



Close the Loop GROUP
Create - Recover - Reuse



Close the Loop Limited
ABN: 91 095 718 317
208 Hume Hwy
Somerton, Victoria 3062
AUSTRALIA
investors@ctlgroup.com.au
ctlgroup.com.au

Market Update: Acquisition of Alliance Paper, world-first cosmetics recycling trial, gold award win and 50 million cartridges recycled.

26 July 2022

Key highlights:

- **Acquisition of 100% of thermal paper supplier and sustainable paper products group, Alliance Paper Pty Ltd (Alliance) for a total purchase price of \$1 and an investment in working capital of ~\$4.5 million:**
 - Strengthens Close the Loop's capability in the paper products and packaging sector
 - Provides highly complementary market and product fit with CLG's existing packaging offerings
 - Extends the product range and fits the Company's circular economy program
 - Delivers on acquisition strategy to grow within the niche recyclable and sustainable packaging sectors with significant cost synergies
 - Strengthens CLG's revenue and profitability levels
- **Trial of product recycling for cosmetics packaging with Myer**
- **Gold Award at the 2022 Packing Innovation & Design Awards (PIDA) in the Reuse/Refill category for CLG's Recyclable Spout Pouch product**
- **Milestone of 50 million printer cartridges recycled for Cartridges 4 Planet Ark program**

Melbourne, Australia – Close the Loop Limited (**Close the Loop** or the **Company**) (**ASX: CLG**), an end-to-end solutions provider from design and manufacturing, through to collection and recycling of products, is pleased to provide a market update.

Acquisition of 100% of thermal paper supplier and sustainable paper products group, Alliance Paper Pty Ltd

Close the Loop has acquired thermal paper and paper products group, Alliance Paper Pty Ltd (Alliance) for a total purchase price of \$1 and an investment in working capital of approximately \$4.5 million.

About Alliance

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.

Alliance offers a range of BPA and phenol-free thermal receipt rolls and other paper products which are recyclable, supplying leading Australian supermarkets as well as several leading brands including KFC, McDonalds, Nike and Bank of Queensland.

Strategic Rationale

The acquisition furthers Close the Loop's strong position in the sustainable paper product sector. It also allows the Company 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 our OF Flexo business. Alliance has also developed sustainable paper products such as recyclable coffee cups, disposable and recyclable eskys.

The deal will enhance Close the Loop's revenue and profitability levels in FY23, with Alliance expected to grow revenues to \$19.7 million in FY23 from \$11.7 million in FY22 and EBITDA to \$2.4 million in FY23 from a loss in FY22. The revenue growth is being driven by new supply contracts and investment in inventory to meet the increased demand for Alliance products.

Details of the Acquisition

- Assets purchased: 100% of Alliance Paper Pty Ltd.
- Purchase price: \$1 payable at settlement on 31 August 2022.
- Working Capital: \$4.5 million investment in working capital to be made at settlement date and beyond.
- Funding: cash and bank debt.
- Net Assets of \$4.88 million at 30 June 2022.
- Management remains after the acquisition.

Group Chief Executive Officer Joe Foster said: *"We are thrilled to acquire Alliance as it further strengthens our position in the lucrative thermal paper and paper products sector and provides us with a highly complementary market space and product suite to our existing packaging offering. It will allow us to replace some traditional plastic packaging with a paper-based solution based on technologies that Alliance has developed and have been trialled successfully by OF Flexo."*

"Alliance offers strong sales growth and profitability levels, significant cost synergies and a diverse suite of well-established and loyal clients. The acquisition delivers on our strategy of growth via acquisition and further expansion within the niche packaging sector."

"The combination of Alliance's expertise in paper products and our leadership in the global circular economy for packaging will increase our capability to reduce the amount of waste that ends up in landfill and is instead recycled into new products."

Managing Director of Alliance Paper Jon Williams added: *"Alliance Paper has a proud 38-year history as a leader in the domestic paper market. We have driven the adoption of chemical-free and safer consumer products in the paper and packaging space and most recently, we pioneered the commercial strategy and adoption of BPA-free thermal paper across the Australian market."*

"For us, true circular integration requires a broad and complete approach and to be part of Close the Loop's industry-leading solution is an opportunity to deliver real change. The capacity to develop and deliver chemical-free paper packaging solutions manufactured with the same organisation that can manage the waste stream for the same post-consumer use items is a rewarding and exciting next step for our organisation."

Trial of recycling pilot for cosmetics packaging with Myer

Close the Loop, in conjunction with Myer and with guidance from peak industry body Accord, is trialling a National Cosmetics Collection Scheme that will research new ways of recycling cosmetics to reduce the estimated 5,000 to 11,500 tonnes of cosmetic packaging from across the sector that is currently being landfilled in Australia each year. The trial is a key milestone for Close the Loop to deliver a cosmetic stewardship scheme that is currently being developed by the Company.

Packaging retrieved from dedicated Myer collection bins, as well as through MAC Cosmetics' *Back to MAC* program during the eight-week trial, will be sorted into eight categories and processed by Close the Loop to be reused, recycled, or remanufactured into other products.

The National Cosmetics Collection Scheme has received grant funding from the Australian Government's National Product Stewardship Investment Fund.

Gold award win at the 2022 Packing Innovation & Design Awards (PIDA)

Close the Loop has been recognised for its contribution to the circular economy through its innovative packaging solutions at the annual Australasian Packing Innovation & Design Awards (PIDA), receiving gold in the Sustainable Packaging Design of The Year, in the Reuse/Refill category.

Created by Close the Loop's OF Pack business for refillable and eco-certified cleaning company Koh, the *Koh Kerbside Recyclable Spout Pouch Refill Pack* won the category for its innovative packaging, made from 100 per cent mono-polymer PE – a material that can be disposed of in all kerbside recycling bins. The packaging can be rolled in a three-dimensional shape, by applying the label which is attached to the pouch, to form a tube shape which can be recycled through kerbside recycling as part of the plastic waste stream.

Milestone of 50 million printer cartridges recycled for Cartridges 4 Planet Ark program

In July, Close the Loop reached a milestone of recycling 50 million printer cartridges through the Cartridges 4 Planet Ark program since its inception in 2003. The cartridges collected through the highly successful project have been recycled into hundreds of new products including new cartridges, inks and Close the Loop's TonerPlas® product.

Group Chief Executive Officer Joe Foster said: *"Close the Loop prides itself on being a leader in innovative solutions for the circular economy and the achievements made over the last months is a testament to this vision and the hard work of our team. In collaboration with Myer and with guidance from peak industry body, Accord, we have launched a cosmetics recycling trial that will see more cosmetics packaging out of landfill and instead recycled into TonerPlas® and Reisin8 to create everyday essentials such as roads and building materials.*

"In addition, we have taken home the gold for Sustainable Packaging Design of The Year - Reuse/Refill at the PIDA 2022 awards. By constantly researching innovative ways plastics can be reused and recycled, this led us to the creation of a Kerbside Recyclable Spout Pouch Refill Pack for our client Koh that can be recycled through kerbside collections and plays a large role in our Company becoming a global leader in innovative solutions for the circular economy.

"Lastly, we have reached a 50 million milestone of printer cartridges recycled through our popular Cartridges 4 Planet Ark program since its inception in 2003. Keeping items such as these out of landfill and instead, recycling them into hundreds of new products that people use every day is at the core of our operations."

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

- ENDS -

For further information, please contact:

Investors

Adrian Mulcahy

E: investors@ctlgroup.com.au

P: +61 438 630 422

Media

Tristan Everett

E: tristan.everett@marketeye.com.au

P: +61 403 789 096



Close the Loop GROUP
Create - Recover - Reuse



Close the Loop

About Close the Loop Group

With locations across Australia, Europe, South Africa and the United States, Close the Loop create innovative products and packaging that includes recyclable and made-from recycled content, as well as collect, sort, reclaim and reuse resources that would otherwise go to landfill. From recovering print consumables, eyewear, cosmetics, and phone cases, through-to the reusing of toner and post-consumer soft plastics for an asphalt additive, the Group is focused on the future, sustainability and the circular economy.

Well positioned within the circular economy, Close the Loop consists of the merging of two secondary business groups - Close the Loop and O F Pack. The combining of these two entities allows for end-to-end solutions across packaging and consumables to a variety of markets, with advanced innovation in product development, as well as end of life take-back and recovery systems for complex waste streams to greatly reduce waste to landfill.

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