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collecting today.

creating tomorrow.

FY24 Results Presentation | August 2024

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#### **Presenters:**



**Financial Summary** 

**Financial statements** 

**Group CEO** 

Joe Foster



**Outlook** 

**About Close the Loop** 







#### **FY24 Highlights**

Achieved guidance and delivered growth

#### TOTAL REVENUE

**\$219m** 

Up 59% on pcp and achieving guidance of over \$200m

#### **NPATA**

\$26m

Up 87% on pcp, amortisation of \$14.7m and EPSA of 4.9c

#### **CASH ON HAND**

\$41m

After one off earnout payment and investment in working capital

#### **EBITDA**

\$45m

Up 85% on pcp, achieving guidance of between \$44m - \$46m

#### **CASH CONVERSION**

71%

Strong free cash flow allows for reinvestment and capital management optionality

#### **NET DEBT**

42m

\$4m reduction in borrowings in FY24



#### Delivered successive record results

- Since listing management has consistently demonstrated the ability to grow revenue through the organic and inorganic deployment of capital
- FY24 guidance provided to the market with the FY23 results and upgraded with the 1H24 results to revenue above \$200m and EBTIDA of between \$44m and \$46m, has been achieved
- Total revenue is up 59%, with the acquisition of ISP Tek Services (concluded in April 2023) delivering revenue ahead

- of due diligence and expectations
- ISP Tek Services (now rebranded Close the Loop Renew Solutions) has grown during the year
- Renew Solutions contribution to EBITDA has exceeded our expectations and the full and final earnout of US\$5m has been paid during the year
- EPSA growth of 36% in FY24 is up from 24% EPSA growth in FY23

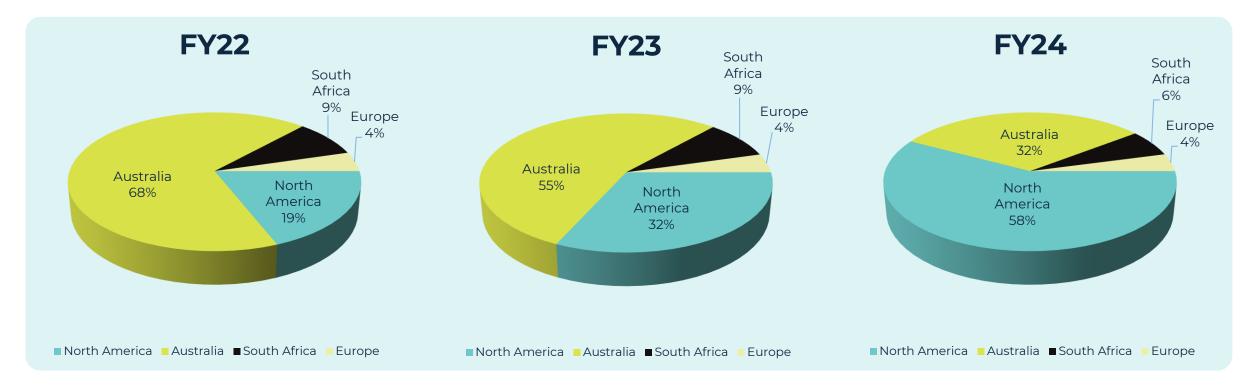




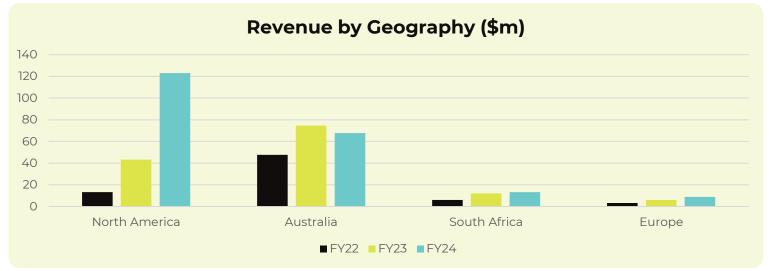




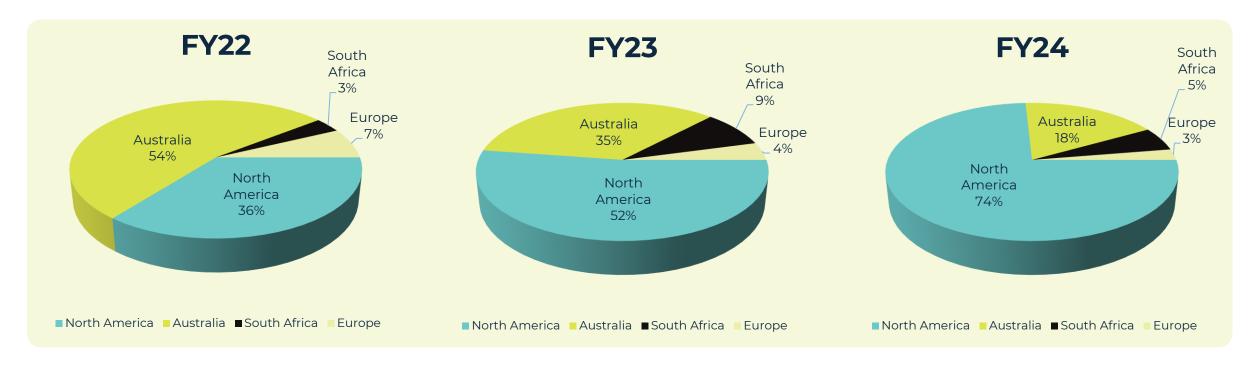




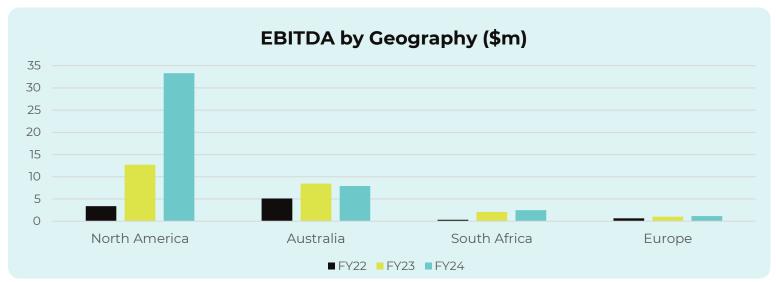
#### Revenue Mix FY22 - FY24







#### EBITDA Mix FY22 – FY24







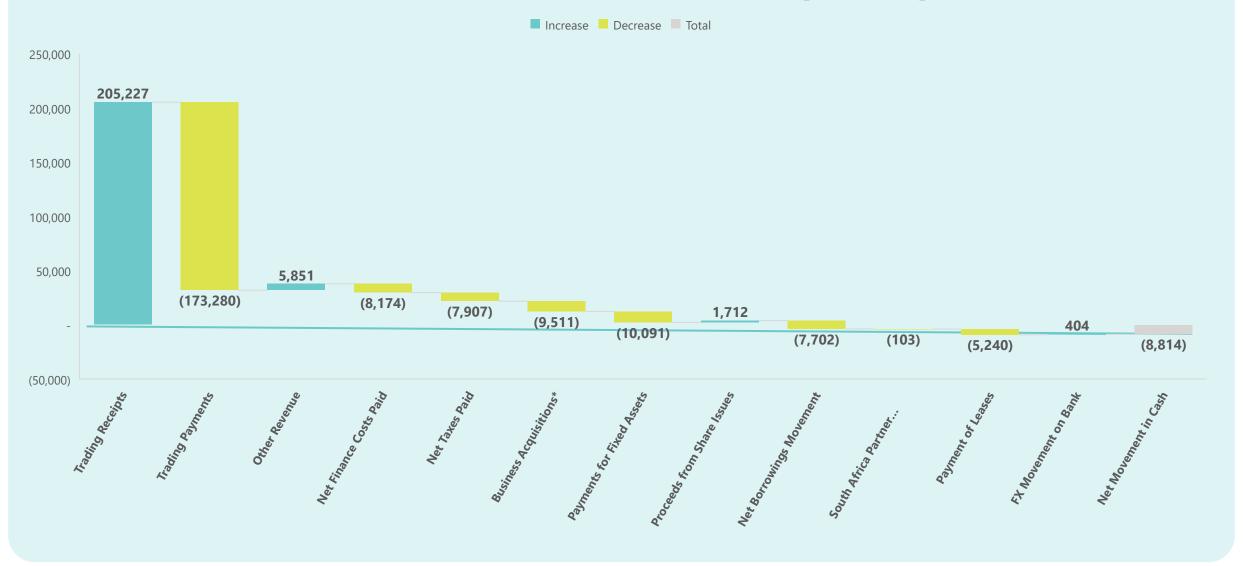
#### Cash Cash from operations and Cash conversion

#### Commentary

- 71% cash conversion vs. EBITDA (targeting 75%)
- \$41m cash on hand, a \$9m reduction on pcp impacted by:
  - o US\$5m earnout payment
  - Additional \$22m investment in working capital associated with the growth of the business
- \$4m reduction in borrowings in FY24
- Cash on hand provides optionality for reinvestment, expansion, and capital management initiatives
- The Board and Management are exploring all options to extract value for shareholders



#### Cashflow Waterfall FY24 (\$,000)





#### **Commentary**

- Material growth in revenue
- Achieved EBITDA guidance
- Depreciation of \$6.3m and business combination amortisation of \$14.7m
- \$9.8m interest expense and in discussions to restructure debt to reduce interest
- EBIT margin impacted by business combination amortisation

### Income statement



	FY22* (\$m)	FY23 (\$m)	FY24 (\$m)
Revenue (excl other income)	89.2	135.9	213.0
Cost of Sales	60.9	88.3	132.9
Gross Profit	28.3	47.6	80.1
Opex	11.4	23.3	35.2
EBITDA	14.3	24.3	44.9
D&A	5.9	7.0	21.0
EBIT	8.4	17.3	23.9
Interest expense	0.5	2.5	9.8
Тах	(1.6)	2.6	2.9
NPAT	9.5	12.2	11.2
NPATA	10.5	13.8	25.9
Gross Profit Margin	31.7%	35.0%	37.6%
EBITDA Margin	13.6%	17.9%	21.4%
EBIT Margin	5.3%	12.8%	11.0%

#### **Commentary**

- Investment in working capital
  - Trade and other receivable increase
  - Inventory growth
  - Decrease in trade and other payables
- Reduction in borrowings
- Growth in intangibles and deferred tax liability

#### **Balance Sheet**

	FY22	FY23	FY24
Assets	(\$m)	(\$m)	(\$m)
Cash and equivalents	10.3	49.5	40.6
Trade and other receivables	21.1	45.5 26.1	
Inventories	5.4	15.9	20.0
Other	3.2	5.1	3.1
Total current assets	40.0	96.7	99.8
Property, plant, and equipment	6.2	20.2	26.4
Right-of-use assets	13.7	20.8	23.8
Intangibles	29.9	131.3	142.8
Other	2.4	2.4	4.2
Total non-current assets	52.2	174.7	197.2
Liabilities			
Trade and other payables	10.3	29.2	20.9
Borrowings	4.7	16.1	14.3
Lease liabilities	2.4	3.8	3.8
Income tax	0.1	1.6	0.5
Other	3.8	3.1	6.0
Total current liabilities	21.3	53.8	45.5
Borrowings	4.0	71.4	69.0
Lease liabilities	13.2	19.6	21.6
Deferred tax liability	0.3	1.4	19.2
Other	0.2	1.1	0.2
Total non-current liabilities	17.7	93.5	110.0
Net assets	53.2	124.1	141.5



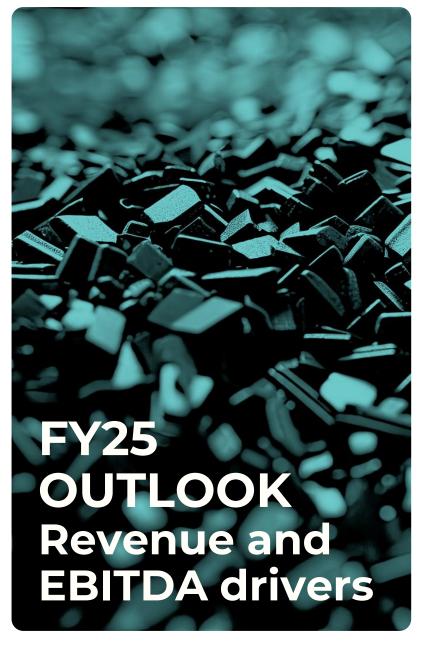
#### **Debt commentary**

- US\$38.8m senior secured term loan, undrawn facilities of US\$7.5m revolver and US\$5.0m deferred drawdown provided by Pricoa Private Capital
- All loans mature in 4QCY29 and are variable interest rate (base plus margin)
- Low termination fees for early exit apply
- Have commenced discussions to restructure debt at lower rates following these results
- Variable interest rate expected to decrease substantially in next 45 days
- All debt facility covenants met throughout the period

## Cash flow statement

	FY22 (\$m)	FY23 (\$m)	FY24 (\$m)
Receipts From Customers	74.7	127.2	205.2
Payments To Suppliers	(76.5)	(106.8)	(173.3)
Gross Operating Cash flow	(1.8)	20.4	31.9
Other Revenue	0.8	4.4	5.9
Net Interest	(0.7)	(2.1)	(8.2)
Tax	(1.4)	0.0	(7.9)
Net Operating Cash Flow	(3.1)	22.7	21.7
Net Investing Cash Flow	(4.0)	(86.0)	(19.6)
Net Financing Cash Flow	11.2	103.1	(11.3)





#### **ORGANIC GROWTH**

GROWING HP CERTIFIED
REFURBISHED RELATIONSHIP
GLOABLLY – PRODUCT AND
GEOGRAPHICAL EXPANSION

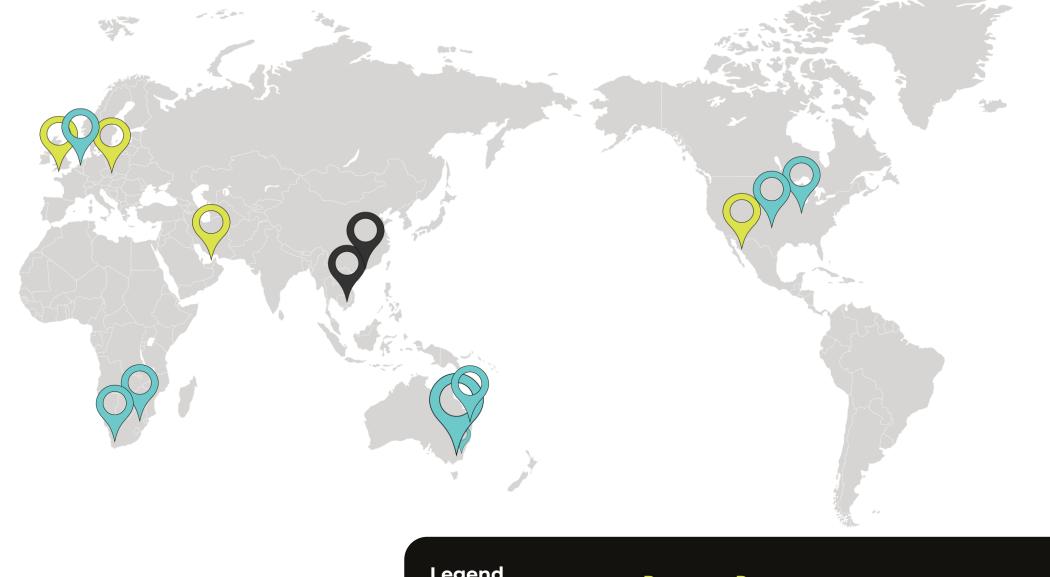
INCREASING ENGAGEMENT
WITH TIER-1 PACKAGING
CUSTOMERS IN SOUTH AFRICA
AND AUSTRALIA

EFFICIENCIES AND SCALE WITH OPENING OF MEXICALI AND MIDDLE-EAST FACILITIES

ACQUISITION OF FEEDSTOCK FROM OTHER OEMS AND ITAD REDUCING CUSTOMER CONCENTRATION

MULTI VENDOR TAKE BACK PROGRAM IN EUROPE AND PRINTER REFUBISHMENT EXPANSION THE REUSE OF SOFT PLASTIC WASTE IS A CRITICAL INITIATIVE FOR THE COMPANY AND THE COMMUNITY





Locations

Legend

- Resource Recovery
- Packaging
- IT Refurbishment



**O** Current locations



Future locations

#### Ecosystem of clients, partners and providers





#### Ecosystem of clients, partners and providers

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<b>©</b> • <b>↓</b> • <b>○</b> PETBARN	KEEPIT	Brookfarm™	LOCAL
Woolworths 6	IVORY COAT COMPANION GOODS	Ma ALDI	OCEAN CHEF®
officeworks	ZEROco	внијя	ny pet foods
Ämgrow	(Scotts.)	Is Don. Is Good. SINCE 1947	Downer Relationships creating success





# Macro and Regulatory Tailwinds

#### **Australia**

- Australian Packaging Covenant
  - Targeting 100% of packaging nationwide to be reusable, recyclable, or compostable by 2025
- Recycling and Waste Reduction Bill
  - o Bans the export of waste glass, plastics, tyres, and paper

#### **Europe**

- Right to Repair Directive
  - Aims to extend product lifecycles by making repairs easier and more cost effective
- Packaging and Packaging Waste Directive
  - 65% of all plastic packaging to be recycled or compostable by 2025 and 70% by 2030
- Waste Electrical and Electronic Equipment Directive

#### **HP Sustainable Impact**

- HP Device Life Extension Service
- 75% circularity for products and packaging by 2030
- Recycle 1.2mt of hardware and supplies by 2025 (from 2016)
- Use 30% postconsumer recycled content plastic across personal systems and print



# **Company Snapshot**

Staff > **380** 

Segments

Operations:
North America
Australia
Europe
South Africa

Core Activities: Collect & Create

**EPSA** 4.9c

**CLG**ASX Code

**531.8m** Shares on issue

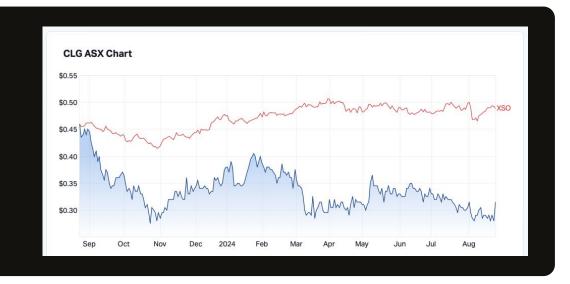
\$168m
Market cap

**41m** FY24 Cash

**\$83m** FY24 Debt

Major ShareholdersFoster Packaging12.23%Omniverse11.3%Wilson Asset Management9.48%ASLDH8.48%Greencape Capital6.32%

12-month relative share price performance vs. small ords







collecting today. creating tomorrow.

#### **Investor enquiries:**

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