



Close the Loop Ltd

ABN: 91 095 718 317

Report for the half year ended 31 December 2024

APPENDIX 4D

1.1 Company details

Name of entity:	Close the Loop Limited
ABN:	91 095 718 317
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

1.2 Results for announcement to the market

					\$'000
Revenues from ordinary activities	Up/Down	3.8%	to		99,187
Profit/(Loss) from ordinary activities after tax attributable to the members of Close the Loop Ltd	Up/Down	115.5%	to		(765)
Net Profit/(Loss) for the year attributable to the members of Close the Loop Ltd	Up/Down	115.5%	to		(765)

Dividends

Close the Loop Limited has not paid any dividends in the half year ending 31 December 2024 nor does it propose to pay any dividends.

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

Comments

Please refer to the Review of Operations in the Directors' Report for an explanation of the results.

This Appendix 4D should be read in conjunction with the Consolidated Interim Financial Report of Close the Loop Limited for the half year ended 31 December 2024 that has been reviewed by Nexia Melbourne Audit Pty Ltd. This report should be read in conjunction with the ASX announcement on 24 February 2025. 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 loss for the half year ended 31 December 2024 has been impacted by the amortisation of intangible assets of \$6,283,000 that occurs as a result of the consolidated group recognising customer relationships, brand names and internal generated software upon the business combinations accounting standard and that is required to be amortised over their useful lives. If the amortisation of the intangible assets was reversed the net profit after tax attributable to the members of Close the Loop and adding back the amortisation related to business combinations for the half year is \$5,518,000.

The information provided in this report contains all the information required by ASX Listing Rule 4.2A.

1.3 Net tangible assets

	31 December 2024	31 December 2023
Net tangible assets per ordinary security	0.31 cents	(2.55) cents

1.4 Control gained over entities

There was no control gained over any entities during the reporting period.

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 Audit review

The financial statements were subject to a review by the auditors and the unmodified review report is attached as part of the Interim 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 Interim Report for the period ending 31 December 2024.

1.8 Attachments

The Interim Report of Close the Loop Limited for the half-year ended 31 December 2024 is attached.

1.9 Signed



Signed:

Grant Carman
Director

Date: 24 February 2025

CLOSE THE LOOP

**Report for the half year
ended 31 December 2024**

Close the Loop Ltd

ABN: 91 095 718 317

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 half-year ended 31 December 2024.

Directors

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

- Grant Carman
- Sammy Saloum
- Lawrence Jaffe
- John Chambers (appointed 21 November 2024)
- Gregory Toll (resigned 21 November 2024)
- Marc Lichtenstein (resigned 21 November 2024)
- Joseph Foster (resigned 21 November 2024)

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 also 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 significant changes in the nature of the activities of the Group during the half year.

Review of Operations

With locations across Australia, United States, Europe and South Africa, Close the Loop collects waste products through takeback programs across its resource recovery businesses for recovery and reuse; and provides packaging products through its packaging businesses which allow for recovery and recyclability. The Company's overall premise is zero waste 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 a global circular economy leader with a focus on the future, sustainability and the circular economy.

	31 December 2024	31 December 2023
	\$'000	\$'000
Revenue	99,187	103,125
Gross Margin %	32.1%	36.2%
EBITDA	12,223	22,689
Net Profit before tax	(1,810)	6,988
Net Profit after tax	(623)	5,009
Amortisation of intangible assets	6,283	8,245
Underlying Net Profit	5,660	13,254
Current Assets	104,626	108,966
Current Liabilities	46,995	61,452
Current Ratio	2.23	1.77
Total Assets	303,989	303,197
Equity	145,013	132,899

The profit before interest, tax, depreciation, and amortisation charges ("EBITDA") attributable to the members of the parent entity for the half year ended 31 December 2024 is \$12,223,000 (31 December 2023: \$22,689,000) which is a 46% decrease compared to the previous corresponding reporting period. The decrease in the financial results for the period ending 31 December 2024 are a due to several factors. These factors include a temporary unfavourable shift in business mix in the resource recovery division and a delay

in the opening of the Mexicali facility. The company is actively addressing these short-term challenges and expects resolution in the coming months.

The loss attributable to the members of the consolidated group after providing for income tax and non-controlling interest amounted to a loss of \$765,000 (2023: \$4,927,000 profit). The loss for the half year ended 31 December 2024 has been impacted by the amortisation of intangible assets of \$6,283,000 that occurs as a result of the consolidated group recognising customer relationships, brand names and internally generated software upon the business combinations accounting standard and that is required to be amortised over their useful lives. If the amortisation of the intangible assets was reversed the net profit after tax attributable to the members of Close the Loop and adding back the amortisation related to business combinations for the half year is \$5,518,000 (2023: \$13,172,000).

The Group has generated \$2,548,000 cash from operations for the half year that has been invested into the Mexicali facility, as well as plant and equipment across the resource recovery businesses and the packaging manufacturing facility in Melbourne, Australia. Overall, during the reporting period there was a net decrease in cash of \$3,049,000.

During the reporting period there has been a significant investment in working capital. This is evidenced by the growth in inventory over the reporting period. Inventory has grown to \$30.906 million or 55% over the 6-month reporting period. The growth in inventory is a result of the investment that the resource recovery business has made to expand into the Information Technology Asset Disposition ("ITAD") business. These inventory levels are expected reduce over the coming months and be converted into cash as our processing efficiencies improve.

Net debt which is calculated as total borrowings less cash on hand at 31 December 2024 has increased by \$8,356,000 to \$50,932,000 since the last reporting date, 30 June 2024. The movement in the net debt is predominantly due to the movement in exchange rates and the devaluation of the Australian Dollar ("AUD") against the United States Dollar ("USD"). The company's loans are provided in USD by a USA based lender and are required to be restated into AUD at each reporting date with an adjustment made to the foreign currency translation reserve. Excess cash within the organisation is held by the holding company in AUD in Australian banks. During the reporting period the principal debt reduced in USD but this was more than offset by the devaluation of the AUD against the USD.

The Close the Loop recycling division increased its processing volumes during the period, introducing several new collection programs, complementing its traditional imaging consumables business.

The core recycling operations in Australia, United States and Europe have continued to grow and provide services across the respective geographies.

The European business launched a pan-European multi-vendor collection program, which resulted in significant interest from all the major print original equipment manufacturers ("OEMs") with the majority of the OEMs progressively joining the program. The program was launched on 1 November 2023 in Benelux, Germany and the United Kingdom. During the reporting period the multi-vendor collection program continued to be expanded across Europe, with more OEMs joining the program. The full financial impact of this collection program is expected to be reflected in the second half of 2025 financial year.

The Close the Loop packaging businesses have achieved 11% organic sales growth compared to the previous corresponding period. The growth in sales is due to the improved performance of the South African and largest Australian packaging businesses. Whilst the packaging division has had 4.1% growth in the profit after income tax expense compared to the previous corresponding period, some of the businesses in this division have experienced some margin pressure to win new customers and or retain the existing customer base. The Packaging business continues to have strong demand for its specialised range of sustainable packaging. The future forecasts see ongoing growth of this division. The South African operations have performed exceptionally well during the period.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated group during the reporting period.

Events Subsequent to Reporting Date

On 29 January 2025 Close the Loop ceased discussions with Adamantem Capital (Adamantem) with regard to Adamantem's indicative proposal to acquire 100% of the shares in the Company, by way of a scheme of arrangement, for \$0.27 per share.

Since 31 December 2024, the company has commenced or continued discussions with a number of potential acquisition targets for share and or asset purchases for businesses 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 reporting period 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.

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.

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.

On behalf of the directors



Signed:

Grant Carman
Director

Date: 24 February 2025

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CLOSE THE LOOP LTD

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2024 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



**Nexia Melbourne Audit Pty Ltd
Melbourne**



**Benjamin Bester
Director**

Dated this 24th day of February 2025

Advisory. Tax. Audit.

Registered Audit Company 291969

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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 half 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.

All amounts in the Consolidated Interim Financial Report have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 to the nearest one thousand dollars unless otherwise stated.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2025.

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2024

Revenue from continuing operations

	Note	Consolidated 31 Dec 2024 \$'000	31 Dec 2023 \$'000
Revenue	3	99,187	103,125
Cost of sales		(67,386)	(65,834)
Gross profit		<u>31,801</u>	<u>37,291</u>

Expenses

Other Income	4	2,039	3,030
Selling and distribution expenses		(2,584)	(121)
Administration expenses		(4,898)	(5,718)
Occupancy costs		(2,734)	(2,484)
Employee benefits		(10,688)	(8,659)
Depreciation and amortisation	5	(10,126)	(10,988)
Other expenses		(12)	-

Operating profit

Finance costs	5	(4,608)	(5,363)
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Profit / (Loss) before income tax expense from continuing operations

Income tax benefit / (expense)		1,187	(1,979)
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Profit / (Loss) after income tax expense from continuing operations

		<u>(623)</u>	<u>5,009</u>
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Profit / (Loss) after income tax expense for the half year

		(623)	5,009
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Other comprehensive income

Items that may be reclassified subsequently to profit or loss

Foreign currency translation		3,750	(1,069)
Other comprehensive income for the half-year, net of tax		<u>3,750</u>	<u>(1,069)</u>

Total comprehensive income for the half year

		<u><u>3,127</u></u>	<u><u>3,940</u></u>
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Profit / (Loss) for the year is attributable to:

Non-controlling interest		142	82
Owners of Close the Loop Limited		(765)	4,927
		<u>(623)</u>	<u>5,009</u>

Total comprehensive income for the year is attributable to:

Continuing operations		142	3,858
Non-controlling interest		2,985	82
Continuing operations		<u><u>3,127</u></u>	<u><u>3,940</u></u>

Earnings per share for profit attributable to the owners of Close the Loop Limited

		Cents	Cents
Basic earnings per share	15	(0.14)	0.95
Diluted earnings per share	15	(0.14)	0.92

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

Statement of Financial Position
As at 31 December 2024

	Note	Consolidated	
		31 Dec 2024 \$'000	30 Jun 2024 \$'000
Assets			
Current assets			
Cash and cash equivalents		37,795	40,644
Trade and other receivables		30,926	36,056
Inventories		30,906	19,946
Other		4,999	3,116
Total current assets		<u>104,626</u>	<u>99,762</u>
Non-current assets			
Investments		207	200
Property, plant, and equipment		26,265	26,417
Right-of-use assets		21,814	23,800
Intangibles	13	143,347	142,812
Deferred tax		4,156	1,816
Other		3,574	2,195
Total non-current assets		<u>199,363</u>	<u>197,240</u>
Total assets		<u>303,989</u>	<u>297,002</u>
Liabilities			
Current liabilities			
Trade and other payables		20,891	20,901
Borrowings	14	17,294	14,260
Lease liabilities		3,753	3,805
Income tax		(731)	541
Provisions		2,582	3,449
Deferred revenue		1,230	1,226
Other		1,976	1,345
Total current liabilities		<u>46,995</u>	<u>45,527</u>
Non-current liabilities			
Borrowings	14	71,403	68,960
Lease liabilities		20,017	21,633
Provisions		114	112
Deferred tax liability		20,447	19,233
Other		-	-
Total non-current liabilities		<u>111,981</u>	<u>109,938</u>
Total liabilities		<u>158,976</u>	<u>155,465</u>
Net assets		<u>145,013</u>	<u>141,537</u>
Equity			
Issued capital	6	105,852	105,852
Reserves		3,989	(110)
Retained profits		34,402	35,167
Non-controlling interest		770	628
Total equity		<u>145,013</u>	<u>141,537</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the half-year ended 31 December 2024

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non- controlling interest \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2023	100,588	(1,260)	24,215	517	124,060
Profit after income tax expense for the year, net of tax	-	-	4,927	82	5,009
Foreign exchange movement	-	(1,069)	-	-	(1,069)
Total comprehensive income for the year	-	(1,069)	4,927	82	3,940
Transactions with owners in their capacity as owners:					
Movement in issued shares (Note 6)	4,659	-	-	-	4,659
Transfer of Share Based Payments to Retained Profits	-	(128)	128	-	-
Share based payments	-	240	-	-	240
Balance at 31 December 2023	<u>105,247</u>	<u>(2,217)</u>	<u>29,270</u>	<u>599</u>	<u>132,899</u>

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non- controlling interest \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2024	105,852	(110)	35,167	628	141,537
Profit after income tax expense for the year, net of tax	-	-	(765)	142	(623)
Foreign exchange movement	-	3,750	-	-	3,750
Total comprehensive income for the year	-	3,750	(765)	142	3,127
Transactions with owners in their capacity as owners:					
Movements in provisions	-	349	-	-	349
Balance at 31 December 2024	<u>105,852</u>	<u>3,989</u>	<u>34,402</u>	<u>770</u>	<u>145,013</u>

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

Statement of Cash Flows For the half-year ended 31 December 2024	Consolidated	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	107,862	98,338
Payments to suppliers and employees (inclusive of GST)	(102,724)	(81,176)
	<u>5,138</u>	<u>17,162</u>
Other revenue	1,264	1,509
Interest and other finance costs paid	(1,701)	(4,111)
Income taxes paid	(2,153)	(2,236)
	<u>2,548</u>	<u>12,324</u>
Net cash from operating activities		
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	(185)	-
Payments for property, plant, and equipment	(1,953)	(3,195)
Acquisition of subsidiary	-	-
	<u>(2,138)</u>	<u>(3,195)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from share issue net of issue costs	-	4,680
Net proceeds / (Repayment) of borrowings	(373)	(4,216)
Repayment of lease liabilities	(3,086)	(2,578)
	<u>(3,459)</u>	<u>(2,114)</u>
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents	(3,049)	7,015
Cash and cash equivalents at the beginning of the financial year	40,644	49,458
Effects of exchange rate changes on cash and cash equivalents	200	(798)
	<u>37,795</u>	<u>55,675</u>
Cash and cash equivalents at the end of the financial year		
Cash and cash equivalents in the Statement of Financial Position		
Bank balances	37,795	55,675
Bank overdrafts repayable on demand and used for cash management purposes	-	-
	<u>37,795</u>	<u>55,675</u>
Cash and cash equivalents in the statement of cash flows		

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

NOTE 1. MATERIAL ACCOUNTING POLICY INFORMATION

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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.

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

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2024 annual financial report for the financial year ended 30 June 2024 except as discussed in the adoption of new and revised Australian Accounting Standards. The accounting policies are consistent with Australian Accounting Standards and with IFRS Accounting Standards.

Statements of Financial Position

The Statement of Financial Position as at 30 June 2024 represents Close the Loop Group. The Statement of Financial Position for 31 December 2024 reflects the consolidated position of Close the Loop Group.

Statement of Profit and Loss and Other Comprehensive Income

The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period 1 July 2024 to 31 December 2024 represent the results of Close the Loop.

Statement of Changes in Equity

The Consolidated Statement of Changes in Equity for the period 1 July 2024 to 31 December 2024 comprises Close the Loop Group.

Statement of Cash Flows

The Statement of Cash Flows represents cash flows of Close the Loop Group for the period 1 July 2024 to 31 December 2024.

Critical accounting estimates and assumptions

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 2. OPERATING SEGMENTS

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 reviews 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.

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, cosmetics, plastics, paper and cartons and products associated there with as well as refurbishing consumer and enterprise electronic equipment.

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.

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 31 December 2024	Resource Recovery \$'000	Packaging \$'000	Total \$'000
Revenue			
Sales to external customers	63,564	35,623	99,187
Intersegment sales	-	-	-
Total sales revenue	63,564	35,623	99,187
Other revenue	885	1,154	2,039
Total segment revenue	64,449	36,777	101,226
Intersegment eliminations			-
Unallocated revenue			-
Total revenue			101,226
EBITDA	6,830	5,393	12,223
Depreciation and amortisation	(9,337)	(789)	(10,126)
Net finance costs	(3,937)	30	(3,907)
Profit before income tax expense	(6,444)	4,634	(1,810)
Income tax expenses	2,218	(1,031)	1,187
Profit after income tax expense	(4,226)	3,603	(623)

Notes to the Financial Statements
31 December 2024

Consolidated 31 December 2024	Resource Recovery \$'000	Packaging \$'000	Total \$'000
Assets			
Segment assets	279,138	30,611	309,749
Intersegment eliminations			(5,760)
Unallocated assets			-
Total assets			303,989
Liabilities			
Segment liabilities	147,272	17,464	164,736
Intersegment eliminations			(5,760)
Unallocated liabilities:			-
Total liabilities			158,976

Consolidated 31 December 2023	Resource Recovery \$'000	Packaging \$'000	Total \$'000
Revenue			
Sales to external customers	71,154	31,971	103,125
Intersegment sales	-	-	-
Total sales revenue	71,154	31,971	103,125
Other revenue	1,763	1,267	3,030
Total segment revenue	72,917	33,238	106,155
Intersegment eliminations			-
Unallocated revenue			-
Total revenue			106,155
EBITDA			
Depreciation and amortisation	16,941	5,748	22,689
	(10,364)	(624)	(10,988)
Net finance costs	(4,626)	(87)	(4,713)
Profit before income tax expense	1,951	5,037	6,988
Income tax expenses	(402)	(1,577)	(1,979)
Profit after income tax expense	1,549	3,460	5,009

Assets			
Segment assets	260,864	50,623	311,487
Intersegment eliminations		-	(8,290)
Unallocated assets			-
Total assets			303,197
Liabilities			
Segment liabilities	154,683	23,905	178,588
Intersegment eliminations			(8,290)
Unallocated liabilities:			-
Total liabilities			170,298

Geographical segment information

Consolidated 31 December 2024	Australia \$'000	USA \$'000	Europe \$'000	South Africa \$'000	Total \$'000
Revenue					
Sales to external customers	31,757	51,228	6,581	9,621	99,187
Intersegment sales	-	-	-	-	-
Total sales revenue	31,757	51,228	6,581	9,621	99,187
Other revenue	1,800	33	63	143	2,039
Total segment revenue	33,557	51,261	6,644	9,764	101,226
Intersegment eliminations					-
Unallocated revenue					-
Total revenue					101,226
EBITDA					
EBITDA	256	9,988	(10)	1,989	12,223
Depreciation and amortisation	(2,031)	(7,922)	(143)	(30)	(10,126)
Net finance costs	(250)	(3,788)	9	122	(3,907)
Profit before income tax expense	(2,025)	(1,722)	(144)	2,081	(1,810)
Income tax expenses	822	776	(1)	(410)	1,187
Profit after income tax expense	(1,203)	(946)	(145)	1,671	(623)
Assets					
Segment assets	169,292	175,987	4,915	9,686	359,880
Intersegment eliminations					(55,891)
Unallocated assets					-
Total assets					303,989
Liabilities					
Segment liabilities	45,476	151,574	14,286	3,531	214,867
Intersegment eliminations					(55,891)
Unallocated liabilities					-
Total liabilities					158,976
Consolidated 31 December 2023					
	Australia \$'000	USA \$'000	Europe \$'000	South Africa \$'000	Total \$'000
Revenue					
Sales to external customers	31,017	62,199	3,384	6,525	103,125
Intersegment sales	-	-	-	-	-
Total sales revenue	31,017	62,199	3,384	6,525	103,125
Other revenue	1,987	435	506	102	3,030
Total segment revenue	33,004	62,634	3,890	6,627	106,155
Intersegment eliminations					-
Unallocated revenue					-
Total revenue					106,155

Notes to the Financial Statements
31 December 2024

Consolidated 31 December 2023	Australia \$'000	USA \$'000	Europe \$'000	South Africa \$'000	Total \$'000
EBITDA	4,880	16,664	313	832	22,689
Depreciation and amortisation	(1,638)	(9,201)	(128)	(21)	(10,988)
Finance costs	(695)	(4,100)	(6)	88	(4,713)
Profit before income tax expense	2,547	3,363	179	899	6,988
Income tax expenses	(928)	(800)	-	(251)	(1,979)
Profit after income tax expense	1,619	2,563	179	648	5,009
Assets					
Segment assets	164,119	176,971	3,635	7,632	352,357
Intersegment eliminations					(49,160)
Unallocated assets					-
Total assets					303,197
Liabilities					
Segment liabilities	45,054	157,799	13,693	2,912	219,458
Intersegment eliminations					(49,160)
Unallocated liabilities					-
Total liabilities					170,298

NOTE 3. REVENUE

	Consolidated	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
From continuing operating activities		
<i>Revenue from contracts with customers</i>		
Sale of goods	74,140	80,751
Collection revenue	25,047	22,374
	<u>99,187</u>	<u>103,125</u>

NOTE 4. OTHER INCOME

	Consolidated	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Interest Income	701	652
Government Grants	316	310
Foreign Exchange Gains	806	858
Other Income	216	1,210
Other income	<u>2,039</u>	<u>3,030</u>

NOTE 5. EXPENSES

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Profit before income tax from continuing operations includes the following expenses:		
Depreciation and Amortisation		
Depreciation of property, plant and equipment	1,574	1,096
Amortisation of right-of-use assets	<u>2,190</u>	<u>1,621</u>
Total depreciation	<u>3,764</u>	<u>2,717</u>
Amortisation of non-current assets	<u>6,362</u>	<u>8,271</u>
Total depreciation and amortisation	<u><u>10,126</u></u>	<u><u>10,988</u></u>
Finance costs		
Interest and finance charges paid/payable on borrowings	3,830	4,501
Interest and finance charges paid/payable on lease liabilities	<u>778</u>	<u>862</u>
Finance costs expensed	<u><u>4,608</u></u>	<u><u>5,363</u></u>

NOTE 6. EQUITY – ISSUED CAPITAL

	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	Shares	Shares	\$'000	\$'000
Ordinary shares – fully paid	<u>531,849,866</u>	<u>531,849,866</u>	<u>105,852</u>	<u>105,852</u>

Movements in ordinary share capital

	Date	Shares	Issue price	\$'000
Balance at the beginning of the year	1 Jul 2023	515,656,791		100,588
Shares issued to ISP Tek Services and Captive Trade Corp vendors	19 Jul 2023	4,056,056	\$0.3708	1,504
Shares issued upon conversion of Close the Loop options	1 Dec 2023	10,585,134	\$0.30	3,176
Shares issued for acquisition of plant and equipment	9 Feb 2024	1,551,885	\$0.39	605
Transaction costs relating to share issues				<u>(21)</u>
Balance	30 Jun 2024	<u>531,849,866</u>		<u>105,852</u>
	Date	Shares	Issue price	\$'000
Balance at the beginning of the half year	1 Jul 2024	531,849,866		105,852
Balance at the end of the period	31 Dec 2024	<u>531,849,866</u>		<u>105,852</u>

NOTE 7. SHARE BASED PAYMENTS

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

Notes to the Financial Statements
31 December 2024

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.

As part to of the Australian Stock Exchange 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 was 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.

Set out below are summaries of options granted as at 31 December 2023:

Grant Date	Expiry date	Exercise Price	Balance at the start of the financial half year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the financial half year
2 Dec 2021	1 Dec 2023	\$0.30	10,585,134	-	10,585,134	-	-

There were no movements in the options or options granted in the half year ended 31 December 2024.

Set out below are summaries of performance rights granted as at 31 December 2024. No performance rights were issued in the half year ended 31 December 2024. The valuation of the performance rights has been split into 4 Tranches.

For the performance rights granted during the prior 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:

Grant Date	Expiry date	Exercise Price	Balance at the start of the financial half year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the financial half year
20 Dec 2022	19 Dec 2027	\$0.00	5,750,000	-	-	-	5,750,000
15 Dec 2023	14 Dec 2028	\$0.00	8,400,000	-	-	250,000	8,150,000

Tranche	Share price at grant date	Volatility	Dividend Yield	Number of Performance Rights	Fair value at grant date
Tranche 1	\$0.38	60%	\$nil	2,300,000	\$0.38
Tranche 2	\$0.38	60%	\$nil	1,150,000	\$0.29
Tranche 3	\$0.38	60%	\$nil	1,150,000	\$0.262
Tranche 4	\$0.38	60%	\$nil	1,150,000	\$0.246
Tranche 5	\$0.335	60%	\$nil	3,260,000	\$0.335
Tranche 6	\$0.335	60%	\$nil	1,630,000	\$0.256
Tranche 7	\$0.335	60%	\$nil	1,630,000	\$0.231
Tranche 8	\$0.335	60%	\$nil	1,630,000	\$0.219

NOTE 8. EQUITY – DIVIDENDS

Dividends paid during the financial half-year were as follows:

Consolidated	
31 Dec 2024	30 Jun 2024
\$'000	\$'000
-	-

No dividend paid for the half year ended 31 December 2024

On 28 May 2024 a dividend of R1,250,000 (A\$103,488) was declared and paid by Foster International Packaging (Pty) Ltd to its minority shareholder.

NOTE 9. CONTINGENT LIABILITIES

The Directors are not aware of any material contingent liabilities as at 31 December 2024.

NOTE 10. RELATED PARTY TRANSACTIONS

The group's only material related party transaction during the period is the receipt of a licence fee from Foster International Packaging Pty Ltd of 7% of revenue per annum which generated intercompany licence fees of \$602,000 (2023: \$384,000).

With effect from 1 October 2022 Close the Loop Limited acquired all of the shares in The Pouch Shop Proprietary Limited, a director related company domiciled in South Africa. Joseph Foster was a 70% shareholder of this company. The final instalment payment became due and payable to Joe Foster on 1 October 2024.

On 1 December 2023, the Australian based directors entered into loan agreements with the company to exercise the 30 cent options that expired on that date. The key terms of the loans are that 80% of the value of the aggregate issue price of the shares were provided as the loan amount in the form of an interest-bearing loan. The loan is for 3 years, which can be extended for a further term of 3 years and interest is charged at 4% per annum. On 1 December each year, 10% of the loan amount and interest accrued for the year to 1 December is required to be paid to the company.

NOTE 11. BUSINESS COMBINATIONS

No new business combinations took place during the half years ended 31 December 2024 or 31 December 2023.

NOTE 12. EVENTS AFTER THE REPORTING PERIOD

On 29 January 2025 Close the Loop ceased discussions with Adamantem Capital (“Adamantem”) with regard to Adamantem’s indicative proposal to acquire 100% of the shares in the Company, by way of a scheme of arrangement, for \$0.27 per share.

Since 31 December 2024, the company has commenced or continued discussions with a number of potential acquisition targets for share and or asset purchases for businesses 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 31 December 2024 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.

NOTE 13. INTANGIBLES

	Consolidated	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Non-Current Assets		
Goodwill	41,901	41,512
Less: Impairment	-	-
	<u>41,901</u>	<u>41,512</u>
Customer Relationships	109,087	99,571
Less: Accumulated amortisation	(19,278)	(7,832)
	<u>89,809</u>	<u>91,739</u>
Patents and trademarks - at cost	1,404	1,331
Less: Accumulated amortisation	(973)	(835)
	<u>431</u>	<u>496</u>
Brand Names - at cost	5,381	5,342
Less: Accumulated amortisation	(668)	(435)
	<u>4,713</u>	<u>4,907</u>
Software created – at cost	10,995	9,960
Less: Accumulated amortisation	(4,502)	(2,209)
	<u>6,493</u>	<u>7,751</u>
	<u>143,347</u>	<u>146,405</u>

Reconciliations

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

	Goodwill \$'000	Customer relationships \$'000	Patents and Trademarks \$'000	Brand Names \$'000	Software created \$'000	Total \$'000
Consolidated						
Balance at 1 July 2023	117,525	7,566	556	4,802	820	131,269
Additions	-	-	22	-	-	22
Purchase price adjustment	(75,983)	90,649	(62)	229	8,202	23,035
Movement in foreign exchange rate	(30)	317	-	1	57	345

Notes to the Financial Statements
31 December 2024

	Goodwill \$'000	Customer relationships \$'000	Patents and Trademarks \$'000	Brand Names \$'000	Software created \$'000	Total \$'000
Amortisation expense	-	(6,793)	(20)	(125)	(1,328)	(8,266)
Balance at 31 December 2023	<u>41,512</u>	<u>91,739</u>	<u>496</u>	<u>4,907</u>	<u>7,751</u>	<u>146,405</u>
Balance at 1 July 2024	40,783	89,792	439	4,806	6,992	142,812
Additions	-	-	43	-	168	211
Movement in foreign exchange rate	1,118	5,148	1	22	370	6,659
Amortisation expense	-	(5,131)	(52)	(115)	(1,037)	(6,335)
Balance at 31 December 2024	<u>41,901</u>	<u>89,809</u>	<u>431</u>	<u>4,713</u>	<u>6,493</u>	<u>143,347</u>

NOTE 14. BORROWINGS

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 2024 or at any time during the half year ended 31 December 2024 and has a maturity date of 26 December 2029. The facility incurs interest at a rate of 35% of the margin of the lender on the unused facility, 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.

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 31 December 2024 was US\$38,500,000 (30 June 2024: \$38,750,000). The facility matures on 26 October 2029 and incurs interest at a variable rate of 10.47878% 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 had been committed as a Delayed Draw Term Loan Facility. The facility was not used at 30 June 2024 and has expired during the half year ended or 31 December 2024.

The Group has complied with all banking covenants throughout the period and as at 31 December 2024.

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

Notes to the Financial Statements
31 December 2024

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.

There were no other changes to the Group's borrowings as reported in the 30 June 2024 financial report.

NOTE 15. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Earnings per share for profit / (loss) from continuing operations		
Profit / (Loss) after income tax	(623)	5,009
Non-controlling interest	(142)	(82)
	(765)	4,927
Profit / (Loss) after income tax attributable to the owners of Close the Loop Limited	(765)	4,927
Basic earnings per share (cents)	(0.14)	0.95
Diluted earnings per share (cents)	(0.14)	0.92
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	531,849,866	521,121,468
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,000,000	9,216,635
Performance Rights	13,900,000	6,526,087
	546,749,866	536,864,190
Weighted average number of ordinary shares used in calculating diluted earnings per share	546,749,866	536,864,190

DIRECTORS DECLARATION

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

- The attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 "Interim Financial Reporting", 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 entity's financial position as at 31 December 2024 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Signed: _____
Grant Carman
Director

Date: 24 February 2025

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CLOSE THE LOOP LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Close the Loop Ltd, which comprises the Consolidated Statement of Financial Position as at 31 December 2024, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Close the Loop Ltd does not comply with the *Corporations Act 2001* including:

- i) giving a true and fair view of Close the Loop Ltd's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual 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 on the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Advisory. Tax. Audit.

Registered Audit Company 291969

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Nexia Melbourne Audit Pty Ltd
Melbourne



Benjamin Bester
Director

Dated this 24th day of February 2025