

CLOSE THE LOOP

collecting today.
creating tomorrow.

IT Refurbishment Investor Presentation | 9 July 2024

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IT Refurbishment

Investor Presentation
9 July 2024



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Total Addressable Market

02

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Close the Loop Capabilities and Expansion Plans

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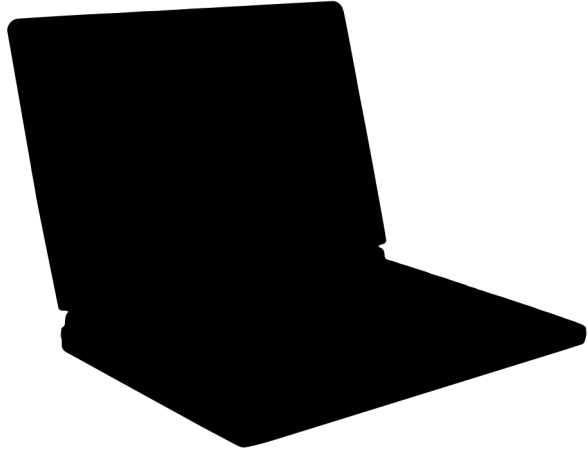
OEMs are rapidly evolving their business models towards a circular economy to accommodate global drivers of change:

1.
New environmental, social and governance regulations (ESG), and

2.
Changing business and consumer demands.

Which is leading to the..





Laptop Market

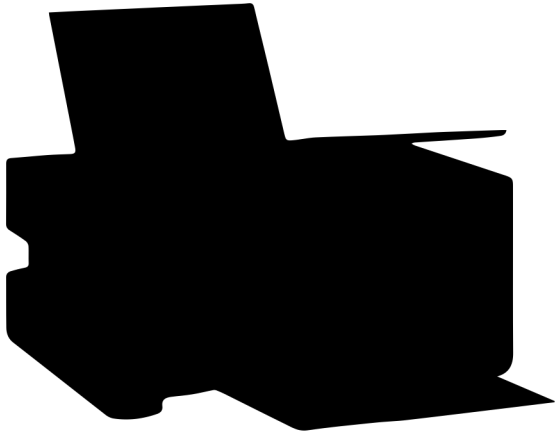
Less than 10% of laptops sold are refurbished

240m laptops sold in 2023
~US\$164bn market

Lenovo, Dell and HP collectively account for ~60% of global laptop sales

Key metrics:

- On average OEMs release three new models per year that are designed to last 5-6 years
- Useful life is determined by grading, wear and tear warranties, component degradation and market developments in software and hardware
- Significant advancements have been made with cameras, memory and processing capabilities, but many core laptop components remain unchanged over the past decade
- New AI chips are expected to trigger a replacement cycle in laptops



Printer Market

On average every person in the EU consumes one print consumable per year

~100m printers sold each year

~US\$52bn

~1.3bn print consumables are sold each year

~\$25bn

HP is globally dominant in the print/copy world with ~30% of the market followed by Xerox (20%), Canon (17%) and Brother (10%)

Key metrics:

- Approximately 1.3 billion print consumables sold globally with under 30% being recycled
- In the US alone, over 300 million inkjet and 70 million laser cartridges are sold yearly



Computing accessories

As the world becomes more connected and electronic devices proliferate our daily lives, there is a growing opportunity and demand for computing equipment to become more circular

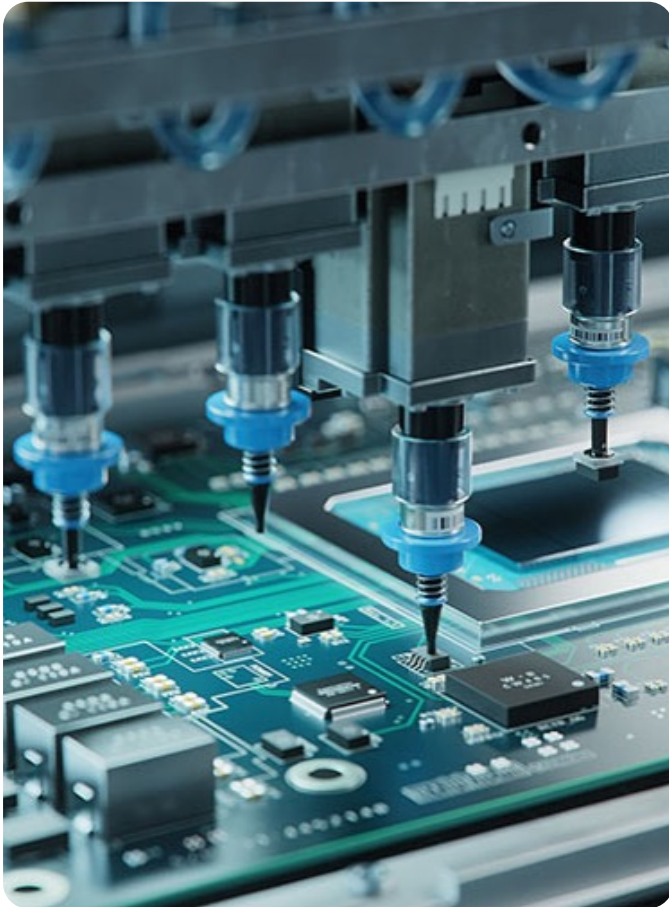
Key metrics:

- Servers – ~\$126bn
- Gaming – ~\$34bn
- POS – ~\$29bn
- Accessories – ~\$15bn
- Teleconferencing – ~\$10bn

Other Markets

New product manufacturing

Deep symbiotic relationships delivering global efficiencies of scale in highly specialised manufacturing and fabrication processes



Original Design manufacturers (ODMs)

- ODMs, mostly based in Taiwan and China, are responsible for the fabrication of most new laptops and accessible to any company that can afford their minimum order quantity
- ODMs function as contract manufacturers to the largest OEMs, providing manufacturing expertise, reliability, outsourced research and development, speed to market, and significant economics of scale resulting in very low unit costs
- The five largest ODMs account for ~80% of the total production and supply of laptops globally

Original Equipment Manufacturers (OEMs)

- OEMs rely heavily on multiple ODMs, but retain in-house research, design and fabrication expertise – typically, IP heavy components
- OEMs are now increasingly brand solution providers that invest resources in design, marketing, sales and distribution channels to win and supply consumers

ODMs

- **Foxconn,**
- **Pegatron,**
- **Wistron,**
- **Compal,**
- **Quanta,**
- **Inventec,**
- Gigabyte Technology,
- Advantech,
- Supermicro,
- Wiyynn,
- MiTAC,

Business and consumer channels

Business

- Many businesses purchase PCs through value adding resellers, such as system integrators and managed a service providers who provide a holistic suite of services relating to their procurement, installation, configuration, maintenance and replacement.
- Businesses tend to favour consistent high performance, software compatibility, durability and security over any other features, and enterprise grade laptops are specifically designed to service these needs
- Business consumers tend to use laptops for 2 - 3 years, coinciding with leasing norms and warranties offered by financing companies and OEMs before renewing and upgrading to the latest models
- IT departments typically begin planning refreshment one year in advance
- Businesses look for repairability and upgradeability



Consumer

- Typically, bought with a one-year warranty
- Sold through mainstream or online retail networks
- Aesthetics and design as important as performance
- Range of price choice to cater for budget options
- Frequently used by one owner until end of design life (5-6 years)
- Until recently repairability and upgradeability has not been an important feature

The problem with a linear model

The take, make and dispose business model presents several problems for OEMs:

Ownership

OEMs lose control of their product and brand

Having put the product into the market, OEMs lose control of their brand and the customer experience with little to no participation in the secondary marketing and sale of their product, missing out on servicing and/or refurbishment. This dilutes the brand experience and limits the participation through the entire product lifecycle

Environment

Poor environmental outcomes

The manufacture of the OEM equipment creates 80% of the product's carbon footprint, requires energy intensive processes and the supply of critical rare earth and other materials. Limited reuse and recycling of these products is contributing to climate change and unsustainable e-waste volumes being sent to landfill

Inefficient

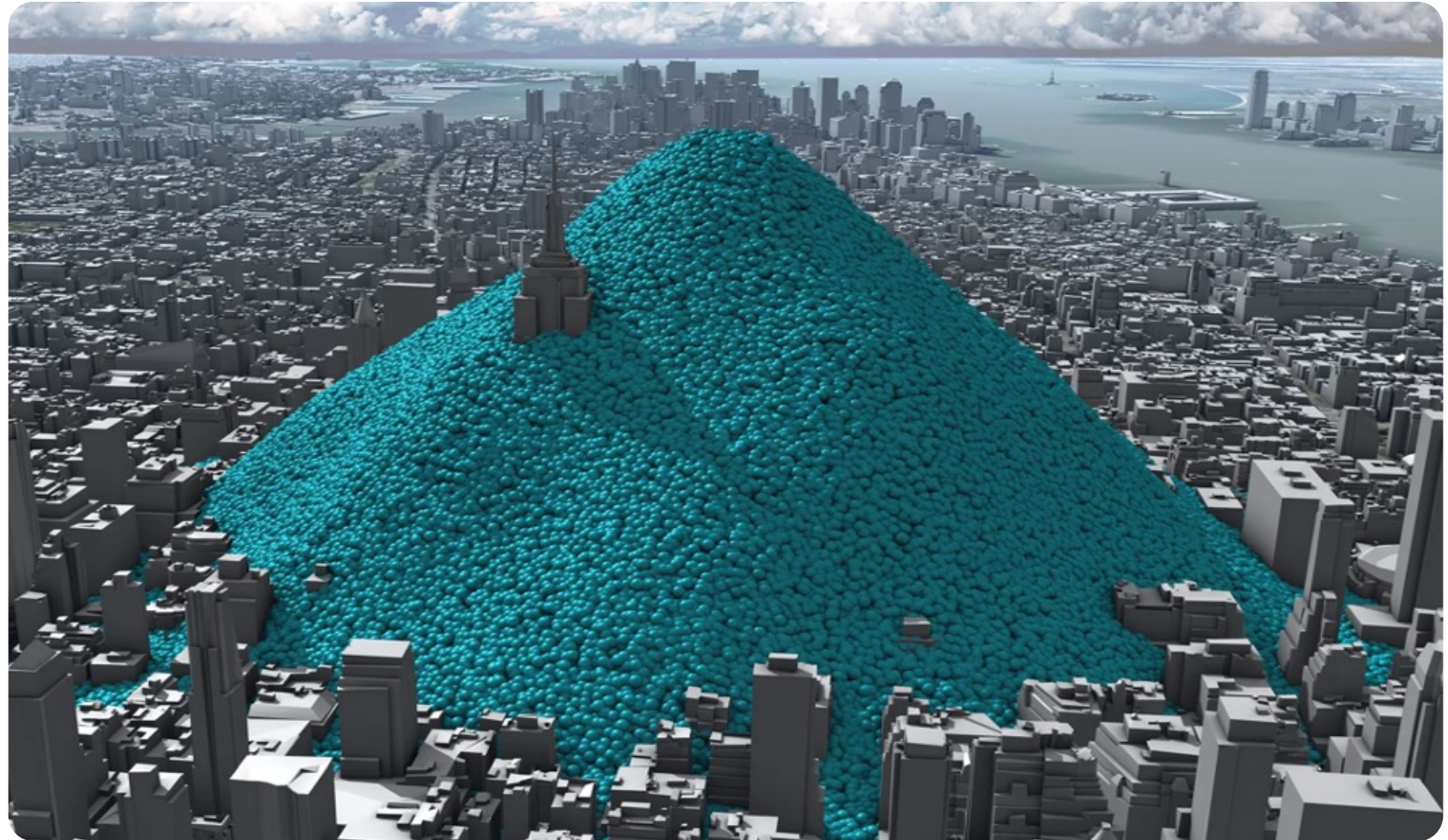
Matching products with market segments

With limited OEM participation in the secondary market businesses and consumers have not benefitted from the opportunity to regularly upgrade or refurbish products to their changing requirements and needs

Environmental impact

- The manufacture of a single laptop produces on average 331kg of carbon dioxide (CO₂)
- The overall ICT industry is responsible for as much greenhouse gas pollution as the airline industry – or ~2% of global CO₂ and is forecast to account for as much as 14% by 2040
- ~80% of the environmental impact can be traced to manufacturing
- Copper, nickel, lithium and tin are used in the production of laptops and pose a supply risk due to 80% of global production coming from China

Three new laptops generate one metric ton of carbon dioxide



E-waste

- According to the UN's global e-waste monitor report, e-waste increased from 41.8 mt in 2014 to 53.6 mt in 2022 and is predicted to reach 74.7 mt by 2030
- Electronic waste (e-waste) is one of the world's fastest growing waste streams, fuelled mainly by higher consumption rates of electric and electronic equipment, short life cycles and few options to repair
- E-waste is a health and environmental hazard, containing toxic additives or hazardous substances such as mercury, which can damage the human brain and coordination system
- In recent years, many countries have implemented EPR (Extended Producer Responsibility) schemes on electrical and electronic equipment including all EU members states, USA, Canada, Japan, South Korea, Chile, Brazil, Argentina, Colombia.



Only 17.4% of e-waste is collected and recycled



Regulation

UK – FCA’s TCFD – SDR

EU – WEEE, NFRD, CSRD, SFDR, CSDDD

USA – SEC, FIO, NYSDoL – CCAA, FSSAA

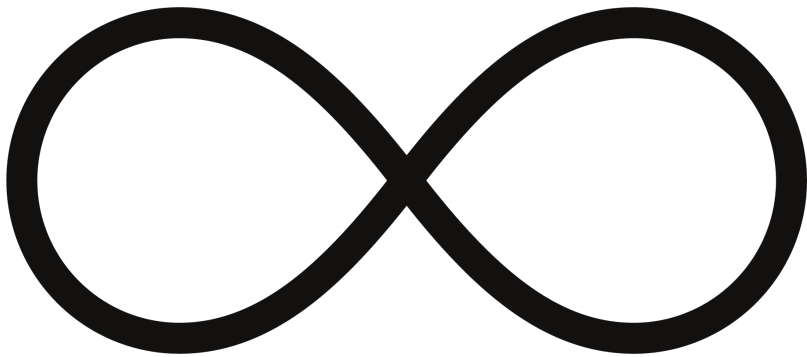
China – CSRC, CERDS – DRaLC, ESGD

A new wave of ESG and financial reporting regulation is driving change in industry behaviour

- The Taskforce on Climate-related Financial Disclosures (TCFD) is now the common thread across international legislation on climate disclosure, including the US, EU, UK, Switzerland, Singapore, Hong Kong, New Zealand, and Japan.
- The European Union has introduced several regulations to ensure that companies provide accurate and comparable ESG information.
- In the US, the Securities and Exchange Commission (SEC) finalised disclosures rule for Investors that requires public companies to disclose certain climate-related information in their annual reports.
- The first set of ESG disclosure guidelines issued by China will raise the standard of reporting by local companies and promote sustainable investments in the country.
- The Shanghai, Shenzhen and Beijing exchanges are taking a double materiality approach”, requiring companies to report on the impact their activities have on the environment as well as the risks and impact of environmental factors on their business.
- Around half of China’s listed companies will be obliged to carry out the reporting

The solution

Circularity



Collect

Working with OEMs to establish device trade-in services and reverse logistic systems that empower businesses and consumers from all over the world to recover value for their used technology

Create

Provide an ecosystem of tools and processes that, in conjunction with OEMs, economically refurbish and repair technology with trusted warranties and customer support

Resell

Supply high-quality certified refurbished technology to consumers and businesses globally through a network of trustworthy sales channels

HP Renew Solutions – circularity in action



Benefits of HP Certified Refurbished for businesses

Leverage flexibility within the workplace

Combining new hardware with refurbished devices without compromising on quality or performance

Support a circular economy

Stretch IT budgets further by extending the life of existing devices

Maximise return on investment

Get value back through responsible services and programs when kickstarting IT refresh



HP Renew Solutions

By 2026, circularity will become a key component of product lifecycle management

HP Certified Partners

HP business customers can purchase HP Certified Refurbished products from HP Certified Refurbished Partners. This select group of partners restore hardware that adheres to HP's strict standards, including environmental compliance, quality testing, and the use of approved HP parts. These devices come with 1-year limited warranty serviced by HP.

 Certified Partner Refurbished

Close the
Loop is an HP
Certified
Refurbished
Partner



Global refurbishment capabilities



Leading refurbisher and distributor of consumer electronics within a blue-chip customer base



Third party refurbishment partner for Microsoft, HP, Samsung, LG, and other industry-leading manufacturers



Refurbishment and reseller for high volumes of new, off-lease, or previously-owned computers, inkjet, LaserJet, and commercial printers



Innovative approach following the best and highest use hierarchy



Extensive experience in designing and implementing go-to-market strategies for programs, products, and services



Equipment recovery pathways



Retail Returns

Close the Loop manages collection, product triage & testing, refurbishment, remarketing



Off-Lease Equipment (b2b)

Close the Loop offers “white glove” service including collection, aggregation and transport of off-lease equipment on behalf of OEM’s. Product triage & testing, repair, and return to OEM, trade-in program, or remarketing



Damaged or Rejected Products

Close the Loop manages collection, product triage & testing, repair, or parts harvesting on behalf of OEM’s



End of Life or Retired Electronics (b2c)

Close the Loop manages collection, product triage & testing, repair, or parts harvesting on behalf of OEM’s

Close the Loop – Sales Channels

Wholesale

- 30,000+ monthly units
- Over 200 wholesale distribution clients
- Education, government, B2B, and B2C
- Global reach

Marketplace

- 20,000+ monthly units
- Operating on Amazon, eBay, Walmart, Newegg, Mercado Libre, Reebelo, and Target.
- Onboarding new brands (e.g. Staples)

Direct to Consumer

- Online storefront
- Targeted social media advertising campaigns
- In-house website for all product lines.

Close the Loop is committed to delivering an outstanding omnichannel experience by focusing on exceptional quality and customer service

Ecosystem of clients, partners and providers



Strategic growth and expansion

Location	America's				EMEA			APJ			
	KY	TX	CA	MX	BE	DU	ZA	AU	VN	SG/ MY	NZ
PC Refurbishing											
Print Refurbishing											
Monitor Refurbishing											
ITAD											
Cartridge Recycle											
Electronic Recycling											
Reuse Packaging											
e-Waste											
Packaging & QC											
Collection/Distribution											
Fulfilment Services											
Sales											

Mexicali facility



Cost Factor	Southlake, TX	Mexicali, MX
Direct Labor Costs	\$18 / hr	\$7.5 / hr
Rent	\$12 per sqft.	\$8.50 per sqft.
Utility Expenses	18 cents per kWh	11 cents per kWh



collecting today.
creating tomorrow.

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