



Close the Loop GROUP

Create - Recover - Reuse



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Close the Loop commences Hewlett Packard take back trial in China and reports strong business performance in Q1 FY23

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Key highlights:

- **Close the Loop commences take back trial in China for Hewlett Packard's (HP) Indigo products:**
 - **Extends existing HP take back program in Australia and New Zealand**
 - **Aims to assist HP customers to create a circular economy solution by transforming their linear supply chains into circular economy supply chains**
 - **Upon successful completion, CLG aims to expand the trial into additional countries across Asia Pacific**
- **Better-than-expected business performance leads to strong operating cashflows in Q1 FY23**
- **Acquisition of The Pouch Shop, a niche packaging business in South Africa**
- **Settlement of Alliance Paper, strengthening CLG capability in paper products and packaging**

Melbourne, Australia – Close the Loop Limited (**Close the Loop, CLG** or the **Company**) (**ASX: CLG**), an end-to-end solutions provider from design and manufacturing, through to collection and recycling of products has commenced a take back trial in China for Hewlett Packard's HP Indigo products.

The trial is an extension of a HP take back program that Close the Loop runs in Australia and New Zealand. It will leverage the Company's supply chain knowledge in reverse logistics to collect products from HP channel partners in China and ship them to Israel for remanufacturing. It will utilise broader Close the Loop Group expertise by using sea freight knowledge and processes from its O F Pack division.

Based in Israel, HP Indigo develops, manufactures and markets digital printing solutions, including printing presses, proprietary consumables/supplies and workflow solutions.

The trial aims to assist HP customers to create a circular economy solution by transforming their linear supply chains into circular economy ones and enable the reuse of their products in the market.

Upon successful completion of this initial phase of the trial, Close the Loop aims to expand the trial into additional countries in Asia Pacific.

Group Chief Executive Officer Joe Foster said: *"We are thrilled to be extending our existing take back program to HP Indigo in China. The trial not only leverages our supply chain knowledge but also O F Pack expertise in sea freight processes to deliver a truly group-wide solution. The trial will assist HP customers to create a circular economy solution by transforming their linear supply chains into circular economy supply chains and enable the reuse of their products in the market."*

Better-than-expected business performance leads to strong operating cashflows in Q1 FY23

Close the Loop also announces better-than-expected business performance in Q1 FY23. This has converted to strong operating cashflows for the quarter with CLG to provide more details at the upcoming Annual General Meeting on Wednesday, 16 November 2022.

Joe Foster said: *“Close the Loop Group has continued its strong performance in the first quarter of FY23, ensuring that we continue to deliver on our strategic pillars. We are in a strong position to accelerate our growth strategy and momentum through further earnings accretive acquisitions and organic growth as we use our industry leading innovation to create new take-back, re-use and recycle programs and circular economy solutions.”*

Acquisition of The Pouch Shop

Close the Loop has also acquired The Pouch Shop, a niche provider of ready-to-label packaging and pouches for food products in South Africa. The Pouch Shop is the largest stockist of off the shelf readymade pouches in Southern Africa. The company, which is majority owned by CLG Executive Director, Joe Foster, was due to be incorporated in the original IPO. However, due to COVID travel restrictions all due diligence on site was not able to be performed last year.

The Pouch Shop product range of recyclable flat bottom and stand-up pouches caters to small-volume fast-to-market customer needs. Its range and customer base will complement the South Africa-based Foster International Packaging offer. The two South African businesses currently share warehouse and manufacturing facilities as well as back-end office and logistics processes.

Details of the Acquisition

- Assets purchased: 100% of The Pouch Shop CC acquired.
- Purchase price: 2.66 times the sustainable earnings being R3,000,000. The purchase price will be R8,000,000 (A\$701,000) plus stock on hand less an amount equal to what is owed to trade creditors.
- Payment Terms- 50% at settlement with the balance paid in 24 months.
- Funding: The acquisition is funded from bank debt and free cash flows generated by the South African Division, Foster International Packaging.

Settlement of Alliance Paper

Close the Loop has settled the acquisition of leading chemical free thermal paper supplier and sustainable paper products group, Alliance Paper (“Alliance”), strengthening its capability in the paper products and packaging sector.

Originally announced in late July it allows CLG to develop new sustainable paper products that can replace some traditional plastic packaging, based on technologies that Alliance has developed and has been trialled successfully by Close the Loop’s O F Flexo business. Alliance has also developed sustainable paper products such as recyclable coffee cups, disposable and recyclable Eskys.

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.

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.closeheloop.com.au and www.ofpack.com.au