.1	1.6
Other	12.7	3.1
Total current liabilities	61.5	53.8
Borrowings	67.1	71.4
Lease liabilities	21.0	19.6
Deferred tax liability	19.7	1.4
Other	1.0	1.1
Total non-current liabilities	108.8	93.5
Net assets	132.9	124.0

CASH FLOW

	31 Dec 2023 \$'m	31 Dec 2022 \$'m
Receipts from customers	98.3	64.7
Payments to suppliers and employees	(81.1)	(58.1)
Cash flows from operating activities	17.2	6.6
Other revenue	1.5	0.5
Interest and other finance costs paid	(4.1)	(0.7)
Business combination costs	-	(0.3)
Income taxes paid	(2.3)	(0.1)
Net cash (used in)/from operating activities	12.3	6.0
Cash flows from investing activities		
Acquisition of subsidiary	-	(2.7)
Payments for property, plant and equipment	(3.2)	(2.2)
Net cash used in investing activities	(3.2)	(4.9)
Cash flows from/(used in) financing activities		
Proceeds from share issue net of issue costs	4.7	-
Net Proceeds from borrowings	-	6.0
Repayment of borrowings	(4.2)	(2.1)
Repayment of lease liabilities	(2.6)	(1.7)
Net cash from/(used in) financing activities	(2.1)	2.2
Net increase/(decrease) in cash and cash equivalents	7.0	3.3
Cash and cash equivalents at the beginning of the financial half-year	49.5	9.7
Effects of exchange rate changes on cash and cash equivalents	(0.8)	-
Cash and cash equivalents at the end of the financial half-year	55.7	13.0