



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

Close the Loop acquires USA recycling company to expand plastics secondary market opportunity

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Highlights:

- Close the Loop (“CTL”) acquires USA recycling company In-Plas Recycling (“In-Plas”)
- In-Plas is a well-established, profitable recycler and processor of post-industrial scrap, pellets, regrind and by-products
- The acquisition further strengthens CTL’s position in the lucrative recycling market
- Highly complementary market and product fit with CTL’s existing recycling offering, and expands service offering into recycled plastics processing and the automotive sector
- Acquisition is consistent with CTL’s strategy to grow within the recycling space
- Expected to be immediately earnings accretive, adding US\$1.1 million to CTL’s EBITDA on a trailing 12-month basis
- The acquisition cost will total US\$4,000,000 (including up to US\$500,000 of inventory) of which US\$3,000,000 is payable at completion (expected 31 January 2023) with US\$250,000 payable per annum for four years
- The acquisition will be funded from existing cash and bank debt

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, has strengthened its position in the recycling market via the acquisition of US recycling company In-Plas Recycling. The acquisition expands both companies’ service offering in recycled plastics processing.

Close the Loop Chief Executive Officer Joe Foster said: *“We are pleased to be entering additional markets via the acquisition of In-Plas Recycling. The acquisition significantly expands our recycling scope and capabilities in North America as well as our presence on the plastics commodities market.*

“In-Plas Recycling not only gives us ownership of a US-based recycler and processor but provides strong sales growth, profitability and delivers a diverse suite of well-established and loyal clients.

“The synergies between In-Plas Recycling and Close the Loop provide for considerable opportunities for growth. A senior member of our US management team has prior experience working with In-Plas, and both companies’ complementary services mean we are able to combine innovative solutions to turn waste polymer-based materials into valuable new products for more sectors.”

About In-Plas Recycling

Established for over 20 years and headquartered in Cincinnati, Ohio, 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.

In-Plas works with a variety of thermoplastics and operates across multiple sectors including automotive, manufacturing and pharmaceutical. It provides bespoke solutions to maximise scrap value, create landfill costs savings and increase closed-loop recycling capabilities. In-Plas also provides verifiable destruction,

rendering as unusable products such as automotive assemblies, retail and pharmaceutical packaging, CDs, obsolete signage and VCR tapes.

In-Plas' US client base is spread across a diverse range of industries, with about 40% being contracted plastics processing customers and 60% being on the open market. It has experienced sales growth of 22% over the past year.

Strategic rationale

The acquisition delivers on Close the Loop's strategy of growing within the recycling space in line with its core focus on the circular economy. Due to the complementary parts of the market that both companies operate, the acquisition increases the product suite that Close the Loop can sell into the plastics secondary market in North America. Equally, Close the Loop expands the processing capability of certain In-Plas Recycling products, creating more markets for the current In-Plas product suite.

The acquisition is expected to be immediately earnings per share (EPS) accretive on a pre- and post-synergy proforma statutory FY23 basis, adding US\$1.1 million to CTL's EBITDA on an annualised basis.

Acquisition details

- Purchase price: US\$4,000,000 (including up to US\$500,000 of inventory) of which US\$3,000,000 is payable at completion and US\$250,000 is payable per annum for four years
- Funding: The acquisition is funded from Close the Loop's existing cash and bank debt
- Settlement: Expected to take place on 31 January 2023

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

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For further information, please contact:

Investors

Adrian Mulcahy

E: investors@ctlgroup.com.au

P: +61 438 630 422

Media

Tristan Everett

E: tristan.everett@automicgroup.com.au

P: +61 403 789 096

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