Close the Loop GROUP

Create - Recover - Reuse

Close the Loop Ltd

ABN: 91 095 718 317

Annual Report - 2023

Close the Loop GROUP
Create - Recover - Reuse

APPENDIX 4E

1.1 Company details

Name of entity:	Close the Loop Limited
ABN:	91 095 718 317
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

1.2 Results for announcement to the market

				$'000
Revenues from ordinary activities	Up/~~Down~~	94%	to	135,934
Profit/(Loss) from ordinary activities after tax attributable to the members of Close the Loop Limited	Up/~~Down~~	166%	to	12,238
Net Profit/(Loss) for the year attributable to the members of Close the Loop Limited	Up/~~Down~~	166%	to	12,238

Dividends

Close the Loop Limited has not paid any dividends in the year ending 30 June 2023 nor does it propose to pay any dividends.

Close the Loop Limited does not have a dividend reinvestment plan in place.

Comments

Revenue and profits from continuing operations in the financial year increased compared to the comparative year primarily due to the current financial year being the first year that the Group is reporting as a combined entity as well as the organic and inorganic growth of the Group. The prior year comparatives were subject to reverse acquisition accounting.

On the 28 April 2023, Close the Loop Limited (ASX: CLG) completed the acquisition of 100% of the share capital of ISP Tek Services and Captive Trade Corp. The transaction is expected to be transformative for the Group and has had a material impact on the current financial results of the Group. Details of this transaction and the financial impact of the transaction are included in the Annual Report of Close the Loop Limited.

Please refer to the Review of Operations section of the Directors' Report in the Annual Report of Close the Loop Limited for an explanation of the results.

This Appendix 4E should be read in conjunction with the Annual Report of Close the Loop Limited for the year ended 30 June 2023. Refer to ASX announcement on the 28 August 2023. This report should also be read in conjunction with any public announcements made by Close the Loop Limited in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX listing rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

1.3 Net tangible assets

	30 June 2023	30 June 2022
Net tangible assets per ordinary security	(1.40) cents	7.31 cents

Net tangible assets per ordinary security are impacted by the goodwill on consolidation accruing as a result of the acquisitions made in the current financial year.

1.4 Control gained over entities

Name of entities	Date control gained
Close the Loop Paper Pty Ltd	16 August 2022
Alliance Paper Pty Ltd	30 August 2022
Sustain Paper Pty Ltd	30 August 2022
The Pouch Shop Proprietary Limited	1 October 2022

Name of entities	Date control gained
Close the Loop Group USA, Inc.	31 January 2023
Close the Loop Plastic Recycling, Inc.	31 January 2023
Captive Trade Corporation	28 April 2023
ISP Tek Services LLC	28 April 2023

On the 28 April 2023, Close the Loop Limited completed the acquisition of 100% of the share capital of ISP Tek Services and Captive Trade Corporation. This transaction has had a material impact on the current financial results of the Group. The net profit contribution from ISP Tek Servies and Captive Trade Corp's ordinary activities of $5,407,308 (2022 corresponding period net profit: $4,072,737) for the two month period that it was part of the Group is material to the understanding of the report. It should be noted that there are a number of other costs incurred by the Group as a result of owning ISP Tek Services and Captive Trade Corporation for the two month period that are accounted for as part of the Group consolidation and not in the subsidiary company's results.

The contribution from all other entities that control was gained over in the reporting period are deemed to be material are included in the Annual Report of Close the Loop Limited for the year ending 30 June 2023.

1.5 Loss of Control over entities

There was no loss of control over any entity during the reporting period.

1.6 Details of associated and joint venture entities

Close the Loop Limited does not have any interest in joint venture or associated entities.

1.7 Details of returns to shareholders

Close the Loop Limited did not make any distributions to shareholders nor were there any share buy backs during the year ended 30 June 2023.

1.8 Audit

The financial statements were subject to an audit by the auditors and the unmodified audit report is attached as part of the Annual Report.

All foreign entities in the Close the Loop Limited group have used International Financial Reporting Standards as the accounting standards by which they have reported and been included in the Annual Report for the period ending 30 June 2023.

1.9 Attachments

The Annual Report of Close the Loop Limited for the year ended 30 June 2023 is attached.

1.10 Signed

Signed: ______________________ Date: 28 August 2023

Gregory Toll
Director

Close the Loop GROUP

Create - Recover - Reuse

Annual Report
30 June 2023

Close the Loop Ltd

ABN: 91 095 718 317

General Information

The financial statements cover Close the Loop Limited as a consolidated entity consisting of Close the Loop Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Close the Loop Limited's functional and presentation currency.

Close the Loop Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business are:

Principal registered office

43-47 Cleeland Road
Oakleigh South VIC 3167
Australia

Principal place of business

43-47 Cleeland Road
Oakleigh South VIC 3167
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2023.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Framework

The Board is committed to ensuring the sustained, long-term growth, performance and success of the Company, as well as representing and serving the best interests of all Company stakeholders, including security holders, customers and employees.

Close the Loop Limited maintains the highest standards of corporate governance in accordance with the ASX Corporate Governance Principles and Recommendations (4th edition).

The Australian Stock Exchange Principles for listed entities are intended to promote investor confidence and assist companies in meeting stakeholder's expectations. A copy of Close the Loop's corporate governance statement that is current as at 30 June 2023, that meets the requirements of the Australian Stock Exchange Listing Rules, can be found on its website at www.ctlgroup.com.au/corporate-governance/.

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Close the Loop Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of or during the year ended 30 June 2023.

Directors

The following persons were directors of Close the Loop Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name, and independence status	Appointment/ Resignation Date	Qualifications, experience, special responsibilities, and other directorships
Gregory Toll Independent Non-Executive Director	appointed 23 November 2017	Greg was appointed a director of Close the Loop in November 2017 and became the chairman of Close the Loop in November 2019. Before joining Close the Loop, Greg was CEO and Executive Chairman of Clean TeQ Holdings Limited (ASX: CLQ) (now known as Sunrise Energy Metals Limited (ASX: SRL)), where he was appointed as CEO in 2007 then to the chair role, which he held until November 2013. Greg holds a Bachelor of Science (Veterinary) degree with first class honours and is a graduate of the Australian Institute of Company Directors. Greg is a member of the Board's Audit and Risk Committee and the chair of the Board's Nomination and Remuneration Committee.
Joseph Foster Executive Director Chief Executive Officer	appointed 30 November 2021	Joe has more than 40 years' experience in the flexible packaging industry, with experience in engineering, production, technical, sales and marketing. Joe has a global view of the packaging world from running his own businesses spanning across countries in multiple continents. Joe is a fellow of the Australian Institute of Packaging and a co-founder of the O F Packaging Group. Joe is a member of the Board's Nomination and Remuneration Committee.
Marc Lichtenstein Executive Director, Chief Financial Officer, and Company Secretary	appointed 4 October 2021	Marc joined Close the Loop in 2017 as CFO and is a Director of Close the Loop. Marc has been the Company Secretary of Close the Loop since 8 August 2017. For more than 25 years, Marc has led and worked in a number of senior roles in a range of listed and private companies across a wide range of industries. He has extensive experience in leading businesses through significant periods of change including IPOs, significant capital raises, exponential periods of growth and major acquisitions. Marc is a Fellow of Chartered Accountants Australia & New Zealand (FCA), qualified as a Chartered Secretary (FCIS) and Graduate of the Australian Institute of Company Directors. Marc also holds a Bachelor of Business, with distinction, degree from RMIT University. Marc is a member of the Board's Nomination and Remuneration Committee.

Name, and independence status	Appointment/ Resignation Date	Qualifications, experience, special responsibilities, and other directorships
Grant Carman Non-Executive Director	appointed 30 November 2021	Grant has more than 30 years' experience in corporate finance. Previous roles have included CFO for ORIX Australia, GM Finance & Shared Services NAB, CEO of National Australia Corporate Advisory, Director of Acquisitions at Ferrier Hodgson CA, and Group Financial Controller at Faulding. Grant is currently Non-Executive Chairman of RPM Automotive Group Limited (ASX:RPM). He holds a B.Ec (Comm) and an MBA from The University of Adelaide and he is a Fellow of Chartered Accountants Australia & New Zealand (FCA). Grant is the chair of the Board's Audit and Risk Committee and a member of the Board's Nomination and Remuneration Committee.
Lawrence Jaffe Executive Director Chief Commercial Officer	appointed 30 November 2021	Lawrence was CEO and Managing Director of RPM Australasia until 2015 and stepped down when the company sold off its largest divisions. He remained on as Non-Executive Chairman until the company listed on ASX and is now Strategic Director for that group. In 2016, Lawrence brought together the founders of the O F Packaging Group, becoming CFO and executive chairman. Lawrence holds a Bachelor of Commerce and Graduate Diploma of Accounting from Rhodes University. Lawrence is a member of the Board's Audit and Risk Committee. Lawrence is currently a director of RPM Automotive Group Limited (ASX: RPM).
Darren Brits Executive Director and Chief Operating Officer	appointed 30 November 2021 – resigned 30 June 2023	Darren has 22 years' experience and has spent the last several of these years in high level operational executive roles and on the board of directors of commercial and consumer-facing companies. Darren has a core focus on commercial operations and integration. Darren has established, grown and led a number of business start-ups and was a co-founder of the O F Packaging Group.

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		Audit Committee Meetings		Nomination and Remuneration Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
Greg Toll	8	8	2	2	4	4
Marc Lichtenstein	8	8			4	4
Darren Brits	8	8				
Grant Carman	8	8	2	2	4	4
Joseph Foster	8	8			4	4
Lawrence Jaffe	7	8	2	2		

Principal Activities

The principal activity of the consolidated group during the financial year was the creation of innovative products and packaging solutions as well as recovering a wide range of electronic products, print consumables, eyewear, cosmetics, plastics, paper and cartons and any other activity incidental thereto, through to the reusing of toner and post-consumer soft plastics for an asphalt additive, TonerPlas. The Company is focused on the future, sustainability and the circular economy.

The consolidated entity provides premium and innovative flexible and carton packaging, flexographic print packaging, seafood packaging and bulk storage solutions. The consolidated entity is also a leading supplier of thermal paper and associated paper products and services in Australia.

There were no other significant changes in the nature of the activities of the Group during the year.

Operating and financial review

Overview of the 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 a wide range of electronic products, print consumables, eyewear, cosmetics, plastics, paper and cartons and any other activity incidental thereto, 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. The merger of the O F Pack Group with Close the Loop Limited on 30 November 2021 and ASX listing, 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.

Shareholder Returns

	2023	2022	2021
Profit attributable to the owners of the company	$12,238,000	$4,606,000	$4,252,000
Basic EPS	3.23 cents	2.39 cents	2,125,824 cents
Dividends paid	-	$1,023,000	$392,516
Dividends per share	-	$5,115	$1,963
Change in share price	21%	103%	-
Return on capital employed	14.0%	3.1%	53.3%

Net profit amounts and earnings per share have been calculated in accordance with Australian Accounting Standards. Dividends were paid by O F Packaging Pty Ltd prior to the acquisition of O F Packaging Pty Ltd by Close the Loop Limited on 30 November 2021. Comparatives for 2021 relate to O F Packaging and its wholly owned subsidiary O F Flexo Pty Ltd. The 2021 basic earnings per share are impacted by the small number of O F Packaging Pty Ltd shares on issue at 30 June 2021.

Returns to shareholders increased through capital growth in 2023. Dividends for 2022 and 2021 were fully franked and it is expected that dividends in future years will continue to be fully franked.

The return on capital employed in 2022 had been impacted by the profit attributed to owners of the company as this includes the performance of the combined group for a seven-month period rather than the full 12 month period in 2021 and includes the initial public offer costs. The return on capital employed for the full 2022 year is 14%. The return on capital for the 2023 financial year of 14% is in line with the prior year’s full year return on capital for the combined Group.

Investments for future performance

On 26 July 2022 the company announced that it had acquired thermal paper and paper products group, Alliance Paper Pty Ltd (“Alliance”) for a total purchase price of $1 which would require an investment in working capital of approximately $4.5 million. Alliance is a leading Australian supplier of thermal paper and associated paper products and services. It is the largest and longest-serving supplier and converter of paper roll products in the Australian market. The acquisition was funded through cash and bank debt and settled on 30 August 2022. Alliance generated revenue of $11.710 million for the financial year ended 30 June 2023 and provided an EBITDA contribution of $1,190,000 to the Group for the 10-month period that it was controlled by Close the Loop Limited.

Close the Loop 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 was 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 in 2021 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 complements the South Africa-based Foster International Packaging offer. The two South African businesses share warehouse and manufacturing facilities as well as back-end office and logistics processes.

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 for the acquisition are 50% (R4,000,000) at settlement on 1 October 2022 with the balance paid in 24 months. The acquisition was funded from bank debt and free cash flows generated by the South African Division, Foster International Packaging. The Pouch Shop generated revenue of R14.2 million ($1,186,188) and EBITDA of $182,513 for the 9-month period ended 30 June 2023.

In December 2021, the Company acquired Oceanic Agencies, which strengthened the Packaging division's capabilities in bulk and commercial seafood packaging, as well as provided cross-selling opportunities across all packaging businesses and the Australian recycling division. Due to the strong performance of Oceanic Agencies over the 12 months from the acquisition date, the maximum earnout of $750,000 became payable to the vendors on 1 December 2022. On 12 January 2023, the Company paid the maximum earnout to the vendors, concluding the acquisition of Oceanic Agencies.

Close the Loop Limited completed the acquisition of In-Plas Recycling, on 28 February 2023. The acquisition expands Close the Loops' recycling scope and capabilities in North America. In-Plas Recycling is a recycler and processor of post-industrial scrap, pellets, regrind and by-products, and also sells a broad range of recovered plastic products on the market. In-Plas operates at three sites located at key customer facilities.

Close the Loop acquired In-Plas for US$4 million of which US$3 million was paid on settlement with the balance to be paid over a four year period. The acquisition included approximately US$480,000 of inventory. Close the Loop's acquisition of In-Plas Recycling will help grow the business and leverage our core competencies in the North American market. The In-Plas Recycling acquisition strengthens the Group's service offering in the plastic recycling market in the region and complements and expands the existing USA businesses service offering.

In-Plas Recycling generated revenue of $2.285 million for the 4-month period that it was controlled by Close the Loop Limited and provided an EBITDA loss of $219,000 to the Group for the 4-month period.

The final 20% of the shares of ClozDloop BV not owned by Close the Loop Limited were acquired via a share swap on 20 March 2023. Two million Close the Loop Limited shares were issued at 33 cents per share in exchange for the minority interest owned by one of the original ClozDloop BV vendors. At 30 June 2023 Close the Loop Limited owned 100% of ClozDloop BV.

Close the Loop Limited strengthened its position in the bulk packaging market via the acquisition of leading Australian bulk packaging business, Crasti & Company Pty Ltd (Crasti & Co.). This transaction was settled on 31 March 2022 with the vendors being entitled to an earn-out based on the performance of the business over the 12-month period ending 31 March 2023. An amount of $1,229,091 was paid on 26 May 2023 to the Crasti & Co. vendors as the final settlement to complete the acquisition of this business.

During the reporting period, Close the Loop Limited entered into an agreement to acquire 100% of ISP Tek Services LLC and Captive Trade Corporation ("ISP Tek"), a US-based electronics refurbisher and trading platform businesses based in Southlake, Texas, USA, for a total consideration of up to US$66 million (A$99.7 million). The acquisition of ISP Tek settled on 28 April 2023.

The acquisition provides the Company with significant consumer and commercial electronics remanufacturing and technological capabilities, a considerable US market sales and trading presence, and extensive distribution networks. It also adds reuse capabilities to the Company's portfolio and further strengthens its service offering to original equipment manufacturers (OEMs), supporting sustainability and circular economy initiatives.

The acquisition was funded using debt and an equity placement, in-line with the Company's capital management strategy. Close the Loop completed a A$45m placement of new fully paid ordinary shares (New Shares) to sophisticated and institutional investors, to help fund the ISP Tek Services and Captive Trade Corporation acquisitions.

The Placement was undertaken in two tranches, with 80 million New Shares under the first tranche of the Placement issued on 23 March 2023. The issue of a further 56.36 million New Shares under the second tranche was subject to shareholder approval, which was put to an Extraordinary General Meeting on 21 April 2023. As announced on the ASX, that same day, the resolution passed. The New Shares under the second tranche were issued on 27 April 2023.

Close the Loop partnered with Pricoa Private Capital, the private capital arm of PGIM, to establish a US$40.0 million senior secured term loan, a US$7.5 million revolving credit facility and a US$5.0 million delayed draw term loan facility to support the acquisition and future growth ambitions of the Group. The debt facility was partly drawn down on 26 April 2023.

As part of the purchase of ISP Tek Services and Captive Trade Corporation 40,560,560 ordinary shares have been issued to the owners on 28 April 2023. ISP Tek generated revenue of $16.362 million for the 2-month period that it was controlled by Close the Loop Limited.

Close the Loop has used the cash and assets in a form readily convertible to cash that it had at the time of listing on the ASX on 2 December 2021 in a way that is consistent with its business objectives as highlighted in its prospectus dated 22 October 2021 and ASX announcements released to the market since its listing date for each of the acquisitions listed above other than for the ISP Tek acquisition.

Review of financial condition

Details of the financial condition of the company and its capital structure and treasury policy are included in the financial statements for the year ending 30 June 2023.

Review of principal business (Close the Loop Limited)

On 30 November 2021, Close the Loop Limited (‘CtL’) completed the acquisition of 100% of the share capital in O F Packaging Pty Ltd and its controlled subsidiary (‘O F Pack’). In accordance with accounting standards, this acquisition has been accounted for as a reverse acquisition business combination.

In applying the requirements of AASB 3 Business Combinations to the Group the reporting structure is as follows:

1. Close the Loop Limited is the legal parent entity to the Group; and
2. O F Packaging Pty Ltd, which is neither the legal parent nor legal acquirer, is deemed to be the accounting acquirer.

The consolidated financial information incorporated the assets and liabilities of all entities deemed to be acquired by O F Pack including CtL and the results of these entities from 30 November 2021, being for the period from which those entities are accounted for as being acquired by O F Pack.

On 2 December 2021, Close the Loop Limited successfully completed its initial public offer and listed on the Australian Stock Exchange (“ASX”). The financial results for the year ending 30 June 2023 are the first financial statements that show the performance of the combined Group for a full 12 month period.

The profit for the consolidated group after providing for income tax and non-controlling interest amounted to $12,238,000 (2022 profit of $4,598,000).

The profit before interest, tax, depreciation, and amortisation (“EBITDA”) attributable to the members of the parent entity for the year ended 30 June 2023 is $24,302,000 (30 June 2022: $9,500,000).

Close the Loop performance was underpinned by strong growth in both the packaging and resource recovery businesses. We are seeing strong demands for recyclable ready packaging and recycled content which are products that are readily available through the various divisions. With foreign exchange movement and raw material increases putting margins under pressure, these increased costs are being passed on when possible.

The large increase in both profit and EBITDA in the current financial year is a result of this being the first full year of earnings for the merged packaging and recycling businesses along with the acquisition from the prior financial year providing a full year’s contribution to the group. The contribution from the ISP Tek acquisition and organic growth in the core Close the Loop businesses have also contributed to the large improvement of profitability for the Group.

The financial results for the 2022 reporting period are based on the full year reporting period for O F Packaging and its wholly owned subsidiary, O F Flexo and seven months of trading for the balance of the Close the Loop Group. The capital raising costs incurred during the 2022 reporting period are included in the O F Packaging annual trading result as it was responsible for the payment of Australian Stock Exchange listing process.

Review of Operating Entities

The OF Packaging divisions all experienced strong trade through the provision of the full range of product development, R&D, manufacturing and recycling services via five divisions: specialised flexible packaging through O F Pack, and its separate South African operations; digital printing and pouch manufacturing through The Pouch Shop (TPS); flexographic printing and bag converting through O F Flexo which is experiencing increased demand for local production of flexible packaging for horticulture, pet food and confectionery markets.

The acquisition of Oceanic Agencies and Crasti & Co. have strengthened the Packaging division's capability as it added to the Company's presence in the bulk and commercial seafood packaging sector and increased cross selling opportunities across the Packaging divisions. The packaging division has begun to realise these cross-selling opportunities with its existing customer base during the current financial year.

The O F Packaging business experienced strong sales growth during the period exceeding budget, improving throughputs and refining manufacturing equipment lines and operations whilst maintaining strong margins. The O F Packaging business continued to be a very strong earner for the Group in the 2023 financial year and continues to outperform its industry peers. O F Packaging continues to lead the market by focusing on the development and sales of sustainable packaging. Overall, the outlook remains positive for this business unit, however, there will be challenges as consumer spending slows over the next 12-24 months.

The O F Flexo division has traded reasonably throughout the period with high demand for locally produced packaging containing high percentages of recycled content and more recyclable ready packaging. During the financial year there were some machinery challenges that affected performance. The machinery issues have been rectified and O F Flexo has won a major new customer which will assist in this business unit being able to achieve budget in FY24.

It is fitting that in the year when Foster International Packaging celebrated 25 years of providing packaging solutions to a broad array of customers, its performance outstripped all previous years and the business delivered excellent results. Sales momentum and delivery continued well ahead of budgeted levels, with steadily improving margins, well managed expenses, and healthy cash reserves.

Foster International Packaging's sales and support team continues to operate effectively and efficiently providing one of the keys to its business success: service excellence through communication and supply of superior product. The on-going support of all elements of the supply chain has served well to overcome the numerous headwinds encountered in the South African economy.

Local management has effectively mitigated the potentially negative impacts of increasingly severe power cuts and a highly volatile exchange rate which pose real constraints to the broader South African trading environment. In so doing Foster International Packaging has further cemented its reputation as reliable suppliers of high-quality products, and this has translated into a very pleasing growth in its customer base, as well as positive retention and support of long-standing businesses with which it has built excellent relationships. Foster International Packaging generated sales over R119 million for the period which was an increase of 30% compared to the previous corresponding period.

Close the Loop has acquired The Pouch Shop on 1 October 2022. The Pouch Shop focuses on supplying small businesses and startups unprinted flexible packaging in quantities that they can afford. The goal is to educate the customer in the knowledge that with very little effort we can switch them to fully bespoke packaging produced by Foster International Packaging for when they can meet the minimum quantity targets required. Supplying the same high quality and using the same factories as The Pouch Shop, Foster International Packaging can seamlessly maintain their supply chain.

The two South African businesses share warehouse and manufacturing facilities as well as back-end office and logistics processes throughout the year. The Pouch Shop generated sales over R14.2 million (A$1,186,188) for the period that it was controlled by Close the Loop Limited, which was in line with budget and the expectation at the time of acquiring the business.

O F Resource Recovery which provides paper and cardboard recycling, reuse, and waste services, found the 2023 financial year to be a challenging year due to all commodities being affected by a world economic downturn in paper and cardboard and hence actual sales being well down on budgeted sales. The first quarter of the 2023 financial year was solid with actual sales in line with budgeted sales however the last three quarters were very disappointing due to the drop in commodity prices and weaker demands from international markets for recycled cardboard.

The O F Resource Recovery business has found supply to be inconsistent with most owner drivers finding it difficult to survive with their overheads. The O F Resource Recovery business has a significant exposure to commodity price movements which are still unpredictable. The business does not expect commodity prices to increase in the short term, although commodity prices increased towards the end of the financial year, but this did not have a sufficient impact to turn this business around. O F Resource Recovery contributed 4% to the Group's total revenue in FY23.

For the Close the Loop resource recovery division, the US business has gained momentum as trading conditions rebounded strongly with collection volumes growing. The US recycling business made another strong contribution to the overall performance of the Group's FY23 results. Europe continues to track in line with budget with strong growth from its existing customer base and the expansion of new service offerings.

The Close the Loop resource recovery division increased its processing volumes during the period, introducing several new collection programs in cosmetics, eyeglasses, phone case covers and power tools, complementing its traditional imaging consumables business.

Business across the division's three main markets has returned to normal with collection volumes approaching pre-COVID levels. The European operation is expanding its service offering that will see it become more ingrained in the supply chain of its existing customers which will allow it to offer similar recycling services to that of the US business. Advanced discussions progressed with several O F Packaging and Crasti & Co. customers to integrate Close the Loop's recovery and reuse services into their supply chains.

Australian resource recovery operations were impacted by the fire that broke out on the TonerPlas® production line at the Close the Loop Operations, Somerton facility in Victoria, Australia on 9 June 2022. The business was restructured as a result of the fire and generated increased revenue and profitability in the period. New collection programs and the expansion of the service offering to the existing customer base drove the improved performance.

As a result of the fire, the TonerPlas® line has been offline for the full financial year and will be recommissioned in late 2023. Plans were under way to upgrade the line in the 2023 financial year to meet increased demand, so these upgrades are now being implemented as part of the new TonerPlas installation. Whilst there were no TonerPlas sales in FY23, Close the Loop Operations achieved strong operational results from its core business and the expansion of takeback programs outside its traditional print consumables business.

Close the Loop Limited acquired leading seafood bulk commercial packaging provider, Oceanic Agencies Pty Ltd (Oceanic) on 1 December 2021. 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. The Oceanic acquisition marked 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 12 month earnout based on an EBITDA target at the top end of the range was achieved during the current financial year which reflects the strong performance of Oceanic Agencies. Towards the end of the financial year the business lost a major customer, but this loss of revenue is offset by the increased sales of bulk handling products.

Crasti & Co. is one of Australia's largest Flexible Intermediate Bulk Container (FIBC) and bulk packaging suppliers. 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. Since Crasti & Co. has been part of the Group it has performed in line with expectations, generating good returns for the Group. It has a strong pipeline of sales opportunities. The solid performance of this business unit is reflected in the payout made to the Crasti & Co. vendors. This business unit has had a strong start to the new financial year and expects to see a continued growth with current and new customers. Further support from Crasti & Co.'s supply partner with pricing has helped retain current customers and increasing the opportunity secure new business.

Since the acquisition of Crasti & Co. Close the Loop has created take back programs that allow both Crasti & Co. and Oceanic packaging to be recycled through its proprietary solutions.

The 2023 financial year provided a combination of opportunities and challenges for Alliance Paper with the primary focus on the opening period defined by the settling of process and integration after the acquisition by Close the Loop. Since the acquisition of Alliance Paper there have been a number of operational changes made to the business. The business moved into a purpose-built facility in January 2023. As planned efficiencies are realised as a result of the move, profitability in the business continues to improve each month. Ongoing investment into inventory allowing the business to expand its service offering is also contributing to the improving performance of this business. As more efficiencies are realised in the next financial year, Alliance Paper's contribution to the Group is expected to grow.

In-Plas Recycling performance, since it was acquired by Close the Loop, has been impacted by a downturn in the commodity markets that it operates. Costs in this business have been adjusted since completion of the acquisition to be commensurate with current revenue levels. Performance of this business unit is expected to be in line with the assumptions made at the time of the acquisition with cross selling opportunities across the Group yet to be realised.

ISP Tek Services and Captive Trade Corporation have made a strong contribution to the overall performance of the Group in the two months since the acquisition of this business was complete. The financial performance of this business is in line with expectations that we had at the completion of the acquisition due diligence investigation. The company is continuing to work towards delivering on new sales opportunities with existing customers and with a view to expanding its service offering to a wider market base.

Review of prospects for future financial years

The Consolidated Entity is exposed to environmental (including climate change), social and governance ('ESG') risks which may affect the Consolidated Entity's ability to achieve the financial performance or outcomes disclosed herein.

Environmental Risks (including climate change)

The Consolidated Entity must comply with a range of environmental performance and reporting requirements which are conditions of its resource recovery and packaging activities. There is a risk that the Consolidated Entity may not be able to achieve the financial performance or outcomes disclosed herein if it fails to comply with those environmental performance and reporting requirements or if the requirements change in the future and the Consolidated Entity is no longer able to comply with the requirements or must incur material unplanned expenditure in order to remain compliant. There is also a risk that future business partners and customers may seek to have the Consolidated Entity comply with additional environmental performance and reporting requirements which the Consolidated Entity may not be able to comply with or must incur material unplanned expenditure in order to be compliant. The Consolidated Entity seeks to manage and minimise this risk through its existing risk management framework and through detailed environmental management plans and systems.

Social Risks

The Consolidated Entity is exposed to social risks as a result of the many stakeholders who are involved in its operations including but not limited to employees, contractors, local community members residing in areas where the Consolidated Entity operates, governments and government agencies (local, state and federal) as well as customers and suppliers. The Consolidated Entity is subject to reputational damage as well as potential claims for damages as a result of any harm or loss sustained by any stakeholder as a result of the operations of the Consolidated Entity and its representatives. There is a risk that the Consolidated Entity may not be able to achieve the financial performance or outcomes disclosed herein if it incurs reputational damage or claims for damages. The Consolidated Entity seeks to manage and minimise this risk through its existing risk management framework, including Board approved policies on stakeholder management and through established stakeholder consultation processes.

Governance Risks

The Consolidated Entity must comply with a range of governance requirements which are conditions of its listing on the ASX and of its resource recovery and packaging activities. There is a risk that the Consolidated Entity may not be able to achieve the financial performance or outcomes disclosed herein if it fails to comply with those governance requirements or if the requirements change in the future and the Consolidated Entity is no longer able to comply with the requirements or must incur material unplanned expenditure in order to remain compliant. The

Consolidated Entity seeks to manage and minimise this risk through its existing risk management framework including Board-approved governance policies which are subject to regular review.

Significant Changes in the State of Affairs

On 30 August 2022 Close the Loop Limited acquired 100% of the shares in Alliance Paper Pty Ltd and its wholly owned subsidiary Sustain Paper Pty Ltd. On 1 October 2022 Close the Loop Limited acquired 100% of the shares in The Pouch Shop Proprietary Limited, a private company incorporated in South Africa. On 28 February 2023 Close the Loop Limited completed the acquisition of In-Plas Recycling, Inc. via an asset purchase and sale agreement. On 28 April 2023 Close the Loop Limited acquired 100% of the shares in ISP Tek Services and Captive Trade Corporation.

There were no other significant changes in the state of affairs of the consolidated group during the financial year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year by Close the Loop Limited.

Events Subsequent to reporting date

Since 30 June 2023, the company has commenced discussions with a number of potential acquisition targets for share and or asset purchases for business that are complimentary to the current service offerings of the Group. At the time of this report no binding agreements have been entered into with any of these potential acquisition targets.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

The Group will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year. This will require further investment in areas such as recycling capability and sale of goods and services, which have performed well over recent years and offer sound opportunities for future development.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group’s operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its recycling and packaging activities.

The operations of the consolidated group are subject to certain environmental regulations under the Commonwealth and State legislation in Australia, the European Union legislation, South African legislation and the States of Kentucky, Ohio and Texas, in the United States of America.

Compliance with the requirements of environmental regulations and with specific requirements of site environmental licences was substantially achieved across all operations with no instances of non-compliance in relation to licence requirements noted. Based on the results of enquiries made, the board is not aware of any significant breaches during the period covered by this report.

Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report are as follows:

	Ordinary Fully Paid	Options	Performance Rights
Grant Carman	50,000	-	-
Gregory Toll	2,400,000	-	-
Joseph Foster	64,324,025	-	1,000,000
Lawrence Jaffe	65,928,058	3,000,000	1,000,000
Marc Lichtenstein	1,500,081	1,000,000	1,000,000

Share options

Unissued shares under options

All options were granted in the previous financial year. No options have been granted in the current financial year or since the end of the financial year.

At the date of this report unissued shares of the Group under option are:

Grant Date	Expiry Date	Exercise Price	Number of shares
2 December 2021	2 December 2023	0.30	10,585,134

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or the exercise of the options. 11,000,000 options were issued as part of the initial public offering of shares in the Company during the reporting period.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No options were issued to Directors and executives as remuneration during the year. During the course of the financial year, no options expired without being exercised during the year.

No other options over issued shares or interests in a controlled entity were granted during or since the end of the financial year and there were no options in controlled entities outstanding at the date of this report.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
414,866	30 cents

There were no other ordinary shares of Close the Loop Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Indemnification and insurance of officers and auditors

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Non-audit services

As a result of Close the Loop Limited acquiring the O F Pack entities as part of IPO on 30 November 2021, the Group has changed its auditor from BDO Audit Pty Ltd to Nexia Australia Pty Ltd. Nexia Australia were the auditor of the O F Pack entities and prepared the investigating accountants report as part of the IPO process. The Group's auditor appointment was ratified at the company's Annual General Meeting held on 16 November 2022.

Nexia Australia and the lead audit partner, Ben Bester, was the auditor of the Group for the first time for the year ended 30 June 2022. In accordance with the Corporations Act 2001 and Nexia Australia partner rotation requirements, the next rotation of the lead partner of Close the Loop Limited is planned to occur after the completion of the 30 June 2027 financial year audit.

During the year Nexia Australia, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, Nexia Australia, and its network firms for audit and non-audit services provided during the year are set out below.

	2023 $
Services other than audit and review of financial statements:	
Regulatory assurance services	
Government Grant Audit	11,000
Other assurance services	
Due diligence services	157,000
Other services	
Business services undertaken by Nexia	8,000
Overseas network firms - tax services	37,000
Overseas network firms - other accounting services	38,000
Audit of financial statements by overseas auditors	181,000
Audit and review of financial statements - Nexia	180,000
Total paid	**612,000**

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Lead auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Rounding of Amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration report – audited

The Directors present the Remuneration Report (the Report) for the Company for the year ended 30 June 2023. This Report forms part of the Directors' Report and has been audited in accordance with Section 300A of the Corporations Act 2001. The information provided in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

This Remuneration Report (Report) sets out Close the Loop's Executive remuneration framework, as well as the remuneration arrangements for the Key Management Personnel (KMP) of Close the Loop for the year ended 30 June 2023. References to Executives in this Report are to Executive KMP who report to the Chief Executive Officer. (CEO)

Key Developments in FY23

On 30 August 2022 Close the Loop Limited acquired 100% of the shares in Alliance Paper Pty Ltd and its wholly owned subsidiary Sustain Paper Pty Ltd. On 1 October 2022 Close the Loop Limited acquired 100% of the shares in The Pouch Shop Proprietary Limited, a private company incorporated in South Africa. On 28 February 2023 Close the Loop Limited completed the acquisition of In-Plas Recycling, Inc. via an asset purchase and sale agreement. On 28 April 2023 Close the Loop Limited acquired 100% of the shares in ISP Tek Services and Captive Trade Corp.

The comparative information for 30 June 2022 remuneration report represents remuneration of O F Packaging Pty Ltd and its wholly owned subsidiary O F Flexo Pty Ltd for the period 1 July 2021 to 30 November 2021 and the consolidated remuneration for Close the Loop Group for the period post-acquisition from 1 December 2021 to 30 June 2022. On the 30 November 2021, Close the Loop Limited completed the acquisition of 100% of the share capital of O F Packaging Pty Ltd. The transaction is accounted for as a reverse acquisition of Close the Loop Limited and its controlled entities by O F Packaging Pty Ltd.

Refer to note 41 in the Financial Statements, for further information regarding the acquisitions.

Review of remuneration structure - audited

Remuneration strategy and governance

The Board is responsible for ensuring that Close the Loop's remuneration strategy and framework support the Group's performance and that executives and Non-Executive Directors are rewarded fairly and responsibly with regard to legal and corporate governance requirements. The responsibilities of the Remuneration Committee are that it oversees remuneration matters and, where appropriate, makes recommendations on any changes to remuneration structure. The Committee is comprised of Greg Toll and Grant Carman, two independent Non-Executive Directors and two Executive Directors: Joe Foster (CEO) and Marc Lichtenstein (CFO).

Close the Loop's Key Management Personnel are assessed each year and comprise the Executive Directors of the Company and select senior executives who have the authority and responsibility for planning, directing and controlling the Company's activities directly or indirectly. As a result of the most recent review, this involved rebalancing executive remuneration by changing the mix of long-term incentive plans (LTIP), base salary, and short-term incentive (STI) components for both the CEO and executives. These changes capture Close the Loop's continued evolution from its unlisted private origins to a global circularly integrated sustainability company, where competitive remuneration is an important factor in attracting and retaining executive talent.

Principles of compensation - audited

Compensation packages include a mix of fixed and variable compensation, and short and long-term performance-based incentives.

As a global end-to-end solutions providing company, Close the Loop is dependent on highly-skilled, specialist team members to execute our strategy. Our ability to attract, retain, reward, and motivate our people is fundamental to our long-term success. The remuneration strategy is aligned with the Company's purpose, vision and shareholders' interests.

The objective of determining remuneration levels is to:

- Set competitive remuneration packages to attract, retain and motivate high quality directors and executives who will generate value for shareholders and ensure they are consistent with the Company's strategic goals and human resources objectives; and
- Establish remuneration strategies that are fair and reasonable having regard to the performance of the Company and the relevant director or executive.

Our executive remuneration framework has been carefully and purposefully developed to enable this by offering:

- Fixed remuneration competitive with the market;
- Short-term incentives based on challenging individual and Company-wide targets; and
- An equity plan that is aligned with Close the Loop's strategy, ensuring a focus on execution and long-term value creation.

The Board reviews and makes recommendations on the Company's remuneration policies, procedures and practices. It also defines the individual packages offered to Executive Directors and KMP's for recommendation to the Board. During the current and previous financial years, matters of remuneration and nomination were determined at a board level by the Nomination and Remuneration Committee.

During the year to 30 June 2023, a comprehensive review of the Company's remuneration strategy was carried out to ensure alignment with its strategy and appropriate levels of remuneration relative to its industry peers, and this was completed in conjunction with the acquisitions and growth of the Company.

As part of this review, advisors were engaged to review the remuneration structure of the Company, including incentive practises and third-party software was used for market research for KMPs and employees. The Board did not receive a report that included provision of remuneration recommendations, as defined in the Corporations Act.

In accordance with Corporate Governance best practice (Recommendation 8.2), the structure of Non-Executive Director and executive remuneration is separate and distinct as follows:

Executive KMPs

The table below represents the target remuneration mix for group executives in the current year. The short-term incentive is provided at target levels, and the long-term incentive amount is provided based on the value granted in the current year.

		At Risk	
	Fixed remuneration	**Short-term incentive**	**Long-term incentive**
CEO	50%	25%	25%
CFO, CCO	50%	25%	25%
Other executives	50%	25%	25%

Fixed Compensation

The fixed remuneration component which consists of the base salary and retirement benefits (superannuation), is reviewed annually based on individual skills, experience, accountabilities, performance, leadership and behaviours.

Performance linked compensation

Short-term incentives

An at-risk component of remuneration is set as a percentage of base salary which is calculated based on achievement against a range of Company-wide performance measures (financial and non-financial) and individual objectives. The STI rewards the delivery of key strategic and financial objectives and is aligned to Close the Loop's goals for growth and operational discipline.

Short-term incentives are an at risk component of remuneration that is structured to reward progress towards and alignment with Close the Loop's strategic and financial objectives and create value for customers, employees and shareholders in the financial period. STI payments are set as a percentage of base salary and are based on level of responsibility.

STI is calculated based on achievement against a range of organisational performance measures (financial and non-financial). The STI performance metrics have been chosen as they focus the CEO, CFO and CCO on growing global revenue and creating valued customer experiences while at the same time maintaining operational discipline. STI payments comprise 100% cash.

Element	**Details**
Purpose	Focus participants on delivery of business objectives over a one-year period
Target opportunity (% base salary)	CEO 50%, CFO 50%, CCO 50%
Maximum opportunity (% base salary)	100% satisfaction of the STI performance metrics results in the following STI opportunity as a % of base salary: • CEO 50%, CFO 50%, CCO 50% • Outperformance is possible
Performance period	Performance is measured from 1 July 2022 to 30 June 2023 (FY23).
Conditions	The award of any 2023 STI will be subject to the following performance gateways, that is, no 2023 STI award will be paid unless: the Group's EBITDA for FY23 meets or exceeds the forecast revenue of $115 million and EBITDA of $18 million, excluding the In-Plas Recycling and ISP Tek acquisitions.
Financial objectives (50%)	The percentage of the Group Performance Component of the 2023 STI Award that will be paid out will be determined by reference to Group revenue and EBITDA generated during the Performance Period. In order for any of the 2023 Group Performance Component to be paid out, a threshold level of performance must be achieved which is the achievement of the revenue and EBITDA targets for FY23.
Non-financial objectives (50%)	Non-financial metrics are based on: • Business growth; and • Individual key performance indicators (KPIs) – Goals aligned to Company strategic objectives.
Target setting	The targets set at the beginning of each financial year are reviewed and approved by the Board and are aligned to Close the Loop's longer-term strategic objectives.
Evaluation of performance	Performance against financial and non-financial objectives are determined at the end of the financial period after review of executive performance by the CEO and CFO. All STI calculations are subsequently then presented to the Board for final approval.
Pay vehicle	100% of STI awarded is paid in cash.
Forfeiture and termination	Unless the Board determines otherwise, if the executive ceases employment, all STI awards not yet paid are forfeited.

Malus and clawback

If the Board becomes aware of a material misstatement in the Company's financial statements, or a KMP has committed an act of fraud, negligence or gross misconduct, engaged in an act which has brought a Group Company into disrepute, breached their duties or obligations to the Group, failed to comply with any restrictive covenant or that some other event has occurred which, as a result, means the 2023 STI Award should be reduced or extinguished, or should not vest, then the Board may clawback or adjust any such award at its discretion to ensure that key management personnel do not derive any unfair benefit.

Close the Loop's performance and short-term incentive outcomes

Close the Loop achieved record revenue growth in FY23, to achieve our strongest year ever. In FY23, EBITDA, net profit and operating cash flow increased strongly compared to FY22. This reflects top-line growth together with close management of expenses and considered capital allocation. Also, there was no major security breach in FY23 so all initial conditions for short term incentives were met. Whilst record results have been achieved by the Group consistently since listing STIs will only be considered for FY23 once the final audited results have been published.

Long-term incentives (LTI)

An at-risk component is set as a percentage of base salary and granted annually subject to approval at the Annual General Meeting to participating executives, which entitles the executive to Close the Loop shares on vesting of the option and payment of the exercise price. Options are subject to a two-year vesting period and vest based on satisfaction of the vesting conditions. Vesting is subject to continued employment, which provides an additional time-based retention incentive. The LTI rewards delivery against longer-term strategy and shareholder value creation. The creation and approval of the new LTI was established at the Company's first Annual General Meeting post-acquisition which was held in November 2022.

In November 2021, upon completion of the IPO process and the acquisition of the O F Pack Group by Close the Loop, the Company made a onetime grant at the time of the acquisition of 5,000,000 Long Term Incentive (LTI) options under the employee share option plan (ESOP) to assist in the motivation, reward and retention of key personnel. All share options refer to options over ordinary shares of Close the Loop Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan (ESOP). Vested LTI Options are exercisable from the end of the relevant Vesting Period until the Expiry Date. The LTI Options cannot be cash settled. The options vested immediately upon issue and must be exercisable within 2 years of the issue date.

Element	Details
Purpose	Rewards delivery against longer-term strategy and sustained shareholder value creation. Provides alignment between shareholder, customer, and executive outcomes and time-based retention through multi-year exercisable timeframe.
Grant Date	2 December 2021
Vesting Conditions	Options vested in full upon successful completion of the IPO process.
Performance period	\$0.30 calculated as a 50% premium on the Offer Price set out in the Company's Prospectus. The exercise price acts as an in-built performance hurdle, incentivising executives to create value that increases the Close the Loop share price above the exercise price over the vesting period.
Expiry Date	Any vested but unexercised Options will lapse on the 2nd anniversary of the grant date.
Forfeiture and termination	If an employee's employment is terminated or they resign prior to the Vesting date, all unvested options will lapse and they will have 30 days to exercise any vested options.

The FY23 LTI has been adopted to align employees' interests directly with shareholders by linking employee remuneration to the Company's share price performance over the medium to longer term. The LTI comprises grants of performance rights to KMP and senior executives, pursuant to the Company's Performance Rights Plan Rules which were approved by shareholders on 16 November 2022.

The Board believes that the Performance Rights Plan will:

(a) encourage participants to focus on creating value for Shareholders;

(b) link reward with the achievement of long-term performance in the Company;

(c) encourage participants to remain with the Company by providing them with the opportunity to hold a financial stake in the Company; and

(d) assist in the Company attracting and retaining high calibre KMP and employees.

Performance rights are granted at the discretion of the Board to KMP and employees by way of issue at nil cost both at the time of grant and vesting. Performance rights are granted on an annual basis, with the at-risk value of the annual grant over the vesting period, typically three years, representing a percentage of the employee's total fixed remuneration and priced based on the Company's share price at the time of grant. Vesting is contingent on the Company meeting or exceeding defined performance hurdles over the performance period. The performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms based on the movement in the share price.

The performance criteria for the tranches of new performance rights granted to KMP during the financial year are detailed below:

Element	Details
Purpose	Rewards delivery against longer-term strategy and sustained shareholder value creation. Provides alignment between shareholder, customer, and executive outcomes and time-based retention through multi-year exercisable timeframe.
Grant Date	20 December 2022
Exercise Price	Nil (i.e. no amount is payable to exercise a Performance Right to acquire a Share in the Company once the Vesting Conditions are satisfied)
Price payable to acquire Performance Rights	Nil
Expiry Date	Performance Rights will vest 3 years after the grant date. Any vested but unexercised Performance Rights will lapse on the 5th anniversary of the grant date.
Forfeiture and termination	If an employee's employment is terminated or they resign prior to the Vesting date, all unvested Performance Rights will lapse and they will have 30 days to exercise any vested Performance Rights.
Vesting Conditions	The Performance Rights granted will vest in the manner set out in the tables below, provided the following conditions are met:

No. of Performance Rights	Performance Condition	Service Condition
Performance Rights, being 40% of the total Performance Rights granted to the KMP or employee. (Tranche A Performance Rights)	Not Applicable	The KMP or employee is continuously employed or continue to provide services to the Company from the Grant Date up to the date the Board makes a determination that the Vesting Conditions are met.
Performance Rights, being 20% of the total Performance Rights granted to the KMP or employee. (Tranche B Performance Rights)	The volume weighted average market price (**VWAP**) of the Shares being equal to or more than $0.70 for 20 consecutive trading days.	
Performance Rights, being 20% of the total Performance Rights granted to the KMP or employee.	The VWAP of the Shares being equal to or more than $0.85 for 20 consecutive trading days.	

Element	Details		
	(Tranche C Performance Rights)		
	Performance Rights, being 20% of the total Performance Rights granted to the KMP or employee. (Tranche D Performance Rights)	The VWAP of the Shares being equal to or more than $1.00 for 20 consecutive trading days.	

If the above Vesting Conditions are not satisfied, or if the Board determines that they cannot be satisfied, the relevant KMP or employee will forfeit Performance Rights (unless the Board exercises its discretion to permit those Performance Rights to vest in accordance with the terms of the Performance Rights Plan Rules).

No Performance Rights have been issued to any of the KMP or employees prior to 20 December 2022.

Future LTI plan not yet granted

Annual Executive Director KMP LTI grants are subject to approval at the Annual General Meeting which is expected to occur in November 2023. Shareholder approval will be required for the number of performance rights issued and vesting conditions. The performance rights granted will be subject to the satisfaction of vesting conditions relating to the Company's total shareholder return (TSR) and continued employment with the Company.

TSR measures the growth in the price of the Company's shares as a percentage factoring in dividends notionally being reinvested in shares. The vesting conditions for the FY24 Performance Rights will be similar to those of the FY23 grant.

The second grant under this scheme approved at the 16 November 2022 AGM is under consideration for the FY24 AGM.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the following indices in respect of the current financial year and the previous financial years.

	2023	2022	2021
Revenue	$135,934,000	$70,132,000	$26,812,000
Profit attributable to owners of the company	$12,238,000	$4,606,000	$4,252,000
Dividends paid*	-	$1,023,000	$392,516
Operating income growth	166%	8%	N/A
Change in share price	8.5 cents	20.5 cents	N/A
Share price at 30 June	49 cents	40.5 cents	20 cents**
Return on capital employed	14.0%	3.1%	53.3%

* Dividends were paid by O F Packaging Pty Ltd prior to the acquisition of O F Packaging by Close the Loop Limited.

** This is the share price that was set to raise funds as part of the initial public offer as part of the listing process.

Revenue and profit are some of the financial performance targets considered in setting the Short-Term Incentive. Revenue and profit amounts have been calculated in accordance with Australian Accounting Standards. Operating income is operating profit as reported in the statement of profit or loss.

Key management personnel

The Report details the remuneration arrangements for the Company's Key Management Personnel (KMP):

- Executive KMP
- Non-Executive Directors

Close the Loop's KMP comprise all Directors and those executives who have specific authority and responsibility for planning, directing and controlling the activities of the Group. In this report, the term "Executive KMP" refers to KMP excluding Non-Executive Directors.

	Country of Residence	Position	Period position was held during the year
Executive Directors			
Joe Foster	Australia	Chief Executive Officer (CEO)	Full Year
Marc Lichtenstein	Australia	Chief Financial Officer (CFO)	Full Year
Lawrence Jaffe	Australia	Chief Commercial Officer (CCO)	Full Year
Darren Brits	Australia	Chief Operating Officer (COO)	Full Year – resigned 30 June 2023
Non-Executive Directors			
Greg Toll	Australia	Chairman, Independent Non-Executive Director	Full Year
Grant Carman	Australia	Independent Non-Executive Director	Full Year
Executive KMP			
Tom Ogonek	USA	President USA & EU	Full Year

Service contracts

The following is a summary of the current major provisions of the agreement relating to remuneration of the Executive Directors and executive KMP.

Joe Foster – Chief Executive Officer

Employment Conditions

Commencement date:	30 November 2021
Remuneration and other benefits:	Base remuneration of $400,000 per annum plus superannuation
Incentives:	Target STI of 50% of base salary, awarded as cash, subject to achievement of target.
Term:	Ongoing until notice is given by either party
Review:	Annually
Notice period required on termination	6 months by either party

Marc Lichtenstein – Chief Financial Officer

Employment Conditions

Commencement date:	30 November 2021
Remuneration and other benefits:	Base remuneration of $350,000 per annum plus superannuation
Incentives:	Target STI of 50% of base salary, awarded as cash, subject to achievement of target.
Term:	Ongoing until notice is given by either party
Review:	Annually
Notice period required on termination	6 months by either party

Lawrence Jaffe – Chief Commercial Officer

Employment Conditions

Commencement date:	30 November 2021
Remuneration and other benefits:	Base remuneration of $350,000 per annum plus superannuation
Incentives:	Target STI of 50% of base salary, awarded as cash, subject to achievement of target.

	For any new entity or new business sourced or identified directly by Lawrence, which is successfully acquired by Close the Loop, Lawrence is entitled to: • A one-off bonus payment equivalent to 1.5% of the acquisition price, subject to the Board approving that acquisition.
Term:	Ongoing until notice is given by either party
Review:	Annually
Notice period required on termination	6 months by either party

Darren Brits – Chief Operating Officer

Employment Conditions

Commencement date:	30 November 2021 – resigned 30 June 2023
Remuneration and other benefits:	Base remuneration of $280,000 per annum plus superannuation
Incentives:	Target STI of 50% of base salary, awarded as cash, subject to achievement of target.
Term:	Ongoing until notice is given by either party
Review:	Annually
Notice period required on termination	6 months by either party

Tom Ogonek – President USA & EU

Employment Conditions

Commencement date:	30 November 2021
Remuneration and other benefits:	Base remuneration of US$250,000 per annum plus 401K retirement plan with matching contributions of up to 3% of the base remuneration and a 50% match for contributions between 3% and 5% of the base remuneration.
Incentives:	Target STI of 50% of base salary, awarded as cash, subject to achievement of target.
Term:	Ongoing until notice is given by either party
Review:	Annually
Notice period required on termination	6 months by either party

Services from remuneration consultants

During and since the year ended 30 June 2023 the Nomination and Remuneration Committee has not engaged any remuneration consultant to the board to review the amount and elements of the key management personnel remuneration and provide recommendations in relation thereto.

Non-executive directors

The Board seeks to set Non-Executive Directors' remuneration at a level that provides the Company with the ability to attract and retain Directors of a high calibre whilst incurring a cost that is acceptable to shareholders.

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Board recommends the actual payments to Directors and the Board is responsible for ratifying any recommendations, if appropriate. Under the Constitution, the Board may decide the total amount paid by the Company to each Director as remuneration for their services as a Director. However, under the Constitution and the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors, fees approved by Shareholders at the Company's general meeting. This amount has been fixed by the Company at $300,000 per annum and is set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. The base fee for the Chairperson is $90,000 per annum. Base fees for other directors are $40,000 per annum.

The amount of aggregate remuneration and the manner in which it is apportioned amongst Directors is reviewed annually.

Directors' base fees cover all main board activities and membership of committees. Directors will not receive additional fees for being a member of a Board Committee or any committee meetings they attended.

Non-Executive Directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation. All Non-Executive Directors' fees are inclusive of statutory superannuation contributions.

Directors' and executive officers' remuneration – audited

The following table of Directors and KMP remuneration has been prepared in accordance with accounting standards and the Corporations Act 2001 requirements, for the period from 1 July 2022 to 30 June 2023. Directors' and executives' remuneration is accounted for as a reverse acquisition business combination for the financial year ending 30 June 2022.

Joe Foster became a director on 5 November 2016 and Darren Brits became a director on 1 February 2016 of O F Packaging Pty Ltd. Accordingly, they are the only two employees that were employees for the full year in the prior year as the acquisition of O F Packaging Pty Ltd by Close the Loop Limited has been accounted for as a reverse acquisition business combination. Lawrence Jaffe was a consultant to O F Packaging prior to the acquisition on 30 November 2021 when he became an employee of the company. Greg Toll, Grant Carman, Marc Lichtenstein and Tom Ogonek become Directors and or KMP of the combined Group with effect from 30 November 2021.

		Short term			Post-employment	Other long term	Share-based payments		
		Salary and fees (B)	STI cash bonus (A)	Non-monetary benefits	Super-annuation benefits	(B)	Performance Rights and Options (C)	Total	Proportion of remuneration performance related
Directors									
Non-executive directors									
Greg Toll (Chairperson)	2023	90,000	-	-	-		-	90,000	-
	2022	52,500	-	-	-		-	52,500	-
Grant Carman	2023	40,000	-	-	-		-	40,000	-
	2022	23,333	-	-	-		-	23,333	
Sub-total non-executive directors' remuneration	**2023**	**130,000**	-	-			-	**130,000**	-
	2022	**75,833**	-	-			-	**75,833**	-
Executive directors									
Joseph Foster CEO	2023	308,251	157,500	-	35,516	25,550	54,657	581,474	27.1%
	2022	201,023	30,000	-	19,376	45,577	-	295,976	10.1%
Darren Brits COO **(D)**	2023	269,752	-	-	28,324	22,903	54,657	375,636	-%
	2022	176,872	30,000	-	16,818	31,199	-	254,889	11.8%
Lawrence Jaffe CCO	2023	333,324	175,000	-	25,000	-	54,657	587,981	29.8%
	2022	147,670	95,813	-	-	-	177,000	420,483	22.8%
Marc Lichtenstein CFO and Company Secretary	2023	337,500	155,313	-	35,438	32,483	54,657	615,391	25.2%
	2022	204,167	30,000	-	20,417	17,500	59,000	331,084	9.1%
Total directors' remuneration	**2023**	**1,248,827**	**487,813**	**-**	**124,278**	**80,936**	**218,628**	**2,160,482**	**22.6%**
	2022	**729,732**	**185,813**	**-**	**56,611**	**94,276**	**236,000**	**1,302,432**	**14.3%**
Executives									
Tom Ogonek President USA & EU	2023	371,250	141,403	-	16,537	15,954	40,993	586,137	24.1%
	2022	200,928	30,000	-	-	15,402	59,000	289,928	10.3%
Total executives' remuneration	**2023**	**371,250**	**141,403**	**-**	**16,537**	**15,954**	**40,993**	**586,137**	**24.1%**
	2022	**200,928**	**30,000**	**-**	**-**	**15,402**	**59,000**	**305,330**	**10.3%**
Total directors' and executive officers' remuneration	**2023**	**1,750,077**	**629,216**	**-**	**140,815**	**96,890**	**259,621**	**2,876,619**	**21.9%**
	2022	**1,006,493**	**215,813**	**-**	**56,611**	**109,678**	**295,000**	**1,683,595**	**12.8%**

A The short-term incentive bonus is for performance during the respective financial year using the criteria set out above. Bonus payments are presented on an accruals basis and do not reflect the actual timing of payments.

B In accordance with AASB 119 Employee Benefits, annual leave is classified as an other long term employee benefit.

C Amounts relate to the fair value of grants options and performance rights made pursuant to the LTI Plan attributable to the financial year measured in accordance with AASB 2 Share Based Payments. The fair value of performance rights with the share price target condition are calculated using the Black-Scholes option pricing model and binomial option pricing model. The value disclosed is the portion of the fair value of the rights recognised as an expense in each reporting period.

D Darren Brits ceased employment effective 30 June 2023 and resigned as a director on this date.

Analysis of bonuses included in remuneration – audited

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, and other key management personnel are detailed below.

	Short-term incentive bonus		
	Included in remuneration $(A)	% vested in year	% forfeited in year (B)
KMP			
2023			
Joe Foster	$157,500	90%	10%
Marc Lichtenstein	$155,313	89%	11%
Lawrence Jaffe	$175,000	100%	-%
Darren Brits	$-	-%	100%
Tom Ogonek	$141,403	75%	25%
2022			
Joe Foster	$30,000	15%	85%
Marc Lichtenstein	$30,000	15%	85%
Lawrence Jaffe	$95,813	65%	35%
Darren Brits	$30,000	17%	83%
Tom Ogonek	$30,000	15%	85%

A Amounts included in remuneration for the financial year represent the amount related to the financial year based on achievement of personal goals and satisfaction of specified performance criteria. The remuneration committee approved these amounts on 7 August 2023.

B The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year and the amount of the short-term bonus forfeited in the year ending 30 June 2022 is a result of the company only being listed for 7 months.

Equity Instruments

All options refer to options over ordinary shares of Close the Loop Limited, which are exercisable on a one-for-one basis under the executive share plan (ESP).

Rights and options over equity instruments granted as compensation - audited

Details of rights and options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details of options that vested during the reporting period are as follows:

Options	Number of options granted during 2021-22	Grant date	Fair value per option at grant date $	Exercise price per option $	Expiry date	Number of options vested during 2021-22
Lawrence Jaffe	3,000,000	2 December 2021	0.059	0.30	2 December 2023	3,000,000
Marc Lichtenstein	1,000,000	2 December 2021	0.059	0.30	2 December 2023	1,000,000
Tom Ogonek	1,000,000	2 December 2021	0.059	0.30	2 December 2023	1,000,000

No options were issued in the financial year ending 30 June 2023.

Rights granted	Number of rights granted during 2022-23	Grant date	Fair value at grant date $	Expiry date	Vesting condition
Joe Foster	400,000	20 December 2022	0.380	20 December 2025	Tenure
	200,000	20 December 2022	0.290	20 December 2025	Share price target
	200,000	20 December 2022	0.262	20 December 2025	Share price target
	200,000	20 December 2022	0.248	20 December 2025	Share price target
Darren Brits	400,000	20 December 2022	0.380	20 December 2025	Tenure
	200,000	20 December 2022	0.290	20 December 2025	Share price target
	200,000	20 December 2022	0.262	20 December 2025	Share price target
	200,000	20 December 2022	0.248	20 December 2025	Share price target
Lawrence Jaffe	400,000	20 December 2022	0.380	20 December 2025	Tenure
	200,000	20 December 2022	0.290	20 December 2025	Share price target
	200,000	20 December 2022	0.262	20 December 2025	Share price target
	200,000	20 December 2022	0.248	20 December 2025	Share price target
Marc Lichtenstein	400,000	20 December 2022	0.380	20 December 2025	Tenure
	200,000	20 December 2022	0.290	20 December 2025	Share price target
	200,000	20 December 2022	0.262	20 December 2025	Share price target
	200,000	20 December 2022	0.248	20 December 2025	Share price target
Tom Ogonek	300,000	20 December 2022	0.380	20 December 2025	Tenure
	150,000	20 December 2022	0.290	20 December 2025	Share price target
	150,000	20 December 2022	0.262	20 December 2025	Share price target
	150,000	20 December 2022	0.248	20 December 2025	Share price target

No rights were issued in the previous financial year.

All rights and options expire on the earlier of their expiry date or termination of the individual's employment. The options vested in full upon the listing of Close the Loop Limited on 2 December 2022. The options are exercisable up to two years from grant date.

The rights vest three years from grant date. In addition to a continuing employment service condition, vesting is conditional on the Group achieving share price targets. Details of the performance criteria are included in the long-term incentives discussion. For rights granted in the current year, the earliest vesting date is 20 December 2025

Exercise of options granted as compensation – audited

During the previous reporting period, the following shares were issued on the exercise of options previously granted as compensation to a Close the Loop Inc, USA, based employee:

	Number of shares	Amount paid $/share
Don Menke	70,000	20 cents

There were 300,000 employee options with a strike price of 20 cents per share that expired on 30 April 2022 that were not exercised by one employee and a former employee. Neither of these two people were considered KMP.

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2021-22 financial year.

No options granted as compensation were exercised in the financial year ending 30 June 2023.

Details of equity incentives affecting current and future remuneration – audited

Details of vesting profiles of the rights and options held by each key management person of the Group are detailed below.

	Instrument		Grant date	% vested in year	% forfeited in year (A)	Financial years in which grant vests	Maximum value yet to vest (B)
Joe Foster	Rights	1,000,000	20 December 2022	-%	-%	1 July 2025	$257,343
Darren Brits	Rights	1,000,000	20 December 2022	-%	100%	1 July 2025	$-
Lawrence Jaffe	Options	3,000,000	2 December 2021	100%	-%	1 July 2021	N/A
	Rights	1,000,000	20 December 2022	-%	-%	1 July 2025	$257,343
Marc Lichtenstein	Options	1,000,000	2 December 2021	100%	-%	1 July 2021	N/A
	Rights	1,000,000	20 December 2022	-%	-%	1 July 2025	$257,343
Tom Ogonek	Options	1,000,000	2 December 2021	100%	-%	1 July 2021	N/A
	Rights	750,000	20 December 2022	-%	-%	1 July 2025	$193,007

A The percentage forfeited in the year represents the reduction from the maximum number of instruments available to vest due to performance criteria not being achieved.

B The maximum value of share rights yet to vest is determined based on the amount of the grant date fair value that is yet to be expensed. The minimum value of share rights yet to vest is nil since the shares will be forfeited if the vesting conditions are not met.

Analysis of movements in equity instruments - audited

The value of rights or options over ordinary shares in the Company granted and exercised by each key management person during the reporting period is detailed below.

	Granted in year (A)	Value of rights or options exercised in year $(B)
Joe Foster	$257,343	-
Darren Brits	$257,343	-
Lawrence Jaffe	$257,343	-
Marc Lichtenstein	$257,343	-
Tom Ogonek	$193,007	-

A The value of rights granted in the year is the fair value of the rights calculated at grant date. The total value of the rights granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2022 to 1 July 2025).

B The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

Options and rights over equity instruments

The movement during the reporting period, by number of rights and options over ordinary shares in the Company held, directly, indirectly, or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2022	Granted as compensation	Exercised	Lapsed	Forfeited	Held at 30 June 2023	Vested during the year	Vested and exercisable at 30 June 2023
Options								
Lawrence Jaffe	3,000,000	-	-	-	-	3,000,000	-	3,000,000
Marc Lichtenstein	1,000,000	-	-	-	-	1,000,000	-	1,000,000
Tom Ogonek	1,000,000	-	-	-	-	1,000,000	-	1,000,000
Rights								
Joe Foster	-	1,000,000	-	-	-	1,000,000	-	-
Darren Brits	-	1,000,000	-	-	1,000,000	-	-	-
Lawrence Jaffe	-	1,000,000	-	-	-	1,000,000	-	-
Marc Lichtenstein	-	1,000,000	-	-	-	1,000,000	-	-
Tom Ogonek	-	750,000	-	-	-	750,000	-	-

No KMP options lapsed during the year which were granted during the financial year ended 30 June 2022

Key management personnel transactions - audited

Loans to and from key management personnel and their related parties

Details regarding loans outstanding at the end of the reporting period due and payable to key management personnel and their related parties, where the individual's aggregate loan balance exceeded $10,000 in the reporting period, are as follows:

	Balance 1 July 2022 $	Balance 30 June 2023 $	Interest not paid $	Highest balance in period $
Joe Foster	16,442	11,990	-	16,442

Unsecured loans issued by Joe Foster to the company during the year ended 30 June 2023 amounted to $11,990. During the year, the company repaid $4,452 of the balance outstanding on the loan. No interest is payable on the loans.

There were no other loans or any other related party transactions which have not been mentioned in this report to KMP or their related parties during the current or previous financial years.

Other transactions with key management personnel

A number of key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

From time to time, directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly, or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2022	Received on exercise of options	Other changes (A)	Held at 30 June 2023
Greg Toll	2,400,000	-	-	2,400,000
Grant Carman	50,000	-	-	50,000
Joe Foster	64,324,025	-	-	64,324,025
Marc Lichtenstein	1,500,081	-	-	1,500,081
Lawrence Jaffe	65,928,058	-	-	65,928,058
Darren Brits	3,300,941	-	-	3,300,941
Tom Ogonek	2,000,080	-	-	2,000,080
Total	**139,503,185**	**-**	**-**	**139,503,185**

A Other changes represent shares that were purchased or sold during the year.

This Directors' report is made out in accordance with a resolution of the directors:

Signed: ________________________ Date: 28 August 2023

Gregory Toll
Director

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Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Close the Loop Group Limited and its controlled entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Benjamin Bester
Director

Dated this 28th day of August 2023

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Revenue from continuing operations			
Revenue	8	135,934	70,132
Cost of sales		(88,339)	(49,098)
Gross profit		47,595	21,034
Expenses			
Other income	9A	1,918	1,039
Bargain purchase acquisition gain	41	-	222
Selling and distribution expenses		(221)	(132)
Administration expenses		(11,698)	(3,591)
Employee benefits		(12,039)	(7,134)
Occupancy costs		(1,253)	(15)
Asset impairment	9B	(1,613)	(1,344)
Depreciation and amortisation	9B	(5,327)	(3,415)
Costs associated with capital raise		-	(2,433)
Other expenses		-	(498)
Operating profit		**17,362**	**3,733**
Finance costs	9B	(2,481)	(757)
Profit before income tax expense from continuing operations		**14,881**	**2,976**
Income tax benefit / (expense)	12	(2,643)	1,622
Profit after income tax expense from continuing operations		**12,238**	**4,598**
Profit after income tax expense for the year		**12,238**	**4,598**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(626)	(99)
Total comprehensive income for the year		**11,612**	**4,499**
Profit for the year is attributable to:			
Non-controlling interest		128	(8)
Owners of Close the Loop Limited		12,110	4,606
		12,238	**4,598**
Total comprehensive income for the year is attributable to:			
Continuing operations		11,484	4,507
Non-controlling interest		128	(8)
Continuing operations		**11,612**	**4,499**
		Cents	Cents
Earnings per share for profit attributable to the owners of Close the Loop Limited			
Basic earnings per share	10	3.23	2.39
Diluted earnings per share	10	3.11	2.31

The above Statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

As set out in Note 6 to the Financial Statements, as a result of the acquisition of O F Packaging Pty Ltd (‘O F Pack’) and its controlled entity by Close the Loop Limited and its controlled entities (‘Close the Loop’), the comparative information in the Consolidated Statement of Profit or Loss and other Comprehensive Income for the period ended 30 June 2022 represents the results of O F Pack for the period from 1 July 2021 to 30 November 2021 and the consolidated results for O F Pack and Close the Loop Group for the period post-acquisition from 1 December 2021 to 30 June 2022.

Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	13	49,458	10,333
Trade and other receivables	14	26,148	21,078
Inventories	15	15,875	5,423
Other	16	5,156	3,189
Total current assets		96,637	40,023
Non-current assets			
Investments	17	155	164
Property, plant, and equipment	18	20,168	6,194
Right-of-use assets	19	20,838	13,715
Intangibles	20	131,269	29,910
Deferred tax	12	1,674	1,822
Other	16	638	436
Total non-current assets		174,742	52,241
Total assets		**271,379**	**92,264**
Liabilities			
Current liabilities			
Trade and other payables	21	29,180	10,329
Borrowings	22	16,094	4,683
Lease liabilities	23	3,766	2,422
Income tax	12	1,642	54
Provisions	24	2,695	1,856
Deferred revenue	25	-	1,180
Other	26	439	802
Total current liabilities		53,816	21,326
Non-current liabilities			
Borrowings	22	71,420	3,971
Lease liabilities	23	19,577	13,154
Provisions	24	265	126
Deferred tax liability		1,372	307
Deferred revenue	25	152	152
Other		717	-
Total non-current liabilities		93,503	17,710
Total liabilities		**147,319**	**39,036**
Net assets		**124,060**	**53,228**
Equity			
Issued capital	27	100,588	41,695
Reserves	28	(1,260)	(899)
Retained profits		24,215	12,105
Non-controlling interest		517	327
Total equity		**124,060**	**53,228**

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

As set out in Note 6 to the Financial Statements, as a result of the acquisition of O F Packaging Pty Ltd ('O F Pack') and its controlled entity by Close the Loop Limited and its controlled entities ('Close the Loop'), the comparative information in the Consolidated Statement of Financial Position as at 30 June 2022 reflects the balances of the post-acquisition consolidated Group including O F Pack and Close the Loop.

Consolidated statement of changes in equity
For the year ended 30 June 2023

	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Consolidated					
Balance at 1 July 2021	427	-	7,555	-	7,982
Profit after income tax expense for the year, net of tax	-	-	4,606	(8)	4,598
Foreign exchange movement	-	(99)	-	-	(99)
Total comprehensive income for the year	-	(99)	4,606	(8)	4,499
Transactions with owners in their capacity as owners:					
Movement in issued shares (Note 27)	41,268	-	-	-	41,268
Movement in provisions	-	(765)	967	335	537
Option reserve	-	(35)	-	-	(35)
Dividends paid	-	-	(1,023)	-	(1,023)
Balance at 30 June 2022	41,695	(899)	12,105	327	53,228

	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Consolidated					
Balance at 1 July 2022	41,695	(899)	12,105	327	53,228
Profit after income tax expense for the year, net of tax	-	-	12,110	128	12,238
Foreign exchange movement	-	(688)	-	62	(626)
Total comprehensive income for the year	-	(688)	12,110	190	11,612
Transactions with owners in their capacity as owners:					
Movement in issued shares (Note 27)	58,893	-	-	-	58,893
Movement in provisions	-	327	-	-	327
Balance at 30 June 2023	100,588	(1,260)	24,215	517	124,060

As set out in Note 6 to the Financial Statements, as a result of the acquisition of O F Packaging Pty Ltd ('O F Pack') and its controlled entity by Close the Loop Limited and its controlled entities ('Close the Loop'), the comparative information in the Consolidated Statement of Changes in Equity for the period ended 30 June 2022 represents the results of O F Pack only for the period 1 July 2021 to 30 November 2021 and the consolidated results for O F Pack and Close the Loop Group post-acquisition for the period from 1 December 2021 to 30 June 2022.

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows For the year ended 30 June 2023	Notes	Consolidated 30 June 2023 $'000	 30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		127,219	74,747
Payments to suppliers and employees (inclusive of GST)		(106,858)	(76,582)
		20,361	(1,835)
Other revenue		4,379	820
Interest and other finance costs paid		(2,113)	(758)
Income taxes refund / (paid)		51	(1,375)
Net cash (used in)/from operating activities	31	**22,678**	**(3,148)**
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(70,251)	(3,431)
Payments for property, plant, and equipment		(15,724)	(596)
Proceeds from related companies		-	-
Net cash used in investing activities		**(85,975)**	**(4,027)**
Cash flows from/(used in) financing activities			
Proceeds from share issue net of issue costs		42,895	11,361
Proceeds from borrowings		82,956	1,950
Dividends paid		-	(1,023)
Repayment of borrowings		(20,952)	(575)
Repayment of lease liabilities		(1,806)	(490)
Net cash from/(used in) financing activities		**103,095**	**11,223**
Net increase/(decrease) in cash and cash equivalents		39,798	4,048
Cash and cash equivalents at the beginning of the financial year		9,660	5,612
Cash and cash equivalents at the end of the financial year	13	**49,458**	**9,660**

As set out in Note 6 to the Financial Statements, as a result of the acquisition of O F Packaging Pty Ltd ('O F Pack') and its controlled entity by Close the Loop Limited and its controlled entities ('Close the Loop'), the comparative information in the Consolidated Statement of Cash Flows for the period ended 30 June 2022 represents the results of O F Pack only for the period 1 July 2021 to 30 November 2021 and the consolidated cash flows for O F Pack and Close the Loop Group for the period from 1 December 2021 to 30 June 2022.

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Note 1. Reporting entity

Close the Loop Limited (the "Company") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The Company's registered office is at 43-47 Cleeland Road, Oakleigh South, Victoria, 3167. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" or "Close the Loop" and individually "Group companies").

The Group is a for-profit entity and is primarily involved in collection and recycling of electronic equipment, imaging consumables, plastics, paper and cartons and any other activity incidental thereto as well as providing premium and innovative flexible and carton packaging, flexographic print packaging, seafood packaging, storage solutions and the supply of thermal paper and associated paper products.

Note 2. Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASBs") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IFRIC"). They were authorised for issue by the Board of Directors on 25 August 2023.

This report is to be read in conjunction with any public announcements made by Close the Loop Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Details of the Group's accounting policies are included in Note 5. Changes to significant accounting policies are described in Note 5.

i. Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 3. Functional and presentation currency

Items included in the Consolidated Financial Statements of each Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated to Australian dollars at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of Consolidated Profit or Loss and other Comprehensive Income in the financial period in which the exchange rates change.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 4. Use of judgements estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

i. Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

ii. Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

iii. Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

iv. Impairment of property, plant and equipment

The consolidated group assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in use calculations, which incorporate a number of key estimates and assumptions.

v. Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

vi. Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

vii. Employee benefits provision

As discussed in note 24, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

viii. Unprocessed inventory provision

ClozDloop BV ("CDL") has unprocessed recycling consumables on hand. The Directors have estimated the cost of processing these consumables to be $790,000 (2022: $766,000) for the current year under review. As a reliable estimate can be made of the amount of the obligation and it is a present obligation as a result of a past event, the amount has been recognised as a provision. This provision was recognised as an expense in the accounting records of CDL for year end 30 June 2017 which was prior to the acquisition of a 60% interest in CDL at 1 October 2016. At the date of this report Close the Loop has full ownership of CDL.

ix. Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination appeared and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 5. Significant accounting policies

The principal accounting policies adopted in these Consolidated Financial Statements are the same as those applied in the Group's Financial Statements as at, and for the year ended 30 June 2022.

i. New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

ii. Going concern

The Financial Statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 30 June 2023, the Group's net asset position was $124.060 million (30 June 2022: $53.228 million). The increase in the Group's net asset position has improved due to the capital raising of $45 million and acquisition of Alliance and Sustain Paper, The Pouch Shop Proprietary Limited, In-Plas Recycling, Captive Trade Corporation and ISP Tek Services which have all contributed to the profitability of the consolidated group since their respective acquisition dates.

There is a surplus in current assets less current liabilities of $42.821 million at 30 June 2023 (30 June 2022 $18.697 million). The Company has borrowings of $61.727 million at 30 June 2023 (30 June 2022 $8.654 million) and has sufficient cash to meet all committed liabilities and future expected liabilities for a period of at least 12 months from the date of signing of these financial statements.

iii. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated group only. Supplementary information about the parent entity is disclosed in note 37.

iv. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

v. Inventories

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of equipment and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

vi. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

vii. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expense in profit or loss during the financial period in which they are incurred.

viii. Foreign currency translation

The financial statements are presented in Australian dollars, which is Close the Loop Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

ix. Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

x. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

xi. Goods and Services Tax ("GST") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority

Note 6. Principles of Consolidation

i. Comparative information - Reverse acquisition accounting

On 30 November 2021, Close the Loop Limited ('CtL') completed the acquisition of 100% of the share capital in O F Packaging Pty Ltd and its controlled subsidiary, O F Flexo Pty Ltd ('O F Pack'). In accordance with accounting standards, this acquisition has been accounted for as a reverse acquisition business combination.

In applying the requirements of AASB 3 Business Combinations to the Group the reporting structure is as follows:

- Close the Loop Limited is the legal parent entity to the Group; and
- O F Packaging Pty Ltd, which is neither the legal parent nor legal acquirer, is deemed to be the accounting acquirer.

The consolidated financial information incorporated the assets and liabilities of all entities deemed to be acquired by O F Pack including CtL and the results of these entities from 30 November 2021, being for the period from which those entities are accounted for as being acquired by O F Pack. The assets and liabilities of Close the Loop Limited acquired by O F Pack were recorded at fair value whilst the assets and liabilities of O F Pack were maintained at their book value. The impact of all transactions between entities in the Group were eliminated in full. The impact on equity of treating the formation of the Group as a reverse acquisition is discussed in more detail in Note 41.

AASB 3 Business Combinations requires that Consolidated Financial Statements prepared following a reverse acquisition shall be issued under the name of the legal parent (i.e., Close the Loop Limited) but be a continuation of the financial statements of the legal subsidiary (i.e., O F Packaging Pty Ltd, the acquirer for accounting purposes). The implications of applying AASB 3 on each of the attached financial statements comparatives are as follows:

ii. Statements of financial position

The Consolidated Statement of Financial Position for 30 June 2022 reflects the consolidated position of O F Pack and Close the Loop.

iii. Statement of profit and loss and other comprehensive income

The Consolidated Statement of Profit or Loss and other Comprehensive Income for the period ended 30 June 2022 represents the results of O F Pack for the period from 1 July 2021 to 30 November 2021 and the consolidated results for O F Pack and Close the Loop Group for the period post-acquisition from 1 December 2021 to 30 June

2022. The Close the Loop Group from 1 December 2021 includes Foster International Packaging (Pty) Ltd, Oceanic Agencies Pty Ltd and O F Resource Recovery Holdings Pty Ltd and its wholly owned subsidiary O F Resource Recovery Pty Ltd. Crasti & Co Pty Ltd was acquired on 31 March 2022 and included in the statement of profit and loss and other comprehensive income from that date.

iv. Statement of changes in equity

The 1 July 2021 opening retained earnings and other equity balances recognised in the Consolidated Statement of Changes in Equity are those of O F Pack before the business combination, not those of Close the Loop. The profit for the year, being the results of O F Pack only for the period from 1 July 2021 to 30 November 2021 and the consolidated results for O F Pack and Close the Loop for the period from 1 December 2021 to 30 June 2022. The Close the Loop Group from 1 December 2021 includes Foster International Packaging (Pty) Ltd, Oceanic Agencies Pty Ltd and O F Resource Recovery Holdings Pty Ltd and its wholly owned subsidiary O F Resource Recovery Pty Ltd. Crasti & Co Pty Ltd was acquired on 31 March 2022 and included in the statement of changes in equity from that date.

v. Statement of cash flows

The 30 June 2022 Consolidated Statement of Cash Flows represents cash flows of O F Pack only for the period from 1 July 2021 to 30 November 2021 and the cash flows for O F Pack and Close the Loop for the period from 1 December 2021 to 30 June 2022. The Close the Loop Group from 1 December 2021 includes Foster International Packaging (Pty) Ltd, Oceanic Agencies Pty Ltd and O F Resource Recovery Holdings Pty Ltd and its wholly owned subsidiary O F Resource Recovery Pty Ltd.

vi. Subsidiaries included in the financial statements

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated group. Losses incurred by the consolidated group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 7. Operating segments

i. Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on differences in products and services provided: resource recovery and packaging. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is aggregation of operating segments.

The CODM review EBITDA (earnings before interest, tax, depreciation, and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is monthly.

ii. Types of products and services

The principal products and services of each of these operating segments are as follows:

Packaging	Provides premium and innovative flexible and carton packaging as well as bulk storage packaging solutions and thermal paper supply.
Resource recovery	The takeback, recovery and reuse of complex waste streams including imaging consumables, electronic equipment, cosmetics, plastics, paper and cartons and products associated there with.

iii. Intersegment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset and is based on what would be realised in the event the sale was made to an external party at arm's length. Intersegment transactions are eliminated on consolidation.

iv. Intersegment receivables, payables, and loans

Intersegment loans are initially recognised at the consideration received, net of transaction costs. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated 30 June 2023	Resource Recovery $'000	Packaging $'000	Total $'000
Revenue			
Sales to external customers	74,293	61,641	135,934
Intersegment sales	-	-	-
Total sales revenue	74,293	61,641	135,934
Other revenue	1,006	912	1,918
Total segment revenue	75,299	62,553	137,852
Intersegment eliminations			-
Unallocated revenue			-
Total revenue			**137,852**
EBITDA	12,019	12,283	24,302
Depreciation and amortisation	(4,874)	(2,066)	(6,940)
Finance costs	(2,205)	(276)	(2,481)
Profit before income tax expense	4,940	9,941	14,881
Income tax expenses	(1,736)	(907)	(2,643)
Profit after income tax expense	**3,204**	**9,034**	**12,238**
Assets			
Segment assets	218,514	52,864	271,378
Intersegment eliminations			-
Unallocated assets			-
Total assets			**271,378**
Liabilities			
Segment liabilities	141,432	5,887	147,319
Intersegment eliminations			-
Unallocated liabilities:			-
Total liabilities			**147,319**

Consolidated 30 June 2022	Resource Recovery $'000	Packaging $'000	Total $'000
Revenue			
Sales to external customers	26,812	43,320	70,132
Intersegment sales	-	-	-
Total sales revenue	26,812	43,320	70,132
Other revenue	(29)	1,389	1,360
Total segment revenue	26,783	44,709	71,492
Intersegment eliminations			-
Unallocated revenue			-
Total revenue			**71,492**
EBITDA	2,725	6,775	9,500
Depreciation and amortisation	(5,187)	(580)	(5,767)
Finance costs	(560)	(197)	(757)
Profit before income tax expense	(3,022)	5,998	2,976
Income tax expenses	(386)	2,008	1,622
Profit after income tax expense	**(3,408)**	**8,006**	**4,598**
Assets			
Segment assets	41,257	51,007	92,264
Intersegment eliminations			-
Unallocated assets			-
Total assets			**92,264**
Liabilities			
Segment liabilities	26,789	12,247	39,036
Intersegment eliminations			-
Unallocated liabilities:			-
Total liabilities			**39,036**

Geographical segment information

Consolidated 30 June 2023	Australia $'000	USA $'000	Europe $'000	South Africa $'000	Total $'000
Revenue					
Sales to external customers	74,614	43,205	5,995	12,120	135,934
Intersegment sales	-	-	-	-	-
Total sales revenue	74,614	43,205	5,995	12,120	135,934
Other revenue	1,790	12	(1)	117	1,918
Total segment revenue	76,404	43,217	5,994	12,237	137,852
Intersegment eliminations					-
Unallocated revenue					-
Total revenue					**137,852**
EBITDA	8,452	12,718	1,023	2,109	24,302
Depreciation and amortisation	(3,024)	(2,853)	(1,034)	(29)	(6,940)
Finance costs	(659)	(1,888)	(1)	67	(2,481)

Consolidated 30 June 2023	Australia $'000	USA $'000	Europe $'000	South Africa $'000	Total $'000
Profit before income tax expense	4,769	7,977	(12)	2,147	14,881
Income tax expenses	(43)	(2,106)	(83)	(411)	(2,643)
Profit after income tax expense	**4,726**	**5,871**	**(95)**	**1,736**	**12,238**
Assets					
Segment assets	100,208	172,728	3,039	5,775	281,750
Intersegment eliminations					-
Unallocated assets					-
Total assets					**281,750**
Liabilities					
Segment liabilities	29,667	122,476	2,599	1,526	156,268
Intersegment eliminations					-
Unallocated liabilities					-
Total liabilities					**156,268**

Consolidated 30 June 2022	Australia $'000	USA $'000	Europe $'000	South Africa $'000	Total $'000
Revenue					
Sales to external customers	47,587	13,303	3,209	6,033	70,132
Intersegment sales	-	-	-	-	-
Total sales revenue	47,587	13,303	3,209	6,033	70,132
Other revenue	1,308	(56)	29	79	1,360
Total segment revenue	48,895	13,247	3,238	6,112	71,492
Intersegment eliminations					-
Unallocated revenue					-
Total revenue					**71,492**
EBITDA	5,114	3,382	674	330	9,500
Depreciation and amortisation	(3,657)	(1,463)	(622)	(25)	(5,767)
Finance costs	(386)	(341)	(26)	(4)	(757)
Profit before income tax expense	1,071	1,578	26	301	2,976
Income tax expenses	2,105	(383)	(3)	(97)	1,622
Profit after income tax expense	**3,176**	**1,195**	**23**	**204**	**4,598**
Assets					
Segment assets	64,108	20,604	3,530	4,022	92,264
Intersegment eliminations					-
Unallocated assets					-
Total assets					**92,264**
Liabilities					
Segment liabilities	15,096	9,489	13,171	1,280	39,036

Consolidated 30 June 2022	Australia $'000	USA $'000	Europe $'000	South Africa $'000	Total $'000
Intersegment eliminations					-
Unallocated liabilities					-
Total liabilities					**39,036**

v. Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 8. Revenue

A. Revenue Streams

The Group generates revenue primarily from the sale of packaging materials and collection and recycling services provided to its customers. Other sources of revenue include government grants and interest revenue.

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
From continuing operating activities		
Revenue from contracts with customers		
Sale of goods	100,717	53,220
Collection revenue	35,217	16,912
	135,934	70,132

B. Disaggregation of revenue form contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical segment, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Reporting segments					
Consolidated	Resource Recovery		Packaging		Total	
	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Primary geographical markets						
Australia	25,093	10,299	49,521	37,287	74,614	47,586
USA	43,205	13,304	-	-	43,205	13,304
Europe	5,995	3,209	-	-	5,995	3,209
South Africa	-	-	12,120	6,033	12,120	6,033
	74,293	**26,812**	**61,641**	**43,320**	**135,934**	**70,132**
Timing of revenue recognition						
Products transferred at a point in time	39,076	9,900	61,641	43,320	100,675	53,220

Consolidated	Resource Recovery		Reporting segments Packaging		Total	
Products and services transferred over time	35,217	16,912	-	-	35,217	16,912
Revenue from contracts with customers	**74,293**	**26,812**	**61,641**	**43,320**	**135,934**	**70,132**

C. Revenue recognition policies

The consolidated group recognises revenue as follows:

i. Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

ii. Recycling Revenue

Recycling revenue relates to the company's recycling services. Revenue is recognised when the performance obligation is satisfied, which typically occurs at the time of processing. The company has entered into service agreements with its customers, under which the company accepts plastics, used ink and toner cartridges from these companies and recycles them in environmentally responsible ways. Recycling may consist of:

- Breaking down the materials in the cartridge and re-purposing them (manufacturing plastic from cartridge pieces);
- Processing the cartridges for re-use printer cartridges; and
- Disposing of the cartridges without dumping the waste into landfills.

The type of recycling performed is governed by the company's service agreements with its customers. Each customer's recycling program is specially tailored to meet the customer's needs and is specifically analysed for revenue recognition.

iii. Re-manufactured Cartridge and Bottle Revenue

Re-manufactured cartridge and bottle revenues are those generated through the sale of the re-manufactured cartridges and bottles or cartridge and bottle component materials (plastic, metals, cartridge sales, and toner). Revenue is recognised when the performance obligation is satisfied, which typically occurs at the point in time when control of the product transfers to the customer. The company processes cartridges and bottles in-house so that they can be re-used. These remanufactured cartridges and bottles are sold to companies that re-fill the cartridges and bottles and sell them. Component materials are also sold to companies that use plastic to manufacture their products.

iv. Sale of packaging materials

For sales of packaging and related goods to the customer, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days (dependent on specific customers), which is consistent with market practice.

Historically returns are very minimal and therefore no refund liability will be recognised at the point of sale. The company uses its accumulated experience to estimate the number of returns. It is considered highly probable that there will be no significant returns.

v. Sale of thermal paper

For sales of thermal paper and related goods to the customer, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. Following delivery, the customer has full discretion over the manner of use of the paper or distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days (dependent on specific customers), which is consistent with market practice.

Historically returns are very minimal and therefore no refund liability will be recognised at the point of sale. The company uses its accumulated experience to estimate the number of returns. It is considered highly probable that there will be no significant returns.

vi. Sale of electronic equipment

For sales of electronic equipment and related goods to the customer, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. Following delivery, the customer has full discretion over the manner of use of the electronic equipment or distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days (dependent on specific customers), which is consistent with market practice.

Historically returns are very minimal and therefore no refund liability will be recognised at the point of sale. The company uses its accumulated experience to estimate the number of returns. It is considered highly probable that there will be no significant returns.

vii. Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

viii. Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

ix. Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 9. Income and expenses

A. Other income

	Note	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Bad Debt Recovery		-	-
Government grants		854	409
Foreign Exchange Gains		492	177
Supplier rebates		142	124
Licence fees – related party		-	240
Other Income		430	89
Other income		**1,918**	**1,039**

B. Other expenses

	Note	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Profit before income tax from continuing operations includes the following expenses:			
Depreciation			
Depreciation on property, plant and equipment		1,749	1,402
Depreciation on right-of-use assets		3,578	2,013
Impairment as a result of Somerton facility fire		-	1,344
Total depreciation		5,327	4,759
Amortisation			
Amortisation of non-current assets		1,613	1,008
Total depreciation and amortisation		**6,940**	**5,767**
Finance costs			
Interest and finance charges paid/payable on borrowings		2,443	401
Interest and finance charges paid/payable on lease liabilities		367	521
Interest income received		(329)	(165)
Finance costs expensed		**2,481**	**757**
Net foreign exchange movement			
Net foreign exchange (gain)		(589)	(177)

C. Accounting policy for cost of sales

When inventories are sold, the carrying amount of those inventories will be recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

There was not any write-down of inventories to fair value less costs to sell. There was no amount reversed of any write-down of inventories recognised during the current financial year arising from an increase in net realisable value.

Note 10. Earnings per share

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Earnings per share for profit from continuing operations		
Profit after income tax	12,238	4,598
Non-controlling interest	(128)	(8)
Profit after income tax attributable to the owners of Close the Loop Limited	**12,110**	**4,606**
Basic earnings per share (cents)	3.23	2.39
Diluted earnings per share (cents)	3.11	2.31

Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	374,712,429	193,057,549
Adjustments for calculation of diluted earnings per share:		
Options and rights over ordinary shares	14,755,516	6,419,178
Weighted average number of ordinary shares used in calculating diluted earnings per share	**389,467,516**	**199,476,727**

The weighted average number of ordinary shares used in the calculation of earnings per share is based on the number of O F Packaging Pty Ltd shares on issue up until 1 December 2021 and the pro-rata number of Close the Loop Limited shares on issue for the 7 months from 1 December 2021 to 30 June 2022.

Note 11. Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

A. Description of share-based payment arrangements

At 30 June 2023, the Group had the following share-based payment arrangements.

i. Employee share option programs (equity-settled)

At the time of the business combination on 30 November 2021 there was an employee option plan in place where 375,000 options had been granted to two non-management employees (one current and one former employee). During the prior year 70,000 options with a strike price of 20 cents were exercised by one of the employees, with the balance of the options expiring on 30 April 2022. The 375,000 options were vested. No further options were issued under this plan or are proposed to be issued under this plan.

ii. Rights and options over equity instruments granted as compensation

Details of rights and options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details of rights and options that vested during the reporting period are as follows:

Options	Number of options granted during 2021-22	Grant date	Fair value per option at grant date $	Exercise price per option $	Expiry date	Number of options vested during 2021-22
Lawrence Jaffe	3,000,000	2 December 2021	0.059	0.30	2 December 2023	3,000,000
Marc Lichtenstein	1,000,000	2 December 2021	0.059	0.30	2 December 2023	1,000,000
Tom Ogonek	1,000,000	2 December 2021	0.059	0.30	2 December 2023	1,000,000

No options were issued in the financial year ending 30 June 2023.

On 20 December 2022 rights were granted as compensation to key management personnel (KMP) and senior employees as follows:

Grant date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Vested	Expired / forfeited / Other (A)	Balance at the end of the year
KMP							
20 December 2022	20 December 2027	$0.00	-	4,750,000	-	1,000,000	3,750,000
Senior Employees							
20 December 2022	20 December 2027	$0.00	-	2,500,000	-	-	2,500,000

A Performance rights forfeited as they did not meet the vesting conditions prior to the expiry date or due to the employee ceasing employment.

No rights were issued in the previous financial year.

All rights and options expire on the earlier of their expiry date or termination of the individual's employment. The options vested in full upon the listing of Close the Loop Limited on 2 December 2022. The options are exercisable up to two years from grant date.

The rights vest three years from grant date and expire five years from grant date. In addition to a continuing employment service condition, vesting is conditional on the Group achieving share price targets. For rights granted in the current year, the earliest vesting date is 20 December 2025.

No other options or share based payments were made during the year ending 30 June 2023.

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of the employee share options (see (A)(i) and (A)(ii)) has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the option equity-settled share-based payment plans were as follows.

	Consolidated	
	Grant date 30 November 2021	Measurement date 2 December 2021
Fair value	5.9 cents	5.9 cents
Share price	20 cents	20 cents
Exercise price	30 cents	30 cents
Expected volatility (weighted-average)	75%	75%
Expected life (weighted-average)	2 years	2 years
Expected dividends	-	-
Risk-free interest rate (based on government bonds)	1.5%	1.5%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experienced and general option holder behaviour.

The valuation of the performance rights has been split into 4 Tranches. For the performance rights granted during the current financial period, a Binomial Option Valuation model was used to value the performance rights for Tranche 1. A probability adjustment for market vesting conditions is then attached to the value of the performance rights. Each performance right, once vested, entitles the performance right holder to receive one fully paid ordinary share in the Company for zero consideration.

The Tranche 2, Tranche 3 and Tranche 4 Performance Rights are effectively plain vanilla options with nil exercise price and vesting conditions that include a price target. The values of Tranche 2, Tranche 3 and Tranche 4 are assessed using a binomial option pricing model, adjusted to take account of the price target. This model allows for the potential exercise of the Performance Rights between vesting and expiry.

A risk-free rate of 3% was used in the valuation model as this yield on Commonwealth bonds is assumed to match the life of the Performance Rights. The valuation model inputs used to determine the fair value at the grant date are as follows:

Tranche	Share price at grant date	Volatility	Dividend Yield	Number of Performance Rights	Fair value at grant date
Tranche 1	$0.38	60%	$nil	2,900,000	$0.38
Tranche 2	$0.38	60%	$nil	1,450,000	$0.29
Tranche 3	$0.38	60%	$nil	1,450,000	$0.262
Tranche 4	$0.38	60%	$nil	1,450,000	$0.248

C. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programs (see (A)(i) and (A)(ii)) were as follows.

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 July	5,000,000	30 cents	375,000	20 cents
Forfeited during the year	-	-	305,000	20 cents
Exercised during the year	-	-	70,000	20 cents
Granted during the year	-	-	5,000,000	30 cents
Outstanding at 30 June	**5,000,000**	**30 cents**	**5,000,000**	**30 cents**
Exercisable at 30 June	**5,000,000**	**30 cents**	**5,000,000**	**30 cents**

D. Expense recognised in profit or loss

During the financial year end 30 June 2023 an amount of $258,000 (30 June 2022: $35,130) was expensed as result of the share based payment for the issue of the rights and options.

Note 12. Income taxes

A. Amounts recognised in profit or loss

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current tax expense		
Current year tax	1,656	214
Deferred tax	986	(1,836)
Aggregate income tax expense	**2,642**	**(1,622)**
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax expense	14,881	2,976
Tax at the statutory tax rate of 30% (2022: 30%)	4,464	893
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(341)	(49)
Non-deductible expenses	99	36
Timing differences	-	15
	4,222	895
Current year tax losses not recognised	-	-
Difference in overseas tax rates	(520)	(67)
Change in tax rates	-	(284)
Prior year tax adjustment	(22)	54
Difference in overseas tax rates		(113)
Listing costs recognised in current period	85	(471)
Research and development tax benefit	(255)	(110)
Prior year under provision of deferred income tax	-	(55)
Recognition of previously unrecognised tax losses	-	(1,471)
Recognition of prior year deferred tax balances	(868)	-
Income tax expense	**2,642**	**(1,622)**

B. Deferred tax asset

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment - tax allowance	(1,348)	(2,739)
Employee benefits	486	387
Leases	68	129
Accrued expenses	533	820
Unrealised foreign exchange		7
Tax loss carry-forward		2,578
Black hole expense	451	594
Research and development tax offsets	834	-
Other	650	46
Deferred tax asset	**1,674**	**1,822**

C. Current tax liability

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current tax liability comprises:		
Income tax liability		
Australian entity	-	-
Foreign entity	1,642	54
	1,642	**54**

D. Unrecognised tax losses:

The company has accumulated tax losses which have not been recognised as deferred tax assets. The consolidated balance of the tax losses carried forward as of 30 June 2023 was $14,392,804. (30 June 2022: $14,382,420)

E. Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. The 100% owned Australian companies have formed a tax consolidated group with effect from 30 November 2021 with Close the Loop Limited being the head entity in the tax consolidated group.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 13. Cash and cash equivalents

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current assets		
Bank balances	49,458	10,333
Call deposits	-	-
Cash and cash equivalents in the statement of financial position	**49,458**	**10,333**
Bank overdrafts repayable on demand and used for cash management purposes	-	(673)
Cash and cash equivalents in the statement of cash flows	**49,458**	**9,660**

A. Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 14. Trade and other receivables

	Note	Consolidated	
		30 June 2023 $'000	30 June 2022 $'000
Current Assets			
Trade receivables		25,362	17,583
Less: Provision for doubtful debts	14A	(300)	(288)
Less: Provision for estimated credit losses	14A	(232)	
		24,830	17,295
Loan advanced to landlord		30	30
Other trade receivables		1,288	3,753
		26,148	**21,078**
Non-Current Assets			
Loan advanced to landlord	16	109	120

As at 30 June 2023, a loan advanced to the landlord to remove debris from the adjoining land remains outstanding. The loan is repayable monthly over 10 years.

A. Allowance for expected credit losses and doubtful debts

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Opening balance	288	200
Receivables written off during the year as uncollectable	(56)	-
Increase in provision due to business combination	-	14

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Receivables deemed to be uncollectable and specifically provided for in provision for doubtful debts	300	74
Closing balance	**532**	**288**

B. Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 15. Inventories

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current		
At cost:		
Raw materials and consumables	3,166	607
Finished goods	12,170	4,360
Goods in transit	539	456
	15,875	**5,423**

A. Accounting policy for inventories

Inventories represent mainly packaging materials, consumables, electronic equipment, thermal paper, plastics and processed toner. Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase, import duties and other taxes and transport, handing and other costs directly attributable to the acquisition of materials and services.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 16. Other Assets

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current Assets		
Prepayments	456	1,311
Income tax refund due	949	843
Other deposits	108	133
Other current assets	3,643	902
	5,156	**3,189**

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Non-Current Assets		
Loan receivable	109	120
Capitalised costs	332	15
Other deposits	197	301
	638	**436**

Note 17. Investments

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Non-Current Assets		
Investment in listed entity – at cost	84	93
Investments	71	71
	155	**164**

Note 18. Property, plant and equipment

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Non-Current Assets		
Leasehold improvements - at cost	7,364	1,514
Less: Accumulated depreciation	(1,855)	(1,061)
	5,509	453
Plant and equipment - at cost	40,338	30,081
Less: Accumulated depreciation	(30,251)	(24,840)
	10,087	5,241
Office and Computer Equipment	2,889	3,353
Less: Accumulated depreciation	(2,759)	(3,171)
	130	182
Motor Vehicles	536	165
Less: Accumulated depreciation	(113)	(97)
	423	68
Capital works in progress	4,019	250
	20,168	**6,194**

A. Reconciliation of carrying amount

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Note	Leasehold Improvements $'000	Plant and equipment $'000	Office and Computer Equipment $'000	Motor Vehicles $'000	Capital works in progress $'000	Total $'000
Balance at 1 July 2021		38	518	52	39	4	651
Additions		65	440	54	37		596
Acquisitions through business combinations	41	446	6,639	173	159	271	7,688
Transfers in/(out)		-	44	-	-	(44)	-
Disposals		-	-	-	(133)	-	(133)
Effect of movements in exchange rates		4	102	13	-	19	138
Depreciation expense		(100)	(1,158)	(110)	(34)	-	(1,402)
Impairment	(B)	-	(1,344)	-	-	-	(1,344)
Balance at 30 June 2022		**453**	**5,241**	**182**	**68**	**250**	**6,194**
Balance at 1 July 2022		453	5,241	182	68	250	6,194
Additions		218	2,124	18	129	3,759	6,248
Acquisitions through business combinations	41	4,946	4,315	4	250	-	9,515
Transfers in/(out)		-	-	-	-	-	-
Disposals		(25)	(167)	-	-	-	(192)
Effect of movements in exchange rates		9	155	(21)	-	10	153
Depreciation expense		(92)	(1,581)	(53)	(24)	-	(1,750)
Balance at 30 June 2023		**5,509**	**10,087**	**130**	**423**	**4,019**	**20,168**

B. Impairment loss

On 9 June 2022 Close the Loop Operations Pty Ltd's facility in Melbourne, Australia had a fire which resulted in the loss of production and processing equipment. Accordingly, this plant and equipment was impaired and a write down in the value of the equipment of $1,343,938 has been realised in the financial year ending 30 June 2022.

C. Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives. The depreciation rates used for each class of depreciable assets are:

Property, plant and equipment:

- Office and computer equipment 15% to 33%
- Plant and equipment 10% to 25%
- Motor vehicles 25%
- Leasehold improvements 10%
- Others 10% to 25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Capital work in progress represents costs incurred to construct, assemble and/or install an asset. Once completed, the asset will be transferred to its relevant class of property, plant and equipment.

Note 19. Right of use assets

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Non-Current Assets		
Buildings - right-of-use	24,666	9,670
Less: Accumulated amortisation	(4,244)	(4,179)
	20,422	5,491
Plant and equipment - right-of-use	629	11,201
Less: Accumulated amortisation	(213)	(2,977)
	416	8,224
	20,838	**13,715**

	Note	Buildings $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2021		797	425	1,222
Additions		759	-	759
Acquisitions through business combinations	41	5,139	8,099	13,238
Disposals		-	-	-
Effect of movements in exchange rates		224	285	509
Amortisation expense		(1,428)	(585)	(2,013)
Balance at 30 June 2022		**5,491**	**8,224**	**13,715**
Balance at 1 July 2022		5,491	8,224	13,715
Reclassification from prior year		8,165	(8,165)	-
Additions		3,810	73	3,883
Acquisitions through business combinations	41	6,499	298	6,797
Disposals		-	-	-
Effect of movements in exchange rates		19	2	21
Amortisation expense		(3,562)	(16)	(3,578)
Balance at 30 June 2023		**20,422**	**416**	**20,838**

The consolidated group leases land and buildings for its offices and warehouses under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated group also leases plant and equipment under agreements of between 1 to 5 years.

The consolidated group leases office equipment under agreements of less than one year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

A. Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 20. Intangible assets and goodwill

	Consolidated	
	30 June 2023 $'000	**30 June 2022 $'000**
Non-Current Assets		
Goodwill	117,526	20,266
Less: Impairment	(1)	(1)
	117,525	20,265
Customer Relationships	9,175	8,498
Less: Accumulated amortisation	(1,609)	(620)
	7,566	7,878
Patents and trademarks - at cost	1,404	1,302
Less: Accumulated amortisation	(848)	(730)
	556	572
Brand Names - at cost	5,005	-
Less: Accumulated amortisation	(203)	-
	4,802	-
Software created – at cost	1,500	1,500
Less: Accumulated amortisation	(680)	(305)
	820	1,195
	131,269	**29,910**

A. Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Goodwill $'000	Customer relationships $'000	Patents and Trademarks $'000	Brand Names $'000	Software created $'000	Total $'000
Balance at 1 July 2021	970	-	23	-	-	993
Additions through business combinations (Note 41)	19,295	8,498	632	-	1,500	29,925
Amortisation expense	-	(620)	(83)	-	(305)	(1,008)
Balance at 30 June 2022	**20,265**	**7,878**	**572**	**-**	**1,195**	**29,910**
Balance at 1 July 2022	20,265	7,878	572	-	1,195	29,910
Purchase price adjustment	(5,681)	676	-	5,005	-	-
Additions through business combinations (Note 41)	102,941	-	-	-	-	102,941
Amortisation expense	(-)	(988)	(16)	(203)	(375)	(1,582)
Balance at 30 June 2023	**117,525**	**7,566**	**556**	**4,802**	**820**	**131,269**

B. Impairment considerations

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell or the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment is recorded if its recoverable amount is less than its carrying amount. The recoverable amount is the higher of fair value less cost to disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate.

C. Goodwill and goodwill impairment testing

Goodwill represents the excess of purchase consideration over the fair value of net assets acquired in a business combination. Goodwill is carried at cost less accumulated impairment losses and is tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Goodwill is allocated to cash generating units (CGUs), or groups of CGUs, expected to benefit from synergies of the business combination.

The majority of the Company's goodwill at 30 June 2023 relates to the acquisition of Close the Loop Limited, O F Resource Recovery Pty Ltd, Oceanic Agencies Pty Ltd, Foster International Packaging (Pty) Ltd, Crasti & Company Pty Ltd, In-Plas Recycling, Captive Trade Corporation and ISP Tek Services. These acquisitions were acquired with the intention of delivering benefits of revenue growth and synergy to the group. The lowest level within the group for which information about goodwill is monitored for internal management purposes is the CGUs for each acquisition. The Group has determined that goodwill is tested at a CGU level.

The O F Pack Group had some historical goodwill at 1 July 2021 which relates to the historical business combination that formed O F Pack and the business combination regarding the acquisition of O F Flexo Pty Ltd by O F Packaging Pty Ltd. This historical goodwill has been tested at year end and no impairment was necessary at 30 June 2023.

The recoverable amount of the Company CGUs was calculated on the basis of value in use using a discounted cash flow model. Future cash flows were projected for 5 years for each CGU, with key assumptions being CGU earnings which is based on expected future performance indicators of the CGU.

i. Key assumptions

Key assumptions used in the value in use approach to test for impairment relate to the discount rate and the medium-term and long-term growth rates applied to projected cash flows. A value in use model is sensitive to the following inputs:

ii. Discount rate

The discount rates used in the discounted cash flow model reflect the Group's estimate of the time value of money and risks specific to the Company CGU. Discount rates are based on the Group's weighted average cost of capital (WACC), adjusted for market risk and specific risk factors. The post-tax discount rate for each relevant CGU is as follows:

Cash Generating Unit	Discount Rate	
	30 June 2023	30 June 2022
O F Packaging	15.0%	13.5%
O F Flexo	15.0%	16.0%
O F Resource Recovery	15.0%	16.5%
Oceanic Agencies	17.0%	16.5%
Crasti & Company	14.0%	16.0%
Foster International Packaging	28.0%	22.0%
Close the Loop Limited CGUs:		
- Australia	15.0%	16.5%
- USA	12.8%	14.5%
- Europe	16.5%	17.0%
In-Plas Recycling	24.0%	12.0%
ISP Tek Services and Captive Trade Corp	12.5%	12.0%

iii. Projected cash flows

The projected cash flows are derived from 2023 actual results and 2024 to 2028 financial projections approved by the Board. This reflects the best estimate of the of the CGU group cash flows at the time of this report. Projected cash flows can differ from future actual cash flows and results of operations.

iv. Long-term growth rate into perpetuity

Long-term growth rate of 2.5% is used into perpetuity, based on the expected long-range growth rate for the industry.

v. Sensitivity range for impairment testing assumptions

As at 30 June 2023, management has identified that for the carrying amount to exceed the recoverable amount the discount rate would need to increase significantly for each CGU before any impairment was required to be made.

No impairment arose as a result of goodwill impairment testing for the periods ended 30 June 2023 or 30 June 2022.

D. Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

i. Customer Relationships, Patents and trademarks

Patents, trademarks, customer relationships and licences are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Intangible assets are amortised over their estimated useful life which range from 10 to 15 years.

Note 21. Trade and other payables

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Trade payables	12,612	6,142
Sundry payables and accruals	8,306	2,218
Contingent consideration	8,262	1,969
	29,180	**10,329**

A. Contingent consideration – ISP Tek Services

AASB 3: Business Combinations requires Close the Loop Limited to recognise the acquisition date fair value of the contingent consideration as part of the goodwill calculation. The obligation to pay the contingent consideration has been classified as a liability in accordance with AASB 132: Financial Instruments: Recognition and Measurement. Contingent consideration represents an estimate of the fair value of future instalments payable to the vendors of ISP Tek Services which are based on future estimates of earnings before interest, tax, depreciation and amortisation (EBITDA). Close the Loop has made an assessment of the performance of ISP Tek Services over future accounting periods when consideration is payable. The terms under which the consideration is calculated and paid is part of the acquisition agreement. The consideration will only be paid if specified future events occur or conditions are met. The amount of contingent consideration recorded at the end of future reporting periods will be re-evaluated to reflect its fair value.

B. Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 22. Borrowings

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Bank overdraft	-	673
Bank loans	1,885	2,227
Other borrowings	1,445	1,128
Notes payable	377	598
Directors' loan	12	16

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Trade finance	795	-
Convertible note	11,312	-
Finance lease liabilities	268	42
	16,094	**4,683**
Non-current liabilities		
Bank loans	58,397	2,154
Notes payable	1,131	1,596
Convertible note	11,312	-
Other borrowings	-	53
Finance lease liabilities	580	169
	71,420	**3,971**
	87,514	**8,654**

i. Trade assist facility

At 30 June 2022 the group had a trade assist facility with a limit of $700,000 with the Commonwealth Bank of Australia ("CBA"). The facility was secured as follows:

- First ranking charge over the whole of the assets and rights, present and future, of Close the Loop Ltd together with relevant insurance assigned to CBA;
- Unlimited guarantee by Close the Loop Technologies Pty Ltd and Close the Loop Operations Pty Ltd, supported by first ranking charges over the whole of the assets and rights, present and future; and
- Acceptable insurance policy on accounts receivable, in the name of the Close the Loop Ltd, where CBA is listed as joint insured and first-loss payee.

At 30 June 2022 $521,078 of this facility was used. This facility was extinguished after 30 June 2022.

During the year ended 30 June 2023 and with effect from 30 August 2022, the Group entered into two new finance facilities with Octet to fund the working capital requirements of Alliance Paper Pty Ltd. A debtor funding facility with a funding limit of $3,000,000 and a trade finance facility of $2,500,000. On 23 December 2022 the trade finance facility was increased to $4,500,000. As a result of the Group entering into the new syndicated loan facility, the Octet trade finance facility was repaid in full and a new trade finance facility of $1,000,000 was put in place with effect from 4 May 2023. At 30 June 2023 $794,687 of the trade finance facility and $1,454,108 of the debtor funding facility had been utilised. The loan is secured over Alliance Paper's trade receivables and inventory with a cross guarantee in place between Alliance Paper Pty Ltd and its fully owned subsidiary Sustain Paper Pty Ltd.

ii. Bank loans

At 30 June 2022 the group had refinanced a bank loan of $1,050,000 to provide financial assistance for ClozDloop BV. This loan was obtained from Commonwealth Bank of Australia with a 1-year term, with a variable interest rate of 4.15% per annum, and due to mature on 5 July 2022. This loan was repaid in full in July 2022.

During the year ended 30 June 2023, the Group obtained new business bank loans to the amount of $5,200,000 (30 June 2022: $1,050,000) from National Australia Bank. The loans bear interest at variable market rates and were repayable within five years. The proceeds from the loans were used to repay Commonwealth Bank of Australia loans and fund the Crasti and Co. acquisition. As a result of entering into the PGIM Inc. facilities all National Australia Bank bank loans were repaid during the year ended 30 June 2023. Repayments of National Australia Bank debt amounting to $7,659,027 (30 June 2022 $575,000) were made in line with previously disclosed repayment terms. All National Australia Bank loans and facilities were repaid in full during the financial year.

iii. Line of credit facility

CtL Inc established a US$1,500,000 line of credit with a US bank during May 2012. On September 17, 2021, the Company amended the agreement which reduced the revolving balance to US$750,000 and removed restrictive financial covenants. The agreement was further amended on June 17, 2022 to reduce the line of credit limit to US$600,000 and reinstate restrictive financial covenants. The line of credit is secured by business assets of CtL Inc and requires CtL Inc to meet certain restrictive covenants. The company was in compliance with these covenants as of June 30, 2022 and none of this facility was in use at that date. This facility was extinguished after the previous year end and during the year ended 30 June 2023.

As of June 30, 2022, the line of credit required the Company to meet certain restrictive covenants. Management believes the Company was in compliance with these covenants as of June 30, 2022 and throughout the current financial year whilst this facility was in place.

The weighted average rate at June 30, 2022 was 4.00%. The Company had outstanding borrowings of $8,654,000 at 30 June 2022.

On 26 April 2023 the Group entered into a Multi-Currency Revolving Credit Facility (“Revolver”) of US$7,500,000 with PGIM Inc., the global investment management business of Prudential Financial Inc. This facility is part of the Senior Secured Term Loan facility taken out on the same date. The facility was not used at 30 June 2023 and a maturity date of 26 December 2029. The facility incurs interest at a rate of 2.36250% if it is undrawn with interest required to be paid quarterly at the end of March, June, September and December. Security over the Revolver is provided by way of a first lien over all assets of the business via a floating charge.

iv. Senior Secured Term Loan

On 26 April 2023 the Group entered into a Senior Secured Term Loan of US$40,000,000 with PGIM Inc., the global investment management business of Prudential Financial Inc. The facility was fully drawn on 26 April 2023 and unpaid principal balance as of 30 June 2023 was $39,750,000. The facility matures on 26 October 2029 and incurs interest at a variable rate of 12.14187% paid quarterly at the end of March, June, September and December. Security over the Senior Secured Term Loan is provided by way of a first lien over all assets of the businesses via a floating charge. At the end of each quarter 0.625% of the principal is required to be repaid in years 1 and 2. Thereafter 1.25% of the principal is required to be repaid each quarter. The initial drawdown was used to finance the ISP Tek Services acquisition and provide working capital for this business post-acquisition.

As part of the Senior Secured Term Loan, US$5,000,000 has been committed as a Delayed Draw Term Loan Facility. The facility was not used at 30 June 2023 and has a maturity date of 26 October 2029. The facility incurs interest at a rate of 2.36250% if it is undrawn with interest required to be paid quarterly at the end of March, June, September and December. Security over the Revolver is provided by way of a first lien over all assets of the business via a floating charge.

The new facilities have a variable interest rate based on a variable base rate plus a margin. The facilities contain financial covenants which the Company is in compliance with.

The Group has complied with all banking covenants throughout the period and as at 30 June 2023.

v. Note payable

Notes payable as of 30 June 2022 consists of the following:

$1,152,031 (US$836,144) note payable due in monthly instalments of $32,915 (USD$23,890) principal plus interest at a variable rate of LIBOR plus 2.50% (4.47% as at 30 June 2022). This note was secured by business assets and matured in April 2025. The note was subject to a fixed rate interest swap of 4.819%.

$941,381 (US$683,254) note payable due in monthly instalments of $19,563 (USD$14,199) principal plus interest at a fixed rate of 5.138%. This note was secured by Close the Loop Inc's assets and matured in December 2026.

During the year ended 30 June 2023 both of these notes were repaid in full on 20 April 2023. An amount of $1,802,807 was paid to settle these notes payable.

As part of the In-Plas Recycling acquisition, Close the Loop has entered into a promissory note will be paid in the form of four equal annual deferred cash payments of US$250,000, paid on the anniversary date of the settlement of the acquisition. There is no interest payable on the deferred cash settlement amount, which has been guaranteed by Close the Loop Inc.

vi. Convertible notes

On 28 April 2023 Close the Loop Limited promised to issue to the order of the vendors of ISP Tek Services, 7,500,000 convertible notes ("Notes"), each having a face value of US$1.00 and the principal sum of US$7,500,000 in the aggregate, together with interest thereon from the date of issuance of the convertible at maturity notes. Interest will accrue at a simple rate of 4% per annum on these notes. The principal and accrued interest of the Notes issued will be due and payable by Close the Loop on 28 April 2026. The Notes will be convertible into Close the Loop's ordinary shares at the discretion of the company at a set price of A$0.74 cents per share converted at the rate published by the Reserve Bank of Australia as at the trading day immediately preceding the date of conversion.

A second note was issued on 28 April 2023 by Close the Loop Limited which promised to issue to the order of the vendors of ISP Tek Services, 7,500,000 convertible notes ("Notes"), each having a face value of US$1.00 and the principal sum of US$7,500,000 in the aggregate, together with interest thereon from the date of issuance of the convertible on demand notes. Interest will accrue at a simple rate of 4% per annum on these notes. Unless earlier repaid in cash or converted into shares at Close the Loop's election, the principal and accrued interest of the Notes issued will be due and payable by Close the Loop on 28 April 2026. The Notes will be convertible into Close the Loop's ordinary shares at the discretion of the company at a set price of A$0.74 cents per share converted at the rate published by the Reserve Bank of Australia as at the trading day immediately preceding the date of conversion. This note is classified as a current liability as it can be converted any time at the Company's discretion prior to the maturity date.

vii. O F Packaging group facilities

O F Packaging Pty Ltd has the following facilities with NAB Australia:

	30 June 2023 $'000	30 June 2022 $'000
NAB Invoice finance	-	1,000
Documentary letter of credit – trade finance facility	-	1,000
Commercial Cards	285	50
Revolving leasing limit	230	200
Bank Guarantees	171	40
Bank overdraft	-	200
Business market loan	-	1,520

Facilities were secured with a security interest and charge over all of the present and future rights, property and undertaking of O F Packaging Pty Ltd. It was further secured by a guarantee and Indemnity of $1,000,000 given by Brendan Yee, Darren Jay Brits, Joseph Patrick Foster and Regan Patrick Foster. The group complies with bank covenants requirements. These facilities were extinguished during the year ended 30 June 2023, with the exception of the commercial cards facility which has a balance of $285,000 at 30 June 2023 and the bank guarantees. The revolving leasing facility was unused at 30 June 2023.

At 30 June 2022 O F Packaging Pty Ltd had a $1,520,000 Business Market Loan facility with NAB. Facilities were secured with a security interest and charge over all of the present and future rights, property and undertaking of O F Packaging Pty Ltd. It was further secured by a guarantee and Indemnity of $1,000,000 given by Brendan Yee, Darren Jay Brits, Joseph Patrick Foster and Regan Patrick Foster. This facility was extinguished during the year ended 30 June 2023.

In 2021, O F Packaging Pty Ltd issued a convertible note which only converted to ordinary shares on successful completion of the then proposed ASX transaction. If the listing on the ASX was unsuccessful for whatever reason the convertible notes would be deemed to have zero value and terminate. The convertible note was converted to Close the Loop Limited shares on 30 November 2021.

viii. Finance lease liability

Lease liabilities are secured by the underlying leased assets.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Total facilities		
Credit standby arrangement and loan facilities	83,186	5,470
Used at the reporting date		
Credit standby arrangement and loan facilities	62,581	3,976
Unused at the reporting date		
Credit standby arrangement and loan facilities	20,605	1,494

ix. Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 23. Lease Liabilities

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Lease liabilities	3,766	2,422
	3,766	**2,422**
Non-current liabilities		
Lease liabilities	19,577	13,154
	19,577	**13,154**
	23,343	**15,576**

Refer to note 39 for further information on financial instruments.

i. Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 24. Provisions

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Employee benefits	1,897	1,090
Other - unprocessed inventory	798	766
	2,695	**1,856**
Non-current liabilities		
Employee benefits	265	126
	265	**126**
	2,960	**1,982**

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Other - unprocessed inventory		
Carrying amount at the start of the year	766	-
Additional provisions recognised due to business combination	-	766
Translation difference	32	-
Carrying amount at the end of the year	**798**	**766**

i. Accounting policy for provisions

Provisions are recognised when the consolidated group has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

ii. Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the (undiscounted) amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 25. Deferred revenue

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Deferred revenue - government grants	-	430
Deferred revenue – customer contracts	-	750
	-	**1,180**
Non-current liabilities		
Deferred revenue	152	152
	152	**152**
	152	**1,332**

i. Accounting policy for deferred revenue

Government grants are not recognised until there is reasonable assurance that the consolidated group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the consolidated group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the consolidated group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Receipts from customers without any services being provided are recognised as deferred revenue until such time as goods or services are provided to the customer and the company is entitled to the revenue that then is recognised in the profit or loss for the period.

Note 26. Other current liabilities

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Other current liabilities		
Indirect taxes payable	-	792
Contract liabilities	439	10
	439	**802**

Note 27. Equity – issued capital

	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 $'000	30 June 2022 $'000
Ordinary shares – fully paid	515,656,791	335,451,478	100,588	41,695

A. Movements in ordinary share capital

	Date	Shares	Issue price	$'000
Balance at the beginning of the year	1 Jul 2021	200		427
Elimination of issued capital in O F Packaging	30 Nov 2021	(200)		-
Close the Loop issued capital at pre-acquisition	1 Jul 2021	98,200,018		
Share buyback	2 Nov 2021	(3,003,203)	$0.25	-
Issue of shares pursuant to prospectus	30 Nov 2021	60,000,000	$0.20	12,000
Issue of bonus shares	30 Nov 2021	4,516,302	$0.20	-
Shares issued upon conversion of Close the Loop convertible notes	30 Nov 2021	9,500,000	$0.10	-
Deemed fair value of shares issued to O F Packaging Group Vendors on Reverse Acquisition (Refer to Note 41)	30 Nov 2021	150,978,361		27,620
Shares issued to pre-IPO investors	30 Nov 2021	9,190,000	$0.10	919
Issue of shares due to conversion of employee options	17 Dec 2021	70,000	$0.20	14
Issue of shares for IPO services	8 Apr 2022	3,000,000	$0.25	750
Issue of shares for IPO services	17 Jun 2022	3,000,000	$0.25	750
Transaction costs relating to share issues				(785)
Balance	30 Jun 2022	**335,451,478**		**41,695**

	Date	Shares	Issue price	$'000
Balance at the beginning of the year	1 Jul 2022	335,451,478		41,695
Shares issued to acquire ClozDloop BV minority interest	20 Mar 2023	2,000,000	$0.33	660
Issue of shares pursuant to capital raise (Tranche 1)	23 Mar 2023	80,000,000	$0.33	26,400
Shares issued upon conversion of Close the Loop options	29 Mar 2023	168,189	$0.30	50
Issue of shares pursuant to capital raise (Tranche 2)	27 Apr 2023	56,363,637	$0.33	18,600
Shares issued to ISP Tek Services and Captive Trade Corp vendors (Refer to Note 41)	1 May 2023	40,560,560	$0.3708	15,040
Issue of shares for management services	3 May 2023	750,000	$0.33	248
Shares issued upon conversion of Close the Loop options	9 Jun 2023	246,677	$0.30	74
Issue of shares to employees	23 Jun 2023	116,250	$0.43	50
Transaction costs relating to share issues				(2,229)
Balance	30 Jun 2023	**515,656,791**		**100,588**

i. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote.

Shares issued to key management personnel and Directors as part of the employee share plans under borrowing arrangements are disclosed in note 28.

ii. Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 28. Reserves

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Foreign currency reserve	(1,560)	(933)
Hedging reserve	58	29
Share-based payments reserve	258	-
Other reserves	(16)	5
	(1,260)	**(899)**

i. Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

ii. Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge in relation to interest swap contracts.

iii. Other reserve

The other reserve relates to the acquisition of the additional interest in ClozDloop BV.

iv. Share-based payments reserve

Options under the Employee Share Option Plan or contractual arrangement:

Under the Close the Loop Ltd Employee Share Option Plan, approved at the 2006 AGM, share options have been granted to certain overseas full-time employees. These options are vested and exercisable on or before the expiry date only as and when certain performance based KPI's and targets have been achieved by the respective individual. The exercise price was $0.20 per share. The Options grant no voting or dividend rights and are not transferable. All options under this plan were exercised or expired during the year ended 30 June 2022.

The Parent Entity established the Employee Share Option Plan in October 2006 as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance.

Grant Date	Expiry date	Number of options granted	Exercise price per option
1 April 2012	30 April 2022	375,000	$0.20

As part of the Australian Stock Exchange (ASX) listing process certain key executives and advisors received, for no consideration, options over ordinary shares of the Company at specified exercise prices as determined by the Board. The grant of options is intended to align the interests of senior executives with other owners of the Company over the medium to longer term and to increase those senior executives' proportion of 'at risk' remuneration. In the previous financial year options were issued with the following characteristics:

Grant Date	Expiry date	Number of options granted	Exercise price per option
2 December 2021	2 December 2023	11,000,000	$0.30

	30 June 2023 No. of options	30 June 2022 No. of options
A summary of the movements of all company options issued is as follows:		
Options outstanding at the beginning of the year	11,000,000	375,000
Options expired that were not exercised	-	305,000
Options issued as part of the IPO	-	11,000,000
Options exercised	414,866	70,000
Options outstanding at the end of the year	**10,585,134**	**11,000,000**

Close the Loop's approach to remuneration is to ensure that employee remuneration is closely linked to the Consolidated Entity's performance and the returns generated for shareholders. Performance-linked compensation, as outlined in the Consolidated Entity's Employee Incentive Plan ('EIP'), includes both short-term and long-term incentives, and is designed to incentivise and reward employees for meeting or exceeding Company-wide and individual objectives. The short-term incentive ('STI') is an "at risk" bonus provided in the form of cash and/or shares, while the long-term incentive ('LTI') is provided as options and performance rights over ordinary shares of the Company. Performance rights are granted pursuant to the Company's Performance Rights Plan Rules which were approved by shareholders on 16 November 2022.

Performance rights are granted at the discretion of the Board to key executives by way of issue at nil cost both at the time of grant and vesting. Vesting is contingent on the Company meeting or exceeding performance hurdles over the performance period and upon each key executive's ongoing employment by the Company. The performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms.

Set out below are summaries of performance rights granted as at 30 June 2023:

Grant Date	Expiry Date	Exercise Price	Balance at the start of the financial year	Granted	Exercised	Expired/ Forfeited/ other	Balance at the end of the financial year
20 Dec 2022	19 Dec 2027	$0.00	-	7,250,000	-	-	7,250,000

There were no performance rights granted or outstanding in the year ended 30 June 2022.

v. Measurement of fair values

Fair value of options granted to employees and short-term borrowings is deemed to represent the value of employee services received over the vesting periods.

The weighted average fair value of options granted during the year ended 30 June 2022 was $0.059. As at reporting date, 414,866 options have been exercised. (30 June 2022: $Nil) These values were calculated using the Black Scholes Merton option-pricing model applying the following inputs:

- Weighted average expected life of the option 2 years
- Expected share price volatility 75%
- Risk-free interest rate 1.5%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future. During the previous financial year, 305,000 options previously vested were cancelled and $35,130 (US$25,497) related compensation cost was reversed.

The valuation of the performance rights has been split into 4 Tranches. For the performance rights granted during the current financial period, a Binomial Option Valuation model was used to value the performance rights for Tranche 1. A probability adjustment for market vesting conditions is then attached to the value of the performance rights. Each performance right, once vested, entitles the performance right holder to receive one fully paid ordinary share in the Company for zero consideration.

The Tranche 2, Tranche 3 and Tranche 4 Performance Rights are effectively plain vanilla options with nil exercise price and vesting conditions that include a price target. The values of Tranche 2, Tranche 3 and Tranche 4 are assessed using a binomial option pricing model, adjusted to take account of the price target. This model allows for the potential exercise of the Performance Rights between vesting and expiry.

A risk-free rate of 3% was used in the valuation model as this yield on Commonwealth bonds is assumed to match the life of the Performance Rights. The valuation model inputs used to determine the fair value at the grant date are as follows:

Tranche	Share price at grant date	Volatility	Dividend Yield	Number of Performance Rights	Fair value at grant date
Tranche 1	$0.38	60%	$nil	2,900,000	$0.38
Tranche 2	$0.38	60%	$nil	1,450,000	$0.29
Tranche 3	$0.38	60%	$nil	1,450,000	$0.262
Tranche 4	$0.38	60%	$nil	1,450,000	$0.248

vi. Movements in Reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency translation reserves $'000	Hedge reserve $'000	Share-based Payments reserves $'000	Other reserve $'000	Total $'000
Balance at 30 June 2021					
Foreign operations – foreign currency translation differences	(99)				(99)
Movement in reserves as a result of business combination	(834)	29	35	5	(765)
Expiry of employee options	-	-	(35)	-	(35)
Balance at 30 June 2022	**(933)**	**29**	**-**	**5**	**(899)**
Balance at 30 June 2022	(933)	29	-	5	(899)
Foreign operations – foreign currency translation differences	(627)		-		(627)
Movement in reserves as a result of business combination	-	29	-	(21)	8
Performance rights granted	-	-	258	-	258
Balance at 30 June 2023	**(1,560)**	**58**	**258**	**(16)**	**(1,260)**

Note 29. Equity – dividends

Dividends paid during the financial year were as follows:

	Consolidated 30 June 2023 $'000	Consolidated 30 Jun 2022 $'000
Dividend for the year ended 30 June 2023 of nil cents (30 June 2022: 511,596 cents) per ordinary share	-	1,023

On various dates from 1 July 2021 to 30 November 2021, prior to the business combination with Close the Loop Limited, the directors of O F Packaging Pty Ltd declared interim dividends for the year ending 30 June 2022 of 511,596 cents per ordinary share in total to be paid on various dates throughout the 5-month period ended 30 November 2021, a total estimated distribution of $1,023,000 based on the number of ordinary shares on issue as at 30 November 2021. The number of O F Packaging Pty Ltd shares on issue was consistent throughout the reporting period. There are no dividends declared or paid from 30 November 2021 onwards.

i. Accumulated profits reserve

The accumulated profits reserve represents profits of entities within the Group transferred to a separate reserve to preserve their profit character. Such profits are available to enable payment of franked dividends in future years. Dividends of $Nil (2022: $1,023,000) were distributed from the profits reserve during the year.

	30 June 2023 $'000	30 June 2022 $'000
Dividend franking account		
Amount of franking credits available to shareholders of Close the Loop Limited for subsequent financial years	3,208	1,584

The ability to use franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $3,208,000 (2022: $1,584,000) franking credits.

Note 30. Capital management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt. There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. The company complied with all lending covenants throughout the year ended 30 June 2023.

The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging and cost of hedging reserves.

The Group's policy is to keep the ratio below 2.00. The Group's net debt to adjusted equity ratio at 30 June 2023 was as follows.

		Consolidated	
	Note	30 June 2023 $'000	30 June 2022 $'000
Total liabilities		147,319	39,036
Less: cash and cash equivalents		(49,458)	(10,333)
Net debt		**97,861**	**28,703**
Total equity		124,060	53,228
Less: hedging reserve	28	(58)	(29)
Less: cost of hedging reserve		-	-
Adjusted equity		**124,002**	**53,199**
Net debt to adjusted equity ratio		**1.3 times**	**1.9 times**

Note 31. Reconciliation of cash flows from operating activities

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities		
Profit for the year after income tax expense	12,238	4,598
Adjustments for:		
Depreciation	1,749	2,946
Amortisation	5,190	3,021
Tax expense	2,643	(1,622)
	21,820	8,943
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(6,249)	(8,737)
Decrease/(increase) in inventories	(10,422)	(1,185)
Decrease/(increase) in deferred tax assets	148	(2,233)
Increase in prepayments	856	262
Increase/(decrease) in trade and other payables	11,291	(3,971)
Increase/(decrease) in provisions and employee benefits	947	4,252
Increase/(decrease) in provision for income tax	4,287	(479)
Net cash from operating activities	**22,678**	**3,148**

Note 32. Commitments

As part of the In-Plas Recycling acquisition, Close the Loop will pay in the form of four equal annual deferred cash payments of US$250,000 each, paid on the anniversary date of the settlement of the acquisition. There is no interest payable on the deferred cash settlement amount, which has been guaranteed by Close the Loop Inc. For more information regarding the acquisition refer to Note 41.

As at 1 July 2021, the consolidated group's lease commitments have been captured within the lease liability amount on the statement of financial position following the adoption of AASB 16 Leases. The company did not have any other commitments as at 30 June 2023 or 30 June 2022.

Note 33. Key management personnel disclosures

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Short-term employee benefits	2,249	1,146
Post-employment benefits	141	57
Long-term benefits	97	110
Director fees (short-term benefits)	130	76
	2,617	**1,389**

Key management personnel disclosures

Key management personnel include those people having authority and responsibility for planning, directing and controlling the activities of the group either directly or indirectly. This includes the Board of Directors, the Chief Executive Officer, and the Chief Financial Officer who is the Company Secretary.

Note 34. Contingent liabilities

As part of the acquisition of Oceanic Agencies Pty Ltd there is potential contingent consideration payable in the form of a 12 month earn out capped at $750,000. This has been taken up as a liability at 30 June 2022. This amount was paid in full during the year ended 30 June 2023.

As part of the acquisition of Crasti and Company Pty Ltd there is potential contingent consideration payable in the form of a 12 month earn out capped at $1,780,000. This has been taken up as a liability at 30 June 2022. An amount of $1,229,091 was paid during the year ended 30 June 2023 as contingent consideration for full and final payment of the Crasti acquisition.

As part of the acquisition of ISP Tek Services there is potential contingent consideration payable in the form of a 12 month earn out capped at US$5,000,000 (A$7,541,000) based on the entity achieving EBITDA performance hurdles in the 12 months period post settlement. This has been taken up as a liability at 30 June 2023.

The Directors are not aware of any other material contingent liabilities as at 30 June 2023 except for the matters noted in note 22 in respect of borrowings and facilities.

Note 35. Contingent assets

The consolidated group has been formally notified that it has been indemnified by its insurers as a result of the fire at its Somerton facility in June 2022. At 30 June 2023 and 30 June 2022 no amounts have been recorded for the insurance proceeds that will be received during the 2024 financial year as an accurate determination of the amount to be received has not been finalised to date.

Note 36. Related party transactions

The group's main related parties are the Directors of the company and key management personnel.

i. Key management personnel

Disclosures relating to key management personnel are set out in note 33.

ii. Transactions with related parties

Options
On 30 April 2009, options were granted to certain employees pursuant to an Employee Share Option Plan passed at the AGM held in October 2006. Included in the ordinary shares are shares issued under the Employee Share Option Plan which are financed by borrowing arrangements. All borrowing arrangements were settled during the course of the year ended 30 June 2022 and none of these options or borrowing arrangements remain outstanding at 30 June 2022.

Performance Rights
On 20 December 2022 performance rights were granted to certain employees pursuant to a Performance Rights Plan passed at the AGM held in November 2022. No rights vested during the year ended 30 June 2023.

iii. Transactions with directors and director related entities

Close the Loop acquired The Pouch Shop, a niche provider of ready-to-label packaging and pouches for food products in South Africa, which is majority owned by Joe Foster. The amount paid or payable for the financial year has been disclosed in Business Combinations Note in note 41.

iv. Receivable from and payable to related parties

The wholly owned group consists of Close the Loop Ltd ("CtL Ltd") and its wholly owned controlled entities:

- Close the Loop Operations Pty Ltd ("CtL Operations")
- Close the Loop Technologies Pty Ltd ("CtL Technologies")
- Close the Loop Europe NV ("CtL Europe NV")
- Close the Loop (Europe) Limited ("CtL Europe")
- Close the Loop Inc ("CtL Inc")
- ClozDloop BV ("CDL")
- ClozDloop France

- ClozDloop s.r.o.
- TonerPlas Pty Ltd
- Close the Loop Recovery Limited
- O F Packaging Pty Ltd
- O F Flexo Pty Ltd
- O F Resource Recovery Pty Ltd
- O F Resource Recovery Holdings Pty Ltd
- Foster International Packaging (Pty) Ltd
- Oceanic Agencies Pty Ltd
- Crasti & Company Pty Ltd
- Close the Loop Polymers Pty Ltd
- Close the Loop Paper Pty Ltd
- Alliance Paper Pty Ltd
- Sustain Paper Pty Ltd
- The Pouch Shop Proprietary Limited
- Close the Loop Group USA, Inc.
- Close the Loop Plastic Recycling, Inc.
- Captive Trade Corporation
- ISP Tek Services LLC

Percentage interests in these controlled entities are set out in note 38.

v. Management fees, strategic fees and advice and know how charged to/from controlled entities

CtL Ltd incurs costs managing and overseeing its operations in Australia, Europe, South Africa and the USA. In addition, it incurs certain costs in relation to management and oversight. These costs are recovered through levying a management fee. During the financial year, CtL Ltd charged each operating business in the consolidated group management fees in proportion to their estimated annual revenue contribution to the consolidated group. During the financial year, CtL Ltd charged management fees, strategic fees, advice and know how charges and recharged corporate salaries to group companies of $2,161,596 (30 June 2022: $991,820).

OF Packaging Pty Ltd has received a licence fee from Foster International Packaging Pty Ltd based on 7% of revenue per annum which generated intercompany licence fees of $578,597 (2022: $375,864 since the business combination was completed on 30 November 2021). The 7% licence fee is paid after any other head office intercompany management fees are deducted from the gross amount of the licence fee due and payable.

vi. Dividends paid by controlled entities

CtL Ltd invested in CtL Inc in the form of redeemable preference shares with a dividend yield of 9% p.a. During the current financial year, CtL Inc paid CtL Ltd, $160,380 (US$108,000) (30 June 2022: $156,772) as a dividend on its shares.

vii. Loans advanced to ClozDloop BV by Close the Loop Inc.

In April of 2017, Close the Loop Inc. issued a line of credit with a related party, ClozDloop BV. The related party can borrow up to $6,033,182 (US$4 million) and interest is due annually in April at a rate of 2.82%. The note may be repaid at any time in whole or in part without a penalty. As a result of ClozDloop BV becoming a 100% owned subsidiary of the Close the Loop Limited during the financial year, it was agreed that no further interest would be charged on the outstanding loan amount post settlement. As at 30 June 2023, the balance was $6,090,544 (US$4,038,031) which includes principle and interest (30 June 2022: $5,861,563).

Note 37. Parent entity information

	Parent 2023 $'000	Parent 2022 $'000
Result of parent entity		
Profit/(Loss) for the period	(925)	(2,423)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income/(loss) for the period	(925)	(2,423)

	Parent 2023 $'000	Parent 2022 $'000
Financial position of parent entity at year end		
Total current assets	27,081	10,624
Total non-current assets	36,364	12,179
Total assets	63,445	22,803
Total current liabilities	1,522	2,251
Total non-current liabilities	-	280
Total liabilities	1,522	2,531
Total equity of the parent entity comprising of		
Share capital	70,364	27,789
Retained earnings	(8,441)	(7,517)
Total equity	**61,923**	**20,272**

i. Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has provided a letter of support to ClozDloop BV for audit purposes.

ii. Contingent liabilities

The parent entity had one contingent liability as at 30 June 2023 which is disclosed in note 34 and two contingent liabilities at 30 June 2022.

iii. Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023, other than the balance of capital equipment that will be required to rebuild the Somerton facility as a result of the fire. At 30 June 2022 the only capital commitments of the parent related to the rebuild of the Somerton facility.

iv. Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 38. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 6:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2023 %	Ownership interest 30 June 2022 %
Close the Loop Operations Pty Ltd	Australia	100%	100%
Close the Loop Technologies Pty Ltd	Australia	100%	100%
Close the Loop Europe NV	Belgium	100%	100%
Close the Loop (Europe) Limited	United Kingdom	100%	100%
Close the Loop Inc	United States of America	100%	100%
ClozDloop BV	Belgium	100%	80%
ClozDloop France	France	100%	80%
ClozDloop s.r.o.	Czech Republic	100%	80%

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2023 %	Ownership interest 30 June 2022 %
TonerPlas Pty Ltd	Australia	100%	100%
Close the Loop Recovery Limited	Canada	100%	100%
O F Packaging Pty Ltd	Australia	100%	100%
O F Flexo Pty Ltd	Australia	100%	100%
O F Resource Recovery Pty Ltd	Australia	100%	100%
O F Resource Recovery Holdings Pty Ltd	Australia	100%	100%
Foster International Packaging (Pty) Ltd	Australia	84.75%	84.75%
Oceanic Agencies Pty Ltd	Australia	100%	100%
Crasti & Company Pty Ltd	Australia	100%	100%
Close the Loop Polymers Pty Ltd	Australia	100%	60%
Close the Loop Paper Pty Ltd	Australia	100%	-
Alliance Paper Pty Ltd	Australia	100%	-
Sustain Paper Pty Ltd	Australia	100%	-
The Pouch Shop Proprietary Limited	South Africa	100%	-
Close the Loop Group USA, Inc.	United States of America	100%	-
Close the Loop Plastic Recycling, Inc.	United States of America	100%	-
Captive Trade Corporation	United States of America	100%	-
ISP Tek Services LLC	United States of America	100%	

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the group's financial statements.

On 20 March 2023 the balance of the shares in ClozDloop BV and its fully owned subsidiaries were acquired by Close the Loop Limited for $660,000 via the issue of 2,000,000 shares at an issue price of 33 cents per share.

i. Significant restrictions

There are no significant restrictions over the group's ability to access or use assets, and settle liabilities, of the group.

Note 39. Financial instruments – Fair values and risk management

A. Financial risk management objectives

The consolidated group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated group. The consolidated group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated group's operating units. Finance reports to the Board on a monthly basis.

B. Market risk

i. Foreign currency risk

The group is exposed to foreign exchange movements due to subsidiary companies operating in the source currency of the region in which they trade. These foreign currency exposures are not hedged by the group. Future profit and losses from ongoing operations of subsidiary companies which are consolidated to form the group and cash flows generated by these business units will be impacted by foreign currency movements.

ii. Price risk

The consolidated group is not exposed to any significant price risk.

iii. Interest rate risk

The consolidated group's main interest rate risk arises from long-term borrowings and cash and cash equivalents. The group has no material exposure to floating rate instruments.

iv. Sensitivity analysis

There are no exposures to changes in interest rates that would have a material impact on how profit and equity values are reported at the end of the reporting period. These sensitivities also assume that the movement in a particular variable is independent of other variables.

C. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated group. The consolidated group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated group does not hold any collateral.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness, which includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the group, credit terms are generally 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Board has otherwise assessed as being financially sound.

The consolidated group has no significant concentrations of credit risk exposure with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in note 14. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in note 14.

Credit risk related to balances with banks and other financial institutions is managed by the Board. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor’s rating of at least AA-.

D. Liquidity risk

Vigilant liquidity risk management requires the consolidated group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated group manages liquidity risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets; and
- the Directors monitor borrowings maturity periods, effect on cash flow and the need to renegotiate borrowings terms.

i. Remaining contractual maturities

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will not be rolled forward.

The following tables detail the consolidated group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables	12,612			
Related party borrowings	12			
Interest-bearing - variable				
Other Borrowings	1,445			
Bank loans	1,885	10,558	47,839	
Notes payable	377	1,131		
Convertible note	11,312	11,312		
Lease liability	268	580		
Trade Finance	795			
Total non-derivatives	**28,706**	**23,581**	**47,839**	**-**

Consolidated - 2022	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables	6,467	-	-	-
Related party borrowings	16			
Interest-bearing - variable				
Bank overdraft	673			
Bank loans	2,227	2,154		
Notes payable	598	1,596		
Lease liability	42	167		
Total non-derivatives	**10,023**	**3,917**		

ii. Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

E. Fair value of financial instruments

Investments are carried at fair value based on market rates 30 June 2023.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

F. Fair value measurement

i. Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Due to the short-term nature of trade receivables and payables, the cost is assumed to be fair value.

Note 40. Auditors remuneration

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Audit and review services		
Auditors of the Group – Nexia Australia		
Audit and review of financial statements	180	90
	180	**90**
Other auditors		
Half year review	-	184
Audit and review of financial statements	181	92
	181	**276**
Assurance services		
Auditors of the Group – Nexia Australia		
Other assurance services	11	20
	11	**20**
Other auditors		
Other assurance services	38	34
	38	**34**
Other services		
Auditors of the Group – Nexia Australia		
Investigating accountants report	-	150
Business services	8	-
	8	**150**
Other auditors		
Due diligence services	157	-
Taxation advice and tax compliance services	37	9
	194	**9**
Total Auditors remuneration	**612**	**579**

Note 41. Business combinations

In accordance with AASB, 3 reverse acquisitions on 30 November 2021, O F Packaging Pty Ltd acquired 100% of the ordinary shares of Close the Loop Limited and its subsidiaries for the total consideration via the issue of 109,213,116 shares with a value of $21,842,623. Close the Loop is a resource recovery business specialising in recycling complex waste streams with operations in Australia, USA, and Europe. It is the legal entity that listed on the Australian Stock Exchange on 2 December 2021. The goodwill of $7,522,000 represents the expected synergies from merging this business with the packaging division and expanding the service offering of the Group to circular integration for the existing customer base of both entities. The acquired business contributed revenues of $21,303,000 and loss before tax of $4,408,000 to the consolidated entity for the period from 1 December to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $35,124,000 and profit before tax of $2,093,000. The values identified in relation to the acquisition of Close the Loop were accounted for on a provisional basis as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	558
Trade receivables	7,064
Prepayments and other debtors	1,210
Plant and equipment / Right of use assets	19,924
Inventory	529
Deferred tax asset	463
Intangibles	10,219
Trade payables	(6,601)
Deferred revenue	(1,552)
Borrowings	(4,823)
Lease liability	(12,121)
Employee benefits	(549)
Net assets acquired	14,321
Goodwill	7,522
Acquisition-date fair value of the total consideration transferred	21,843
Representing:	
Cash paid or payable to vendors	-
Close the Loop shares issued to vendors	21,843
Total	21,843
Acquisition costs expensed to profit or loss	-

On 30 November 2021, Close the Loop Limited acquired 100% of the ordinary shares of O F Resource Recovery Holdings Pty Ltd and its wholly owned subsidiary for total consideration via the issue of 15,414,020 shares with a value of $3,082,804. This paper and carton recycling business operates in the recycling industry. It was acquired as part of the IPO to expand the recycling capabilities of the Close the Loop Group's service offering. The goodwill of $3,416,000 represents the expected synergies from merging this business with the recycling division and expanding the service offering of the Group. The acquired business contributed revenues of $5,143,000 and profit before tax of $548,000 to the consolidated entity for the period from 1 December to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $8,178,000 and profit before tax of $762,000. The values identified in relation to the acquisition of O F Resource Recovery Holdings Pty Ltd were accounted for on a provisional basis as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	587
Trade receivables	472
Other debtors	54
Plant and equipment / Right of use assets	1,294
Inventory	25
Deferred tax asset	388
Trade payables	(1,172)
Deferred tax liability	(307)
Financial liabilities	(611)
Lease liabilities	(935)
Employee benefits	(128)
Net assets acquired	(333)
Goodwill	3,416
Acquisition-date fair value of the total consideration transferred	3,083
Representing:	
Cash paid or payable to vendors	-
Close the Loop shares issued to vendors	3,083
Total	3,083
Acquisition costs expensed to profit or loss	-

On 30 November 2021, Close the Loop Limited acquired 84.75% of the ordinary shares of Foster International Packaging (Pty) Ltd for total consideration via the issue of 8,855,147 shares with a value of $1,771,029. This flexible and carton packaging business operates in the packaging industry in Southern Africa. It was acquired as part of the IPO to expand the global packaging capabilities of Close the Loop Group's service offering. The discount on acquisition of $222,000 was provisionally accounted for, whilst management undertook a review of the fair values of the assets acquired. The acquired business contributed revenues of $5,480,000 and profit before tax of $301,000 to the consolidated entity for the period from 1 December to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $8,641,000 and profit before tax of $612,000. The values identified in relation to the acquisition of Foster International Packaging (Pty) Ltd were accounted for on a provisional basis as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	887
Trade receivables	1,695
Investments	88
Inventory	699
Plant & equipment / Right of use asset	39
Deferred tax asset	33
Other debtors	8
Trade payables	(442)
Deferred tax liability	(24)
Financial liabilities	(584)
Lease liabilities	(48)
Net assets acquired	2,351
Recognised amount of non-controlling interest	(358)
Discount on acquisition attributable to Close the Loop	(222)

	Fair value $'000
Acquisition-date fair value of the total consideration transferred	1,771
Representing:	
Cash paid or payable to vendor	-
Close the Loop shares issued to vendors	1,771
Total	1,771
Acquisition costs expensed to profit or loss	-

On 1 December 2021, Close the Loop Limited acquired 100% of the ordinary shares of Oceanic Agencies Pty Ltd for total consideration of $4,284,000 with $2,500,000 paid at settlement and the balance in the form of an earn out of up to $750,000 based on the financial performance of the business in the 12 months to 30 November 2022. The full amount of the earn out was paid in the current financial year. The total consideration paid includes a working capital adjustment. This seafood packaging and bulk solution provider operates in the seafood packaging industry in Australia. 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. The goodwill of $543,000 represents the expected synergies from merging this business with the packaging division and leveraging the current knowledge and know-how of O F Packaging's seafood packaging business. The acquired business contributed revenues of $4,430,000 and profit before tax of $646,000 to the consolidated entity for the period from 1 December to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $6,004,000 and profit before tax of $688,000. The values identified in relation to the acquisition of Oceanic Agencies Pty Ltd were accounted for on a provisional basis as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	769
Trade receivables	302
Inventory	219
Other Receivables	451
Plant and equipment	87
Trade payables	(219)
Deferred tax liability	(3)
Other Payables	(255)
Net assets acquired	1,351
Goodwill	543
Brand name	232
Customer relationships	2158
Acquisition-date fair value of the total consideration transferred	4,284
Representing:	
Cash paid or payable to vendor	4,284
Acquisition costs expensed to profit or loss	17
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,284
Less: cash and cash equivalents	(769)
Less: payments to be made in future periods all of which were paid in the year ended 30 June 2023	(1,015)
Net cash used	2,500

On 31 March 2022, Close the Loop Limited acquired the assets and liabilities of Crasti & Company Pty Ltd for total consideration of $4,387,500 plus inventory with $5,512,480 paid at settlement which includes the payment of $2,271,508 for inventory and the balance in the form of an earn out of up to $1,780,000 based on the financial performance of the business in the 12 months to 31 March 2023. The total consideration paid includes a working capital adjustment. During the year ended 30 June 2023 $1,229,091 was paid as the earn out. Crasti & Company is one of Australia's largest Flexible Intermediate Bulk Container (FIBC) and bulk packaging suppliers. The acquisition strengthens Close the Loop's bulk and flexible packaging capability, in a growing and highly complementary sector to its existing packaging business. The goodwill of $1,080,000 represents the expected synergies from merging this business with the packaging division and leveraging the current knowledge and know-how of O F Packaging's packaging business. The acquired business contributed revenues of $2,513,000 and profit before tax of $409,000 to the consolidated entity for the period from 1 April to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $11,469,000 and profit before tax of $1,438,000. The values identified in relation to the acquisition of Crasti & Company Pty Ltd were accounted for on a provisional basis as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	-
Trade receivables	-
Inventory	2,272
Other Receivables	-
Plant and equipment	-
Trade payables	-
Deferred tax liability	-
Employee entitlements	(144)
Net assets acquired	2,128
Goodwill	1,080
Brand name	283
Customer relationships	2,021
Acquisition-date fair value of the total consideration transferred	5,512
Representing:	
Cash paid or payable to vendor	5,512
Acquisition costs expensed to profit or loss	84
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,512
Less: cash and cash equivalents	-
Less: payments to be made in future periods all of which were paid in the year ended 30 June 2023	(1,780)
Net cash used	3,732

On 30 August 2022, Close the Loop Limited acquired 100% of the ordinary shares of Alliance Paper Pty Ltd and its wholly owned subsidiary Sustain Paper Pty Ltd for total consideration of $1. At settlement Close the Loop became responsible for all debts of the acquired companies and was required to make an investment in the working capital of Alliance and Sustain Paper.

Alliance Paper is an Australian supplier of thermal paper and associated paper products and services. It is the largest and longest-serving supplier and converter of paper roll products in the Australian market. Alliance offers a range of BPA and phenol-free thermal receipt rolls and other paper products which are recyclable. The acquisition allows Close the Loop 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 subsidiaries.

The goodwill of $20,000 represents the expected synergies from merging this business with the packaging division and expanding the service offering of the Group. The acquired business contributed revenues of $11,710,000 and profit before tax of $704,000 to the consolidated entity for the period from 31 August to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions would have been revenues of $13,695,000 and profit before tax of $471,000. The values identified in relation to the acquisition of Alliance Paper Pty Ltd are accounted for on a provisional basis as at 30 June 2023.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	91
Trade receivables	3,749
Inventory	1,097
Other debtors	414
Plant and equipment	2,140
Deferred tax asset	
Trade payables	(1,299)
Deferred tax liability	-
Other payables	(6,212)
Net assets acquired	(20)
Goodwill	20
Acquisition-date fair value of the total consideration transferred	-
Representing:	
Cash paid or payable to vendors	-
Acquisition costs expensed to profit or loss	44
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	-
Less: cash and cash equivalents	91
Less: payments to be made in future periods	-
Net cash used	91

On 1 October 2022, Close the Loop Limited acquired 100% of the ordinary shares of The Pouch Shop Proprietary Limited for total consideration of ZAR8,000,000 plus the value of inventory less trade and statutory liabilities. At settlement date on 1 October 2022 ZAR4,000,000 plus 50% of the inventory on hand less 50% trade liabilities was paid with the balance of the consideration paid on the second anniversary of the settlement date. The balance of the purchase amount accrues interest at 5% per annum calculated in arrears on a monthly basis.

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 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 complements 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. The goodwill of $645,000 represents the expected synergies from merging this business with the packaging division in South Africa and leveraging the current knowledge and know how of Foster International Packaging's packaging business.

The acquired business contributed revenues of $1,186,000 and profit after tax of $120,000 to the consolidated entity for the period from 1 October to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions would have been revenues of $1,595,000 and profit after tax of $175,000. The values identified in relation to the acquisition of The Pouch Shop Proprietary Limited are accounted for on a provisional basis as at 30 June 2023.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	114
Trade receivables	25
Other debtors	5
Plant and equipment	1
Inventory	518
Trade payables	(130)
Income tax payable	(12)
Other payables	(132)
Net assets acquired	389
Goodwill	645
Acquisition-date fair value of the total consideration transferred	1,034
Representing:	
Cash paid or payable to vendors	1,034
Acquisition costs expensed to profit or loss	8
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,034
Less: cash and cash equivalents	(114)
Less: payments to be made in future periods	(873)
Net cash used	47

On 28 February 2023, Close the Loop Plastic Recycling Inc. acquired the assets and liabilities of In-Plas Recycling Inc. for total consideration of US$4,000,000 plus inventory of US$300,000 with a value of up to US500,000 at settlement. US$3,300,000 was paid at settlement which includes the payment of up to US$500,000 for inventory and deferred cash payments totalling US$1 million. Close the Loop will pay in the form of four equal annual deferred cash payments of US$250,000 each, paid on the anniversary date of the settlement. There is no interest payable on the deferred cash settlement amount, which has been guaranteed by close the Loop Inc.

In-Plas Recycling is a recycler and processor of post-industrial scrap, pellets, regrind and by-products, and also sells a broad range of recovered plastic products on the market. It operates at three sites in Ohio and Indiana. The acquisition expands Close the Loop's recycling scope and capabilities in North America. It strengthens the service offering in the plastic recycling market in the region and complements the existing business service offering.

The goodwill of $4,139,000 represents the expected synergies from merging this business with the USA resource recovery division and leveraging the current knowledge and know-how of Close the Loop Inc's management and business. The acquired business contributed revenues of $2,285,000 and loss after tax of $232,000 to the consolidated entity for the period from 1 March to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions would have been revenues of $8,062,000 and loss after tax of $427,000. The values identified in relation to the acquisition of In-Plas Recycling were accounted for on a provisional basis as at 30 June 2023.

Details of the acquisition are as follows:

	Fair value $'000
Plant and equipment / Right of use assets	3,073
Inventory	810
Deferred consideration	(1,486)
Lease liabilities	(1,850)
Employee benefits	(50)
Net assets acquired	497
Goodwill	3,961
Acquisition-date fair value of the total consideration transferred	4,458
Representing:	
Cash paid or payable to vendors	4,458
Acquisition costs expensed to profit or loss	-
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,458
Less: inventory on consignment	(435)
Less: payments to be made in future periods	(1,486)
Net cash used	2,537

On 30 April 2023, Close the Loop Limited acquired 100% of the ordinary shares of ISP Tek Services LLC and Captive Trade Corporation for total consideration of up to US$66 million. At settlement US$35 million was paid in cash, 40,560,560 shares with a value of US$10 million (A$15,039,856) were issued to the vendors and two convertible notes worth US$7.5 million each were issued. On 18 July 2023 4,056,056 shares were issued with a value of US$1 million (A$1,503,985) to the vendors. The balance of the consideration is to be paid in the form of an earn out of up to US$5,000,000 based on the financial performance of the business in the 12 months to 30 March 2024.

ISP Tek Services LLC and Captive Trade Corp. is a US-based electronics refurbisher and trading platform businesses based in Southlake, Texas, USA. The acquisition provides the Group with significant consumer and commercial electronics remanufacturing and technological capabilities, a considerable US market sales and trading presence, and extensive distribution networks. It also adds reuse capabilities to the Company's portfolio and further strengthen its service offering to original equipment manufacturers (OEMs), supporting sustainability and circular economy initiatives.

The acquired business contributed revenues of $16,382,000 and profit before tax of $5,407,000 to the consolidated entity for the period from 1 May to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions would have been revenues of $81,699,000 and profit before tax of $22,175,000. The values identified in relation to the acquisition of ISP Tek Services and Captive Trade Corporation are accounted for on a provisional basis as at 30 June 2023.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	-
Trade receivables	-
Prepayments	36
Plant and equipment / Right of use assets	7,965
Inventory	-
Deferred tax asset	-
Trade payables	-
Deferred tax liability	-

	Fair value $'000
Financial liabilities	-
Lease liabilities	(2,628)
Employee benefits	-
Net assets acquired	5,372
Goodwill	94,476
Brand name	-
Customer relationships	-
Acquisition-date fair value of the total consideration transferred	99,849
Representing:	
Cash paid or payable to vendors	52,950
Convertible notes payable	22,693
Deferred consideration	9,077
Close the Loop shares issued to vendors	15,129
Total	99,849
Acquisition costs expensed to profit or loss	-
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	99,849
Less: share issued upon settlement	(15,129)
Less: cash and cash equivalents	-
Less: payments to be made in future periods	(31,770)
Net cash used	52,950

Note 42. Events after the reporting period

On 18 July 2023 Close the Loop Limited issued 4,056,056 shares with a deemed value of US$1 million (A$1,503,985) as final payment of the acquisition of 100% of Captive Trade Corp shares. These shares were required to be issued within three months after shareholder approval was obtained to proceed with the issuing of shares as part payment of the ISP Tek Services and Captive Trade Corp acquisition. Details of the acquisition are included in Note 41.

Subsequent to 30 June 2023, the company has commenced discussions with a number of potential acquisition targets for share and or asset purchases for business that are complimentary to the current service offerings of the Group. At the time of this report no binding agreements have been entered into with any of these potential acquisition targets.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

2 DIRECTORS' DECLARATION

In the opinion of the directors of Close the Loop Limited:

- The attached consolidated financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements:
- the attached financial statements and notes give a true and fair view of the consolidated group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Signed: ______________________ Date: 28 August 2023

Gregory Toll
Director

Nexia Australia

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Independent Auditor's Report to the Members of Close the Loop Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Close the Loop Group Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment Goodwill ***Refer to note 20*** The impairment assessment of goodwill is considered to be a key audit matter due to the size of the balance and the range of judgements and assumptions used in the impairment assessment model.	Our procedures included, amongst others: • We ensured that the recoverable amount calculations are based on the latest business plans. • We have assessed the reasonableness of the business plan by comparing the implicit growth rates to the market and assessed that overall, the growth rate appears to be reasonable and obtain an independent expert's assessment. • We performed procedures to ensure that model inputs are consistent with observable market data and did not note material deviations. • We reperformed through sensitivity analyses on the key assumptions to ascertain the extent of change in those assumptions that would be required for the goodwill to be impaired. We discussed the headroom of the sensitivity analyses with management and are of the view that no impairment is necessary. • We reviewed the independent expert's advice on the assumptions and calculations of discounted rates used in discounted cash flow models used for impairment testing.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations **Refer to note 6 and 41.** Business combination is considered a be a key audit matter due to: • materiality of the transaction and resulting balances. • The key areas of significance were purchase price allocation to intangible assets acquired and identification and measurement of fair value of assets and liabilities acquired.	Our procedure included, amongst others: • Reviewed purchase and sale agreements to understand the terms and conditions of the acquisitions. • Obtained and reviewed the independent expert advice provided to management by an independent corporate advisory firm in relation to the purchase price allocation to intangible assets. • Assessed the methodology and assumptions used to determine the fair value of assets acquired and liabilities assumed. • Assessed the treatment and accounting of the transactions under 'AASB 3 Business Combinations'. • Assessed the adequacy of disclosures in note 41.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Nexia Australia

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 32 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Close the Loop Group Ltd for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Benjamin Bester
Director

Dated on this 28th day of August 2023

3 ASX ADDITIONAL INFORMATION

This section contains additional information required by the Australian Securities Exchange Limited listing rules not disclosed elsewhere in this report.

Shareholdings (as at 23 August 2023)

Substantial shareholders

A substantial shareholder is one who has a relevant interest in 5 per cent or more of the total issued shares in the Company. Substantial holders in the Company as detailed in the most recent public filings of Form 604 Notice of Change of Interests of Substantial Holder or Appendix 3Y Change of Director's Interest Notice are set out below. Percentage of total shares issued is based on the total shares on issue as at 23 August 2023 of 519,712,847

Shareholder	Ordinary shares	Percentage
Lawrence Warren Jaffe	66,876,294	12.87%
Foster Packaging Holdings Pty Ltd	64,308,920	12.37%
Brendan Yee	61,630,918	11.86%
Wilson Asset Management Group	50,403,671	9.70%
Sammy Saloum & Dania Saloum	44,616,616	8.58%
Greencape Capital Pty Ltd	33,235,397	6.39%

Substantial option holders

A substantial option holder is one who has a relevant interest in 20 per cent or more of the equity securities in an unquoted class total issued shares in the Company. Following are the substantial shareholders in the Company based on notifications provided to the Company under the Corporations Act 2001:

Option holder	Options	Percentage
Lawrence Warren Jaffe	3,000,000	28%

Unquoted equity securities

Options

There are 10,585,134 options on issue that are not quoted securities.

Performance rights

There are 5.75 million performance rights on issue that are not quoted securities.

Voting rights

Ordinary shares

Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by that person or in respect of which the person is appointed proxy, attorney or representative, has one vote for each Share held.

Options

There are no voting rights attached to the options or performance rights.

Distribution of equity security holders

The number of shareholders by size of holding of ordinary shares is:

Category	Total holders	Units	Percentage of issued capital
1 – 1,000	23	5,627	0.00%
1,001 – 5,000	445	1,165,595	0.22%
5,001 – 10,000	260	2,228,358	0.43%
10,001 – 100,000	792	29,802,381	5.73%
100,001 and over	234	486,510,886	93.61%
	1,754	**519,712,847**	**100.00**

There are 26 shareholders holding less than a marketable parcel of shares each (that is, less than $500 per parcel of shares) based on the closing price of AUD 0.465 on 23 August 2023 representing a total of 8,795 shares. The minimum marketable parcel of shares is 1,076 shares on 23 August 2023.

The number of holders by size of holding of unquoted options over ordinary shares is:

Category	Total holders	Units	Percentage of issued options
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	10	10,585,134	100
	10	**10,585,134**	**100**

The number of holders by size of holding of unquoted performance rights is:

Category	Total holders	Units	Percentage of issued rights
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	11	5,750,000	100
	11	**5,750,000**	**100.00**

Securities purchased on-market

There were no securities purchased on market.

Securities exchange

The Company is only listed on the Australian Securities Exchange.

On-market buy-back

There is no current, past or planned on-market buy-back activity.

Twenty largest shareholders

	Name	Number of ordinary shares held	Percentage of capital held
1	CITICORP NOMINEES PTY LIMITED	103,892,775	19.99%
2	FOSTER PACKAGING HOLDINGS PTY LTD	62,640,114	12.05%
3	OMNIVERSE HOLDINGS PTY LTD	60,094,279	11.56%
4	SAMMY SALOUM + DANIA SALOUM	44,616,616	8.58%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	32,145,552	6.19%
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,250,473	4.28%
7	DE SIMONE NOMINEES PTY LTD <MICROHELP SUPER FUND A/C>	10,480,215	2.02%
8	BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	10,000,000	1.92%
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,871,142	1.51%
10	REGAN PATRICK FOSTER	6,892,688	1.33%
11	1 PITWO PTY LTD	6,380,958	1.23%
12	BNP PARIBAS NOMS PTY LTD <DRP>	4,864,721	0.94%
13	MR HENRY DANIEL SYKES	4,538,549	0.87%
14	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	4,339,393	0.83%
15	MR LAWRENCE WARREN JAFFE + MRS PAULEY JAFFE <JK SUPERANNUATION FUND A/C>	3,300,000	0.63%
16	RYCO NOMINEES PTY LTD <BRITS FAMILY A/C>	3,292,388	0.63%
17	GIUSEPPE DE SIMONE	3,235,137	0.62%
18	ANGELA KRISTEN OGONEK	2,500,000	0.48%
19	TOLL ASSOCIATES PTY LIMITED	2,400,000	0.46%
20	MR MAURICE LEWIS FINK	2,184,518	0.42%
	Total Securities of Top 20 Holdings	**397,919,518**	**76.57%**
	Total Remaining Holders Balance	**121,793,329**	**23.43%**
	Total Securities on Issue	**519,712,847**	**100.00%**

Restricted securities

The company has the following fully paid ordinary restricted securities that are subject to voluntary escrow:

Name	Number of ordinary shares	Date escrow period ends	Holders
Shares Escrowed 12 Months from Date of Quotation	2,000,000	20 March 2024	1
Shares Escrowed 12 Months from Date of Quotation	40,560,560	1 May 2024	1
Shares Escrowed 12 Months from Date of Quotation	750,000	3 May 2024	1
Shares Escrowed 12 Months from Date of Quotation	116,250	23 June 2024	1
Shares Escrowed 9 Months from Date of Quotation	4,056,056	1 May 2024	1
Total Restricted Securities	**47,482,866**		**5**

Other information

Close the Loop Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

4 Corporate Directory

Directors

Greg Toll (Chairman and Independent Non-Executive Director)
Joe Foster (Executive Director & CEO)
Marc Lichtenstein (Executive Director & CFO)
Lawrence Jaffe (Executive Director & CCO)
Grant Carman (Independent Non-Executive Director)

Company Secretary

Marc Lichtenstein

Principal place of business and registered office

43-47 Cleeland Road
Oakleigh South VIC 3167
Australia

Telephone:	1800 242 473
Facsimile:	03 9930 8695
Internet:	www.ctlgroup.com.au

Location of Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Telephone: 1300 850 505
Telephone: +61 3 9415 4000 (international)

Auditors

Nexia Melbourne Audit Pty Ltd
Level 35, 600 Bourke Street
Melbourne Victoria 3001

Legal Advisors

Thomson Geer
Level 23, Rialto South Tower, 525 Collins Street
Melbourne Victoria 3000 Australia

Stock Exchange Listing

Close the Loop Limited shares are listed on the Australian Securities Exchange (ASX: CLG).

Website

www.ctlgroup.com.au