Close the Loop
GROUP

Create - Recover - Reuse

PROSPECTUS

Close the Loop Limited

ACN: 095 718 317

Initial public offering of Shares at an Offer Price of $0.20 per Share

This document is important (lodged under section 710 of the Corporations Act). Carefully read this Prospectus in full and consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser if you are in any doubt as to what to do.

Joint Lead Managers

Aitken Murray Capital Partners

CUMULUS WEALTH

Important Notices

This document is important. Carefully read this Prospectus in full and consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser if you are in any doubt as to what to do.

Offer of Shares

The offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in Close the Loop Limited ACN 095 718 317 (**Company** or **Close the Loop**) (**Shares**) (the **Offer**). This Prospectus is issued by the Company and CtL SaleCo Limited ACN 654 258 072 (**SaleCo**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). Refer to Section 8 for further information.

Lodgement

This Prospectus is dated 22 October 2021 (**Prospectus Date**) and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

Application for listing

Within 7 days after the Prospectus Date, the Company will lodge an application with ASX for admission of the Company to the Official List of ASX and quotation of its Shares (including new Shares issued pursuant to this Prospectus and any Shares sold under this Prospectus) on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

As set out in Section 8, it is expected that the Shares will be quoted on ASX. Close the Loop, SaleCo, the Directors, the Proposed Directors, the directors of SaleCo, the Selling Shareholders, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued or sold on the basis of this Prospectus after the Expiry Date.

Shares offered pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

Note to applicants

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. Neither Close the Loop nor SaleCo is licensed to provide financial product advice in respect of Close the Loop's securities or any other financial products.

An investment in the Shares offered under this Prospectus should be considered highly speculative. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, you should consider the assumptions underlying the Financial Information and the risk factors (refer to Section 6) that could affect the business, financial condition and financial performance of Close the Loop.

You should carefully consider these risks in light of your personal investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares. There may be risks in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of Close the Loop, the repayment of capital by Close the Loop or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Close the Loop, SaleCo, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus.

No offer where the Offer would be illegal

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The Offer is not being extended to any investor outside Australia.

Notice to United States residents

The Shares being offered pursuant to this Prospectus have not been registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**) or any US State securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable State securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares or distribution of this Prospectus or other offering material or advertisement in connection with the Offer in any State or other jurisdiction in which such offer, solicitation, distribution or sale would be unlawful under applicable law, including the US Securities Act and applicable State securities laws. In addition, any hedging transactions involving the Shares or any Shares into which the Shares may be converted may not be conducted unless in compliance with the US Securities Act.

Representations

No person is authorised to give any information or make any representations in connection with the Offer other than as contained in this Prospectus. Any information or representation in connection with the Offer not contained in this Prospectus is not, and may not be relied on as having been, authorised by the Directors or any other person involved in the preparation of the Prospectus or the making of the Offer.

Financial Information and amounts

Section 4 sets out in detail the Financial Information and the Forecast Financial Information referred to in this Prospectus and the basis of preparation of that information. The Financial Information and the Forecast Financial Information included in Section 4 has been prepared and presented in accordance with Australian Accounting Standards (**AAS**) except where otherwise stated.

The Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in this Prospectus.

All Financial Information contained in this Prospectus which relates to FY20 and FY21 has been audited. The pro forma financial information and Forecast Financial Information in this Prospectus specifically exclude Oceanic Agencies Pty Ltd (which is the subject of a proposed acquisition by O F Packaging Pty Ltd as at the Prospectus Date) as does the Investigating Accountant's Report. All Financial Information contained in this Prospectus which relates to FY22 has been reviewed by the Investigating Accountant but has not been audited.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest $0.1 million unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Investigating Accountant's Report on Financial Information and Financial Services Guide

The provider of the Investigating Accountant's Report on Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act (**Financial Services Guide**). The Investigating Accountant's Report and accompanying Financial Services Guide are provided in Section 5.

Forward looking statements

This Prospectus includes the Forecast Financial Information and may also contain forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as 'aim', 'anticipate', 'assume', 'believe', 'could', 'due', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would' and other similar expressions that are predictions of or indicate future events and future trends.

The Forecast Financial Information included in Section 4 is an example of forward-looking statements. These forward-looking statements speak only as at the Prospectus Date. Unless required by law, Close the Loop does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks Close the Loop describes in the reports to be filed from time to time with ASX after the Prospectus Date.

These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors, many of which are in some cases beyond Close the Loop's control. As a result, any or all of Close the Loop's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 6. Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this Prospectus and are cautioned not to place undue reliance on such forward-looking statements.

Past performance

This Prospectus includes information regarding the past performance of Close the Loop. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Exposure Period

The Corporations Act prohibits the Company from processing the Applications received under the Offer in the 7-day period after the Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further 7 days (i.e. up to a total of 14 days). The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. That examination may result in the identification of deficiencies in this Prospectus, in which case any Application received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Obtaining a copy of the Prospectus

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available in electronic form at www.ctlgroup.com.au/investors to persons who are Australian residents only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic form at www.ctlgroup.com.au/investors. The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. It is not available to persons in any other jurisdiction (including the United States). The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety. You may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (Melbourne time), Monday to Friday during the Offer Period.

Applications for Shares may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to Section 8 for further information.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application Form once it has been accepted.

Defined terms and time

Capitalised words and expressions used in this Prospectus are defined in the Glossary at Section 11.

Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne, Australia time.

Privacy

Close the Loop, SaleCo, the Share Registry on their behalf, and the Joint Lead Managers may collect, hold, use and disclose personal information provided by investors to allow them to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that Close the Loop will need to collect your personal information (for example, your name, address and details of the securities that you hold). Under the Corporations Act some of this information must be included in the Company's securities register, which will be accessible by the public. This information must remain in the register even if you cease to be a Shareholder.

Close the Loop and SaleCo will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not provide the information requested in the Application Form, Close the Loop, SaleCo and the Share Registry may not be able to process your Application.

Close the Loop, SaleCo and the Share Registry may also share your personal information with agents and service providers of Close the Loop or others who provide services on its behalf, some of which may be located outside of Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how Close the Loop collects, stores, uses and discloses your information, please read Close the Loop's Privacy Policy located at www.ctlgroup.com.au/investors. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form, or by providing your personal information to Close the Loop, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and Close the Loop's Privacy Policy. Close the Loop aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change.

Photographs and diagrams

Photographs and diagrams used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Disclaimer

Aitken Murray Capital Partners Pty Ltd and Cumulus Wealth Pty Ltd (together, the **Joint Lead Managers**) are managing the Offer. The Joint Lead Managers have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by either Joint Lead Manager or by any of their respective affiliates, officers or employees. To the maximum extent permitted by law, the Joint Lead Managers and each of their respective affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

No underwriting

The Offer is not underwritten.

Third Party Reports

Any statements, data or other contents referenced or attributed to reports by a third party (each a **Third Party Report**) in this Prospectus represent research opinions or viewpoints only of that third party, and are in no way to be construed as statements of fact. While the views, opinions, forecasts and information contained in a Third Party Report are based on information believed by the third party author in good faith to be reliable, that third party author is not able to make any representation or guarantee as to the accuracy or completeness of any information upon which a view, opinion or forecast or information contained in any Third Party Report is based. Any views, opinions or predictions contained in a Third Party Report are subject to inherent risks and uncertainties, and third parties do not accept responsibility for actual results or future events.

Any statement made in a Third Party Report is made as at the date of that Third Party Report and any forecasts or expressions of opinion are subject to future change without notice by any respective third party author of such reports. As such, investors are cautioned not to place undue reliance on such information. A third party is not obliged to, and will not, update or revise any content of a Third Party Report, other than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of that Third Party Report. The Third Party Reports do not represent investment advice nor do they provide an opinion regarding the merits of the Offer.

Consent not sought for certain statements

Unless specifically noted in Section 9.21, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus on the basis of ASIC *Corporations (Consents to Statements) Instrument 2016/72* relief from the Corporations Act for statements used from books, journals or comparable publications.

Company websites

Any references to documents included on the Company's websites are for convenience only, and none of the documents or other information available on the Company's websites are incorporated into this Prospectus by reference.

Questions

If you have any questions about how to apply for Shares, call the Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (Melbourne time) Monday to Friday during the Offer Period. Instructions on how to apply for Shares are set out in Section 8 and on the Application Form. If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

Alesund, Norway

York, UK

Malle, BELGIUM

Paris, France

British Columbia, Canaca

Framingham, US

Cincinnati, UNITED STATES

Norwalk, US

Washington, US

Palo Alto, US

Lexington, US

Kingston, Jamaica

Ho Chi VIE

Johannesburg, SOUTH AFRICA

Cape Town, SOUTH AFRICA

Santiago, Chile

Contents

Key Offer Details

Important dates

Lodgement of Prospectus with ASIC	Friday, 22 October 2021
Opening Date of Offer	Monday, 1 November 2021
Closing Date of Offer	Friday, 19 November 2021
Settlement of the Offer	Tuesday, 23 November 2021
Issue of Shares to the OFP Group Vendors	Friday, 26 November 2021
Issue and transfer of Shares under the Offer	Friday, 26 November 2021
Expected dispatch of holding statements	Monday, 29 November 2021
Expected commencement of trading of Shares on the Official List of ASX	Tuesday, 30 November 2021

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne time. The Company, in consultation with the Joint Lead Managers, reserves the right to vary any and all of the above dates and times without notice (including, subject to ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as early as possible after the Offer opens.

Key Offer statistics

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Total number of Shares held by Existing Shareholders as at the Prospectus Date[1]	98,200,018	98,200,018
Total number of Options on issue as at the Prospectus Date[2]	375,000	375,000
Total number of new Shares available under the Offer	50,000,000	60,000,000
Maximum number of existing Shares available under the Offer for transfer by SaleCo, as held by the Selling Shareholders at the Prospectus Date	0	Up to 30,000,000 Shares based on additional subscriptions in excess of the Maximum Subscription (if any)
Offer Price per Share	$0.20	$0.20
Gross proceeds from the Offer (before costs) payable to Close the Loop	$10,000,000	$12,000,000
Gross proceeds from the Offer payable to the Selling Shareholders	$0	$6,000,000[3]
Total number of Shares to be issued to the OFP Group Vendors[4]	150,978,361	150,978,361
Total number of Shares to be issued to the Pre-IPO Investors	9,190,000	9,190,000
Total number of Shares to be issued upon conversion of the CtL Convertible Notes	9,500,000	9,500,000
Total number of Shares to be issued or allocated as a bonus to existing Shareholders between the Prospectus Date and completion of the Offer[5]	10,745,952	10,745,952
Options offered under this Prospectus[6]	11,000,000	11,000,000

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Total number of Securities on issue at Listing:		
• Shares[7]	319,381,478	329,381,478
• Options	11,375,000	11,375,000
Indicative market capitalisation upon Listing[8]	$63,876,296	$65,876,296
Pro forma net cash (as at 30 June 2022)[9]	$8,164,021	$10,064,021
Indicative Enterprise Value at completion of the Offer[10]	$55,712,311	$55,812,311
Forecast (FY22) EV/pro-forma EBITDA[11]	4.52	4.56
Forecast (FY22) EV/pro-forma EBIT[11]	7.79	7.92

Notes:

1 Assumes no Shares are issued before completion of the Offer as a consequence of the exercise of vested Options. Also includes the 3,003,203 Shares to be bought back by the Company after the Prospectus Date (subject to Shareholder approval). See Section 7.9.

2 Relates to historical Options (which have vested) issued to 1 current employee and 1 former employee of Close the Loop, each of which are exercisable for $0.20 per Option and expire 30 April 2022 (as described in Section 9.8(b)).

3 This specific figure assumes $18 million is raised in total (i.e. the $12 million Maximum Subscription plus also assumes up to approximately $6 million in additional subscriptions which, if raised, is payable to Selling Shareholders).

4 Under the Acquisition Agreements, the OFP Group Vendors receive 100% of the total consideration that is payable to them in Shares on completion of the Merger.

5 Comprised of 4,516,302 new, bonus Shares to be issued by Close the Loop to its Shareholders between the Prospectus Date and completion of the Offer to ensure the relativities agreed between Close the Loop and the O F Packaging Group in relation to the Merger are maintained. Also comprised of a further 6,229,594 existing Shares representing Shares which were forfeited historically under the Company's Employee Share Plan, which are to be transferred by Close the Loop to its Shareholders between the Prospectus Date and completion of the Offer. Collectively, the issue and allocation of all of these Shares is expected to occur approximately on a pro rata 1-for-8 basis. The record date for this bonus Share issue and allocation of existing shares is expected to be on or around 1 November 2021.

6 Comprised of 6,000,000 Joint Lead Manager Options to be issued (in aggregate) to the Joint Lead Managers, with an exercise price of $0.30 each and an expiry date 2 years after the date of Listing, on the terms and conditions set out in Section 9.11. Also comprised of 5,000,000 KMP Options to be issued to Lawrence Jaffe (as to 3,000,000), Marc Lichtenstein (as to 1,000,000) and Tom Ogonek (as to 1,000,000), on the same terms as the Joint Lead Manager Options, on the terms and conditions set out in Section 9.12.

7 Includes a total of 150,978,361 new Shares to be issued to the OFP Group Vendors pursuant to the Merger, includes a total of 9,190,000 new Shares that are to be issued to the Pre-IPO Investors upon conversion of the convertible loans pursuant to the Convertible Loan Agreements (as described in Section 9.10(b)), includes a total of 9,500,000 new Shares that are to be issued upon conversion of the CtL Convertible Notes (as described in Section 9.10(c), which will also convert to Shares on completion of the Offer. Also includes the total of 4,516,302 new bonus Shares to be issued per note (5) above. However, this figure excludes any Shares which may be issued upon exercise of any Options. It also excludes the 3,003,203 Shares to be bought back by the Company after the Prospectus Date (subject to Shareholder approval), on the basis that it is expected that these Shares will be bought back before Listing (and before the record date for the bonus issue referred to in Note 5 above). See Section 9.4 for what is indicatively expected to be the Company's capital structure upon Listing.

8 Market capitalisation is defined as the Offer Price multiplied by the total number of Shares expected to be on issue at Listing.

9 Net cash is defined as Cash and Cash Equivalents less Borrowings.

10 Enterprise value is defined as market capitalisation at the Offer Price, less pro forma net cash as at 30 June 2022, plus minority interest.

11 Excludes the Oceanic Agencies acquisition.

How to apply

Applications for Shares can only be made by completing and lodging the Application Form.

Instructions on how to apply for Shares are set out in Section 8.8 and on the Application Form.

Questions

Please call the Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (Melbourne time), Monday to Friday during the Offer Period.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek advice from your accountant, financial adviser, stockbroker, lawyer or other independent professional adviser before deciding whether to invest in Shares.

Chairman's Letter

22 October 2021

Dear Investor,

On behalf of the Directors, I am delighted to offer you the opportunity to participate in the ownership and future growth of Close the Loop, a participant in the rapidly growing circular economy.

Close the Loop is an established operator in resource collection and recycling in Australia, Europe and the United States. Upon Listing, Close the Loop will have completed a Merger with the O F Packaging Group businesses, the core of which is the engineering of flexible packaging. The O F Packaging Group provides innovative flexible and carton packaging, printing and related sustainability solutions to domestic and international customers of all sizes.

The Merger and Listing will establish the Close the Loop Group as an Australian-based participant in the global circular economy for plastic packaging, processing, recycling and refurbishment of print toner cartridges and other consumable products. The Close the Loop Group intends to provide an end-to-end solution, from design and manufacturing, through to collection and recovery, processing, recycling, and production of secondary products.

The entities that together comprise the Close the Loop Group on completion of the Merger will employ more than 240 people across sites in Australia, the United States, Belgium and South Africa. Following its Listing, the Close the Loop Group intends to make further strategic acquisitions where attractive opportunities arise.

Upon Listing, the Close the Loop Group's aim is to be a market leader in the circular economy, end-to-end solutions for reducing waste to landfill and getting recycled content back into new products.

As a prospective Shareholder, you are invited to be involved in an ASX-listed circularly integrated entity that provides full circular economy solutions to a host of existing, and growing, multinational customers.

The Close the Loop Group has a global presence and a profitable business model refined over 20 years. The Directors and the Proposed Directors consider that the Company is set for growth in a time of rapid voluntary and mandated action towards carbon reduction, which has given rise to favourable tailwinds. Our collective businesses seek to directly address key global initiatives such as the Organisation for Economic Co-operation and Development's 25 climate actions, 2025 emissions targets across multiple countries, EU Waste from Electrical and Electronic Equipment Directive, and increasing regulation on plastics and waste, including Producer Responsibility legislation.

Following completion of the Merger, the Close the Loop Group intends to generate revenue in 3 main ways: printing and packaging and related services, including innovation in plastic materials; collection, processing and value-added services; and through recycled materials where base materials are sorted and sold to plastic and metal brokers at prevailing market rates or recycled into other products and sold back to customers or into the economy.

The Close the Loop Group has strong cash generation credentials, recording FY21 revenue of $67.4 million, EBITDA of $13.2 million and cash (as at 30 June 2021) of $6.9 million (on an audited consolidated and aggregated basis). Our FY22 forecasts anticipate revenue of $73.9 million and EBITDA of $12.3 million.

The above figures and the Forecast Financial Information do not include the additional revenue and EBITDA associated with the proposed acquisition by O F Packaging Pty Ltd of Oceanic Agencies Pty Ltd (**Oceanic**). O F Packaging Pty Ltd has entered into a binding share sale agreement to acquire all of the shares in Oceanic, a Queensland-based provider of packaging and material handling products in the Australian seafood industry. The Oceanic acquisition is not conditional on completion of the Offer, completion of the Merger, or Listing, nor is the Offer conditional on completion of the Oceanic acquisition. The financial accounts for Oceanic for FY21 have been audited by Nexia Melbourne Audit Pty Ltd, and an extract of these audited accounts appears in this Prospectus.

The Directors and the Proposed Directors consider that upon completion of the Merger, the merged group's business is uniquely positioned to deliver solutions to brand owners on a global scale, achieving sustainability goals to reformat packaging and create regenerative uses for products to keep them in circulation as long as possible. The amounts raised from the Offer are expected to fund further growth and acquisitions (in addition to the Oceanic acquisition) with ample capacity to leverage existing infrastructure to meet current and future demand.

The Close the Loop Group is proud of its achievements developing its core products and an industry recognised commitment to excellence and dedication to the environment. Our experienced proposed senior management team is motivated to see the Close the Loop Group prosper in coming years to meet the growing need for a circular economy solution.

Under the Offer that forms part of this Prospectus, a minimum of $10 million and up to a maximum of $12 million is sought to be raised by and paid to the Company prior to deductions for Offer costs, via the issue of 50,000,000 new Shares (at the Minimum Subscription) and up to 60,000,000 new Shares (at the Maximum Subscription) at an Offer Price of $0.20 per Share. In addition to the offer of new Shares, this Prospectus also seeks to facilitate the transfer by CtL SaleCo (a special purpose vehicle) of up to approximately 30,000,000 existing

Shares held by certain existing Shareholders under the Offer. Any additional subscriptions in excess of $12 million, up to approximately an additional $6 million, will, if raised, be paid to Selling Shareholders as proceeds for the sale of existing Shares by them.

The Offer is being conducted to:

- provide Close the Loop with funds and greater access to capital markets that it expects will lead to added financial flexibility to pursue further growth opportunities including proposed acquisition targets;
- provide Close the Loop with the benefits of an increased profile that flow from being a listed entity;
- potentially provide Selling Shareholders with an opportunity to realise all of their existing investment in Close the Loop (subject to any additional subscriptions in excess of $12 million being raised under the Offer);
- pay the costs associated with the Offer and the ongoing incremental administration and overhead costs associated with maintaining Listing on the ASX; and
- provide a liquid market for its Shares and an opportunity for third parties to invest.

The net proceeds will primarily be used for upgrading machinery, new processing equipment for plastic washing and separation, increased automation and to fund part of the Oceanic acquisition by O F Packaging Pty Ltd following Listing.

The Offer is being conducted in connection with an application for admission of the Company to the Official List of ASX.

This Prospectus contains detailed information about the Offer (see Section 8).

This Prospectus also contained detailed information about the industry in which the Close the Loop Group will operate (see the Independent Market Report in Section 3), Historic Financial Information and Forecast Financial Information (Section 4), as well as the key risks associated with an investment in the Company (see Section 6).

Nexia Melbourne Corporate Pty Ltd has also been engaged as the Investigating Accountant on the Offer and its Investigating Accountant's Report is set out in Section 5.

I encourage you to read the Prospectus carefully and in its entirety before making your investment decisions. You should seek professional advice if required.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours sincerely

Greg Toll
Chairman

1. Investment Overview

1. Investment Overview

The information in this Section 1 is a summary only. It should be read in conjunction with the information set out in the remainder of this Prospectus.

1.1 Business overview

TOPIC	SUMMARY	MORE INFO
What is Close the Loop and the Close the Loop Group?	As at the Prospectus Date, Close the Loop is an established operator in resource collection and recycling in Australia, Europe and the United States, while the O F Packaging Group provides innovative flexible and carton packaging, printing and related sustainability solutions to domestic and international customers of all sizes. Upon Listing, Close the Loop will have completed a merger with the O F Packaging Group businesses, the core of which is the engineering of flexible packaging. This will establish the Close the Loop Group as a participant in the global circular economy for plastic packaging, processing, recycling and refurbishment of print toner cartridges and consumable products. Close the Loop has entered into the Acquisition Agreements to acquire the O F Packaging Group businesses, which are owned and operated by the OFP Group Vendors. Further to this, O F Packaging Pty Ltd (**O F Pack**) has entered into a binding share sale and purchase agreement to acquire 100% of the issued share capital of Oceanic Agencies Pty Ltd ACN 136 117 158 (**Oceanic**), a Queensland-based provider of packaging and material handling products in the Australian seafood industry. Completion of the Oceanic acquisition by O F Pack is expected to occur in December 2021 (after the anticipated Listing), though the acquisition is not conditional on completion of the Offer or completion of the Merger, nor is the Offer conditional on completion of the acquisition of Oceanic. If the Oceanic acquisition occurs after completion of the Merger, Oceanic will become part of the Close the Loop Group. **A summary of the key terms of the Acquisition Agreements is set out in Section 9.10(a).** **A summary of the key terms of the binding Oceanic acquisition agreement entered into by O F Pack is set out in Section 9.10(e).** The entities comprising the Close the Loop Group on completion of the Merger will employ more than 240 people across sites in Australia, the United States, Belgium and South Africa. Following its Listing, Close the Loop Group intends to make further strategic acquisitions where attractive opportunities arise. Upon Listing, the Close the Loop Group's aim is to be a market leader in the circular economy, end-to-end solutions for reducing waste to landfill and getting recycled content back into new products.	Sections 2.1 and 9.10(a)

1. Investment Overview Continued

TOPIC	SUMMARY	MORE INFO
In which jurisdictions will the Close the Loop Group operate?	Upon completion of the Merger, the Close the Loop Group's primary operations will be in Australia, the United States, Belgium and South Africa. • **Australia (established in 2001)** – Headquarters of the Company's global operations, located in Somerton, Victoria. – Operations also located in Oakleigh South, Laverton North and Carrum Downs, all in Victoria – Post-Listing, subject to completion of the Oceanic acquisition, operations will also be on the Sunshine Coast in Queensland. – Approximately 80 employees. • **USA (established in 2007)** – Located in Hebron, Kentucky. – Approximately 100 employees. • **Europe (operating as part of Close the Loop since October 2016)** – Located in Malle, Belgium (headquarters of Close the Loop's European operations 30km away from Antwerp, Belgium). – Approximately 40 employees. • **South Africa (established in 1998)** – Office located in Cape Town and Johannesburg. – Approximately 15 employees. Offshore production occurs in China, Vietnam, Thailand and Netherlands. Supply is distributed across Australia, New Zealand, North America, South America, Europe, Africa and Asia.	Section 2.2
What is a 'circular economy'?	A circular economy is an economic system that tackles climate change, biodiversity loss, waste and pollution. It seeks to correct the problems of the linear economy where consumers and businesses follow a "take, make, waste" process, meaning most products and resources become waste. A circular economy employs reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed-loop system, minimising the use of resource inputs and the creation of waste, pollution and carbon emissions. The circular economy aims to keep products, materials, equipment and infrastructure in use for longer, thus improving the productivity of these resources. For further information on the global packaging industry, please refer to the Independent Market Report in Section 3.	Section 2.3

TOPIC	SUMMARY	MORE INFO
How do the Close the Loop Group's activities fit in with the circular economy?	Upon completion of the Merger, the Close the Loop Group will be a participant in circular economy innovation and in sustainability initiatives, seeking to stay ahead of evolving regulation and helping companies build their social licences to operate. The circular economy, as it pertains to the Close the Loop Group's proposed activities, can be diagrammatically represented as follows:  Image Source: Circular economy roadmap for plastics, glass, paper and tyres, Australian National Science Agency. For more information on the Close the Loop Group's activities upon Listing, please refer to Section 2. For further information on the global packaging industry, please refer to the Independent Market Report in Section 3.	Sections 2 and 3
What are some of the Close the Loop Group technical capabilities?	Close the Loop has been involved in the introduction of mono-based polymer solutions for soft plastic packaging applications that have to date been dominated by hard-to-recycle multi-layered materials. Upon completion of the Merger, the Close the Loop Group intends to undertake mechanical recycling of different plastics such as e-waste post-consumer soft plastics, which are used to make rFlex™ (for injection moulded products) via a unique advanced manufacturing line. Rigid plastics from e-waste and other products are turned into plastic pellets and sold back to OEMs for use in new product manufacture. Close the Loop has also developed TonerPlas®, a patented asphalt additive made from soft plastics and waste toner powder.	Sections 2.1 and 2.4

1. Investment Overview Continued

TOPIC	SUMMARY	MORE INFO
How will the Close the Loop Group generate revenue?	Following completion of the Merger and the Listing, the Close the Loop Group intends to generate revenue in 3 main ways: **Printing and packaging and related services:** The Close the Loop Group, through the O F Packaging Group, will undertake: digital printing and pouch manufacturing; gravure printing, flexographic printing and bag and pouch converting and packaging services, managing the entire manufacturing process for printing, laminating, bag making, slitting and pouches; bag closures; and resource recovery, recycling, reuse and waste services. Offshore production of printing and packaging services occurs primarily in China and Vietnam. **Collection, processing and value-added services:** The Close the Loop Group, through Close the Loop, charges a set fee per cartridge or kilo it collects and processes in the form of a managed service. In addition, the Close the Loop Group provides value-added managed services, including managing logistics and materials recovery processes, delivering output streams consisting of granulated plastics, metals, and providing data analytics and business intelligence services to print OEMs regarding cartridges collected and processed. These charges are derived under contracts with OEMs. **Recycled materials:** The Close the Loop Group, through Close the Loop, grinds plastics (such as printer cartridges) and consumable materials into their base materials, which are then sorted and sold to plastic and metal brokers at the prevailing market rate.	Sections 2.9 and 4
Who are the Close the Loop Group's customers?	Upon completion of the Merger, the Close the Loop Group will have more than 250 enterprise customers in more than 20 countries. Close the Loop is (amongst other things) a specialist toner and print cartridge collecter and recycler. Operating on a 'zero waste to landfill' approach, the Company partners with 15 of the world's largest print and print consumable OEMs, including Brother, Canon, Toshiba, Epson, HP and Xerox and creates revenue through sorting and processing, value added services and recycling materials. Close the Loop has several Fortune 500 customers and accepted products. One of its product lines that highlights its offering takes used toner cartridges, and turns them into TonerPlas®, a patented asphalt additive made from soft plastics and waste toner powder asphalt additive, which is then used as a key ingredient in the construction of roads. In conjunction with Downer EDI, TonerPlas® has recently been approved in State roads by the Victorian Department of Transport and will be used as part of the Monash Freeway and M80 upgrades in Victoria. The O F Packaging Group provides innovative flexible and carton packaging, printing and related sustainability solutions to domestic and international customers of all sizes. It operates across a range of markets, with many of its customers primarily in the bakery, produce, snack foods, pet foods and horticulture markets.	Sections 2.1 and 2.4

TOPIC	SUMMARY	MORE INFO
What is the Close the Loop Group's growth strategy?	Following completion of the Merger and the Listing, the Directors and Proposed Directors expect the Close the Loop Group will be well positioned to deliver on its growth strategy at the centre of a growing global market with: • A focus on "packaging to packaging" to leverage a common diverse customer base. • Inorganic growth with identified targets to grow both in the niche packaging and recycling space. • Leveraging internal expertise in targeting, acquiring and integrating complementary businesses that are profit accretive to create additional synergies across the broader business. • Investment in bottle washing and cleaning equipment in Europe to expand this operation. • Plans to add resources to drive new take back programs for recycling and recovery. • Further investment in resource recovery equipment. • Fresh investment in plastic washing and separation capability in Australia and the United States. • R&D focus with local partners including the CSIRO on kerbside recycling and conversion into usable commodities. • Further automation in Australia and the United States to drive significant operational efficiencies. • International market expansion with new and existing customers, using Close the Loop infrastructure in the United States to further scope the O F Pack offering. • Increased sales from various products that will be examples of the circular economy, including rFlex™ (for injection moulded products), TonerPlas® (a patented asphalt additive made from soft plastics and waste toner powder), resource recovery, cosmetics, e-waste, batteries, take back programs and pyrolysis.	Section 2.10
How does the Close the Loop Group intend to fund its operations?	Following completion of the Merger and the Listing, the Directors and Proposed Directors expect the Close the Loop Group will fund its ongoing activities through cash flows generated from its trading operations as well as debt and equity capital. In addition, the Close the Loop Group will have capacity available under its existing banking facilities.	Section 4

1.2 Industry overview

TOPIC	SUMMARY	MORE INFO
What are the key current macro and regulatory conditions in the flexible packaging market?	As noted in the Independent Market Report in Section 3, the flexible packaging market in Australia & New Zealand is projected at $2.62 billion by the end of 2021 and forecast to grow at an annual rate of 3% to $3.01 billion by 2026. Approximately half of the total value of the flexible packaging market comes from consumer packaging, specifically plastics. Following completion of the Merger and upon Listing, the Directors and the Proposed Directors believe the Close the Loop Group will be well positioned as the packaging and plastics consumables industries look to circular economy innovation and sustainability initiatives to stay ahead of evolving regulation and help companies build their social licences to operate. The Directors and Proposed Directors see some of the following macro trends and regulatory conditions as increasing the pace of change: *Macro trends:* • Additional capital investment required each year to meet increasing sustainability metrics for companies. • Increased adoption of clean technology solutions driven by increasing community awareness, changes in behaviour and customer preference, and increased pressure on communities in order to increase efficiency and to decrease waste. • Continued widespread use of single-use or disposable plastics. • COVID-19 has seen a significant increase in at home consumption which has in turn resulted in a significant increase in materials requiring to be recycled – the Directors and Proposed Directors expect this trend is here to stay for the long term. *Regulatory:* • In 2018, Australia's Federal Government promoted the National Waste Management Policy endorsing a shift to a circular economy and a national framework for waste and resource recovery. It furthered this approach in 2020 by legislating the *Recycling and Waste Reduction Act 2020*. • The European Union's Waste Electrical and Electronic Equipment (WEEE) Directive aims to increase the amount of e-waste that is recycled and to reduce the volume of electronic waste that goes to landfill. • In 2018, Australia established the 2025 National Packaging Targets. The four Targets are: 100% of packaging being reusable, recyclable or compostable by 2025, 70% of plastic packaging being recycled or composted by 2025, 50% of average recycled content included in packaging by 2025, and the phase out of problematic and unnecessary single-use plastic packaging by 2025. • The Chinese ban on importing mixed recycled plastic waste from other countries has created a drive for domestic solutions in Australia, the United Kingdom, the United States and in Europe. • In Australia, the onus on recycling has never been greater at both the manufacturer and consumer level, particularly given the *Recycling and Waste Reduction Act 2020* (Cth) and Australia's 2025 National Packaging Targets, which create a growth opportunity for greater volume (for collections, processing, and re-use) which the Directors and Proposed Directors expect is likely to lead to greater revenue. • The recent enactment of state laws in Maine and Oregon in relation to extended producer responsibility for packaging. **For further information on the flexible packaging market, please refer to the Independent Market Report in Section 3.**	Section 3

1.3 Key strengths

TOPIC	SUMMARY	MORE INFO
The Close the Loop Group is established and profitable	The Merger will result in the amalgamation of two established, complementary businesses with a common vision. The O F Packaging Group traces its heritage back to 1998 while Close the Loop was established in 2001. Since then, these businesses have grown significantly, expanded into new territories, and developed new products and service offerings. The Company is expected to have an indicative market capitalisation at Listing of $65.9 million (assuming $12 million is raised for the Company) and an indicative enterprise value of $55.8 million. Based on audited financial information (on a consolidated aggregated basis) FY21 EBITDA was $13.2 million and FY22 guidance is $12.3 million (excluding Oceanic). The pro forma financial information and the forecasts exclude Oceanic Agencies Pty Ltd (**Oceanic**), which is the subject of a proposed acquisition expected to complete following Listing. The Oceanic acquisition is not conditional on completion of the Offer, completion of the Merger, or Listing, nor is the Offer conditional on completion of the acquisition of Oceanic. Special purpose financial statements were prepared for FY21 for Oceanic, which have been audited by Nexia Melbourne Audit Pty Ltd. According to those financial statements, Oceanic had total trading income of $5.2m and reported profit before tax of $0.76 million.	Sections 2 and 4
Strong sustainability profile	The Close the Loop Group considers it is well placed to leverage certain packaging and recycling regulatory targets sought to be achieved by 2025 and which should help to create a more environmentally favourable circular economy. The Close the Loop Group is well established and profitable. The O F Packaging Group employs the latest techniques to address flexible and soft packaging challenges, in order to meet evolving market standards and customer attitudes. The circular economy, in which both Close the Loop and O F Packaging Group are present, is a systematic approach to economic development designed to benefit businesses, society and the environment. With the right infrastructure, product manufacturers will have a role to play in achieving packaging and recycling targets by 2025. The Close the Loop Group's role is beneficial to OEMs – the power of the recycling product is important to corporate image and re-acquiring properly treated plastic resin beads can also be profitable.	Section 2.7
Established infrastructure may help to create early mover advantage	Close the Loop stands to benefit from early mover advantage. With approximately 60,000 collection points in Australia and approximately 200,000 collection points in the United States, Close the Loop has an established fulfilment/receiving network with major customers. Recycled products are delivered to the sorting and processing facilities in Somerton, Victoria, Australia, Hebron, Kentucky, USA and Malle, Belgium. The Directors and the Proposed Directors believe there is significant value in this network and as more OEMs seek their used products back for either reuse or recycling, this infrastructure can be utilised and ramped up to incorporate other products.	Sections 2.4 and 2.5

TOPIC	SUMMARY	MORE INFO
This is a founder-led business with highly experienced management	The Close the Loop Group's proposed senior management team upon Listing has a diverse and in-depth level of expertise spanning corporate finance, management, operations, commercialisation and industry. Joe Foster co-founded the O F Packaging Group and has more than 40 years' experience in the sector including inventing certain packaging materials and equipment. As part of the Merger, it is contemplated that Joe will be appointed CEO of the Close the Loop Group and a Director. Accordingly, Joe and other vendors under the Acquisition Agreements, including Lawrence Jaffe (proposed Chief Commercial Officer and proposed Director) and Darren Brits (proposed Chief Operating Officer and proposed Director) will remain actively involved in the day-to-day management of the Close the Loop Group. Current Joint CEOs of Close the Loop, Marc Lichtenstein and Tom Ogonek, round out a highly experienced senior management team of the Close the Loop Group upon Listing. In addition to being a Director, Marc Lichtenstein will act as Group CFO. Tom Ogonek will act as CEO of Close the Loop USA.	Sections 7.1 and 7.2
Potential pipeline of future opportunities	Following completion of the Merger, there are several opportunities for the medium term that the Close the Loop Group intends to consider, including chemical recycling (as opposed to the more traditional mechanical recycling). These include the potential for increased sales from various products that will be examples of the circular economy, including rFlex™ (for injection moulded products), TonerPlas® (a patented asphalt additive made from soft plastics and waste toner powder), resource recovery, cosmetics, e-waste, batteries and take back programs. This may also include examples of chemical recycling in the future through a pyrolysis plant that thermochemically processes plastics to produce a liquid (oil) and polymer components that can be used to create new plastic products. As plastic comes from oil, this is a good example of the circular economy in action with existing technology. The Close the Loop Group also intends to draw on the synergies between its different client bases to create circular economy solutions for OEMs. There are various cross-selling opportunities including across the following: (a) Collection processes and logistics for clients and their complex materials; (b) Creation of products using the client's own material that is brought back for reuse and recycling; and (c) Sustainable packaging products.	Sections 2.5, 2.6, 2.7 and 2.10

1.4 Key Financial Information

TOPIC	SUMMARY	MORE INFO
What is the Close the Loop Group's historical and forecast financial information?	A summary of the Close the Loop Group's pro forma historical financial information for the financial years ended 30 June 2020 and 30 June 2021, as well as the Forecast Financial Information for the financial year ending 30 June 2022, is set out below. The information presented below is intended as a summary only and should be read in conjunction with the more detailed financial overview set out in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis set out in that Section, as well as the key risks set out in Section 6. The Financial Information included in this Prospectus has been prepared on the basis described in Section 10 (Significant Accounting Policies).	Section 4

	PRO FORMA HISTORICAL		PRO FORMA FORECAST
	FY20A ($)	FY21A ($)	FY22F ($)
Revenue	**67,416,891**	**67,401,657**	**73,925,991**
Cost of Sales	47,804,060	46,640,196	45,137,908
Gross Profit	**19,612,831**	**20,761,461**	**28,788,083**
Operating expenditure	14,042,130	12,280,614	16,936,564
Operating Profit	**5,570,701**	**8,480,847**	**11,851,519**
Other Income	1,675,910	4,761,991	483,576
EBITDA	**7,246,611**	**13,242,838**	**12,335,095**
Depreciation & Amortisation	5,681,610	5,118,843	5,184,252
EBIT	**1,565,001**	**8,123,995**	**7,150,842**
Interest Expense	1,777,390	1,615,778	1,199,939
NPBT	**(212,389)**	**6,508,217**	**5,950,904**
Tax Expense	2,110,566	1,335,416	1,766,849
NPAT	**(2,322,955)**	**5,172,800**	**4,184,055**

The pro forma financial information and the FY22 forecasts set out above do not take into account the effect of the Oceanic Agencies acquisition (which has not completed and if it does complete, will complete after Listing). Audited financial information in respect of Oceanic for FY21 is presented in Section 9.10(e).

Further detail on the reconciliation of the pro forma historical and forecast income statements to the statutory historical and forecast income statements is provided in Section 4.

TOPIC	SUMMARY	MORE INFO
What is Close the Loop's dividend policy?	The Directors have no current intention to declare and pay a dividend. It is the Directors' and the Proposed Directors' current intention to reinvest future cash flows generated in the further growth of the Close the Loop Group. Investors should be aware that the payment of a dividend by the Company is at the discretion of the Board. Whether or not the Board decides to issue a dividend will be determined based on a balanced consideration of a number of factors including (but not limited to) the general business environment, operating results, cash flows, the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Board may consider relevant. No assurances can be given by any person, including the Directors or the Proposed Directors, about the payment of any dividend and the level of franking on any such dividend. The Directors and the Proposed Directors cannot guarantee and do not provide any assurance that the Company will achieve its stated objectives or that the Company will have the financial capacity to declare and pay dividends, or if it does declare a dividend, that the quantum of those dividends will be in accordance with the statement of intention of the Directors or the Proposed Directors above or in line with the expectations of investors.	Section 4.13

1.5 Summary of key risks

There are a number of risks that may affect the Company's financial performance, financial position, cash flows, distributions, growth prospects and share price. The following table is a summary of key risks to which the Company is exposed. Further details about these and other specific and general risks associated with an investment in the Company are set out in Section 6.

An investment in the Shares offered under this Prospectus should be considered as speculative and investors should consider the risk factors described below, including the additional risks set out in Section 6, before making an investment decision.

TOPIC	SUMMARY	MORE INFO
Merger contract risk	Pursuant to binding transaction documents, completion of the Merger is subject to the fulfilment of certain conditions precedent. The ability of Close the Loop to complete the Merger will depend on the performance by the parties of their obligations under the relevant transaction documents. If any party defaults in the performance of their obligations, it may be necessary for Close the Loop to approach a court to seek a legal remedy to complete the Merger, which takes time and can be costly.	Section 6.1(a)
Merger integration risk	The Merger carries with it an integration risk. As two separate businesses merge, there is the potential for the integration of technology, processes, information, departments and organisations to fail. Integration can be a complicated process that requires multiple levels of coordination, with each level posing its own risks. A failure to effectively integrate the Close the Loop business with the business of the O F Packaging Group (and the business of Oceanic, if the acquisition of that business completes) may lead to an adverse effect on the Close the Loop Group.	Section 6.1(b)

TOPIC	SUMMARY	MORE INFO
Activity in the print consumables recycling sector and geographical concentration	Close the Loop operates in the print consumables recycling sector, focusing on the collection and recycling of end-of-life imaging consumables, predominantly in Australasia, North America and Europe. The continued performance and future growth of the Close the Loop Group is dependent, in significant part, on continued activity and expansion in the United States and European print consumables recycling sectors, and any new geographical markets in which the Close the Loop Group operates from time to time. The level of activity in the print consumables recycling sector may vary and be affected by prevailing or predicted or unpredicted economic activity, environmental initiatives and regulations. There can be no assurance that the current levels of activity in the print consumables recycling sector will continue in the future, that the sector will continue to experience growth or that customers of the Close the Loop Group will not reduce their activities, capital expenditure and requirements for its services in the future. Any prolonged period of low or negative growth in the print consumables recycling industry would be likely to have an adverse effect on the business, financial condition and profitability of the Close the Loop Group.	Section 6.1(c)
Supplier and customer relationship risk	Close the Loop and the O F Packaging Group each rely on various key supplier relationships in certain parts of their businesses. The loss or impairment of any of these relationships could have a material adverse effect on the Close the Loop Group's results, operations, financial condition or prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements. Further, the Close the Loop Group has longstanding relationships with its customers and its recycling part of the business generally has formal contracts in place with its original equipment manufacturers. The Close the Loop Group's packaging business generates a substantial proportion of its revenue from uncontracted customer relationships, using the Close the Loop Group's standard terms and conditions and purchase orders and invoices. In addition, there are a number of customer contracts (including with important customers of the Close the Loop Group) that contain provisions which allow the customer to terminate a contract for convenience on short notice (or no notice) and without penalty. There is a risk that the Close the Loop Group will be unable to maintain its uncontracted customers, or secure new customers, on commercially viable terms. In addition, there is no certainty as to the volume, price and frequency of any future sales from uncontracted customers. Given the nature of the Close the Loop Group's business, in particular its packaging business, it is likely that a significant proportion of the Close the Loop Group's sales will continue to be on an uncontracted basis. If one or more important customers of the Close the Loop Group terminates their relationship with the Close the Loop Group, then that third party may be able to cease being a customer of the Close the Loop Group within a relatively short timeframe. That timeframe may elapse before the Close the Loop Group is able to source new customers or otherwise replace the volume or value of sales lost on the termination of the relationship with the existing customer, which may have adverse financial consequences for the Close the Loop Group.	Section 6.1(d)

TOPIC	SUMMARY	MORE INFO
Acquisition of additional businesses	Post-Listing, the Close the Loop Group intends to seek growth through continued geographic expansion and by pursuing potential M&A opportunities to acquire and expand into emerging vertical markets. Part of the Close the Loop Group's strategic plan involves the Close the Loop Group's ability to identify and acquire suitable businesses and sites where a commercially attractive opportunity arises. In particular, the success of the Close the Loop Group's acquisition strategy will be dependent on a number of factors, including: • the availability of suitable business acquisitions or sites at an acceptable price to the Close the Loop Group; • the Close the Loop Group's competitors bidding for any target acquisitions; • the availability of debt and equity funding and the suitability of the terms of funding; and • due diligence issues. Other than the Oceanic acquisition (for which there is a binding sale agreement in place between O F Pack and Oceanic), there is no assurance that the Close the Loop Group will secure any further acquisitions to drive future growth, and there are no other proposed acquisitions as at the Prospectus Date. The Close the Loop Group may seek to secure an acquisition in order to unlock identified synergies or operating efficiencies that the Board believe will arise from the integration of an acquisition into the Close the Loop Group. These may include reduced fixed overheads and operating costs or an improvement in the Close the Loop Group's competitiveness, profitability and increased access to new products and markets. However, the Board cannot be certain that an acquisition will meet the operational or strategic expectations of the Board and there are certain risks associated with the integration of any acquisition into the Close the Loop Group. These include the risk that the Close the Loop Group is unable to fully or effectively integrate an acquisition into the Close the Loop Group and accordingly, that identified synergies and operational efficiencies are either unable to be unlocked by the Close the Loop Group or are less pronounced than expected. There is also a risk that the due diligence conducted by the Close the Loop Group may not identify all material risks and factors in determining whether or not the potential acquisition target is suitable to be acquired by the Close the Loop Group or that the risks that are identified pose a more material risk to the Close the Loop Group than was originally foreseen by the Close the Loop Group. This includes the risk (including for the Merger itself or the Oceanic acquisition) that the Close the Loop Group did not appropriately identify a risk or the magnitude of a risk and the risk that information provided to the Close the Loop Group during the Close the Loop Group's due diligence was unreliable, not completely verified, incomplete or based or incorrect information or assumptions.	Section 6.1(e)
Increase in production and logistics costs	The Close the Loop Group may be adversely affected by increases in production and logistics costs, including material increases in supply chain and distribution costs. The availability and price of materials used for the Close the Loop Group's products may be influenced by global demand and supply factors outside of the Close the Loop Group's control. The O F Packaging Group has experienced this issue since the onset of COVID-19, and while it continues to manage this risk, if there is a significant increase in the cost of the inputs of producing its products, this may have a material adverse effect on the Close the Loop Group's operating and financial performance.	Section 6.1(f)
Transport	The Close the Loop Group's operations will be reliant on third parties providing access to the necessary infrastructure such as ports in order to transport products. While the Close the Loop Group potentially has a number of transportation options available to it, there can be no guarantee that these options will be available or, if available, that the costs to use such transportation will be at a level that enable the Close the Loop Group's production to be delivered to world economies economically. Any increased transportation costs could negatively affect the Close the Loop Group's financial performance.	Section 6.1(g)

TOPIC	SUMMARY	MORE INFO
Foreign exchange rates	Upon Listing, the Close the Loop Group will have international operations in Australia, North America, South Africa, Asia and Europe. Consequently, the Close the Loop Group is exposed to the exchange rate risks associated with movements in the AUD/USD, AUD/ZAR, AUD/EUR and AUD/GBP exchange rates. Unfavourable movements in these exchange rates could have an adverse impact on the Close the Loop Group's financial performance. The Close the Loop Group's international operations trade locally and therefore the Close the Loop Group manages these currency exposures through natural hedges with exposure to USD, ZAR and EUR denominated costs. Further, most of the operations hold debt in its foreign denominated currency.	Section 6.1(h)
Reliance on key personnel	Following completion of the Merger, the Close the Loop Group will rely on the experience and knowledge of its senior management team, in particular Joe Foster, Marc Lichtenstein, Tom Ogonek, Lawrence Jaffe and Darren Brits. These individuals have extensive experience in, and knowledge of, the recycling and packaging industries and the Close the Loop Group's business. However, there can be no assurance that the Close the Loop Group will be able to retain these key personnel. The loss of key personnel and an inability to recruit or retain suitable replacements or additional personnel may adversely affect the Close the Loop Group's future financial performance.	Section 6.1(i)
Commodity prices	The Close the Loop Group collects and processes recyclable materials such as shredded plastic, board and paper and aluminium for sale to third parties. The Close the Loop Group's financial performance may be affected by changing commodity prices or market requirements for recyclable materials. The resale and purchase prices of, and market demand for, recyclable materials fluctuate due to changes in commodity prices, economic conditions and numerous other factors beyond the Close the Loop Group's control. An unfavourable fluctuation in any of the prices of the commodities in which the Close the Loop Group deals could have a material adverse effect on the Close the Loop Group's financial condition, results from operations, cash flows and the underlying value of the Shares.	Section 6.1(j)
Intellectual property	The Close the Loop Group's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it as well as the Close the Loop Group's confidential information. Intellectual property that is important to the Close the Loop Group includes, but is not limited to, know how, patents, trademarks, domain names, its website, business names and logos. The Close the Loop Group relies on contractual arrangements and laws regulating intellectual property to assist in protecting its intellectual property. However, such intellectual property may not always be capable of being legally protected. It may be the subject of unauthorised disclosure or unlawfully infringed, or the Close the Loop Group may incur substantial costs in asserting or defending its intellectual property rights or protecting its confidential information.	Section 6.1(k)

TOPIC	SUMMARY	MORE INFO
Funding	While the Close the Loop Group believes it will have sufficient funds after completion of the Offer to meet all of its growth and capital requirements for the near term, the Close the Loop Group may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that the Close the Loop Group will be able to raise such capital on favourable terms or at all. If there is a deterioration in the level of liquidity in debt and equity markets, or the terms on which debt or equity is available, this may prevent the Close the Loop Group from being able to refinance some or all of its debt on current terms or at all, or raise new equity, respectively. Further, any acquisition needs to be funded. The Close the Loop Group intends that some of the proceeds of the Offer will be used and applied toward the purchase of Oceanic Agencies Pty Ltd. However, the Close the Loop Group may seek to acquire a target that requires the Close the Loop Group to also use cash over and above the cash generated from the Offer and or debt reserves or to conduct a further equity raising once Close the Loop is admitted to the Official List of ASX. If an equity raising is undertaken, any Shares issued under the equity raising will have a dilutionary impact on Shareholders who do not participate in the equity raising in proportion to their prevailing shareholding and may also have a negative impact on the Share price.	Section 6.1(l)
Unforeseen expenditure risk	The Close the Loop Group's Forecast Financial Information in this Prospectus is based on certain key assumptions in relation to the level of capital expenditure required to maintain its operations. If the level of capital expenditure required is higher than expected, if capital expenditure must be undertaken earlier than anticipated or if there is a significant operational failure requiring capital expenditure, the financial performance of the Close the Loop Group may be adversely affected.	Section 6.1(m)
Leases	The Close the Loop Group companies currently lease a number of properties from third parties. Failure of a third party lessor or licensor to discharge its obligations as agreed with Close the Loop or vice versa, or a failure by a Close the Loop Group entity to exercise any remaining options on any lease or to renew any lease when they are due to expire, could adversely affect the Close the Loop Group's operations and financial performance.	Section 6.1(n)
Legal or regulatory	The Close the Loop Group's operations are subject to various laws, regulations and guidelines in Australia and the foreign jurisdictions in which it conducts business including North America, Europe, Asia and South Africa. The introduction of new legislation or amendments to existing legislation (including introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Close the Loop Group's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Close the Loop Group. The Close the Loop Group's recycling facilities and other premises have the benefit of approvals from government authorities. These approvals may contain ambiguous conditions that require legal interpretation. There is a risk that the Close the Loop Group may incorrectly interpret the conditions of any such approvals. This may cause the Close the Loop Group to be at risk of adverse regulatory action by a government authority which may result in a material adverse impact on the Close the Loop Group's forecasted earnings, expenses and profitability. Further, obtaining the necessary authorisations can be a time consuming process and there is a risk that the Close the Loop Group will not obtain these on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining the necessary licenses and permits and complying with these could materially delay or restrict the Close the Loop Group from proceeding with its operations. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in the suspension of the Close the Loop Group's activities.	Section 6.1(o)

TOPIC	SUMMARY	MORE INFO
Risk of high volume of Share sales	Following completion of the Merger and the Listing, Close the Loop will have issued a significant number of new Shares to various parties. Some persons who receive Shares as a result of the Merger may not intend to continue to hold those Shares and may wish to sell them on ASX. In addition, there may be a number of existing shareholders who choose not to, or are unable to, participate in the sale facility established as part of this Offer. Given that the sale facility is only enlivened in the event of there being valid Applications over and above the Maximum Subscription amount of $12 million sought to be raised under the Offer, there is also a risk that Selling Shareholders will be unsuccessful in their objective to sell down their shareholding in the Company as part of the Offer. There is a risk that an increase in the amount of people wanting to sell their Shares following Listing may adversely impact on the market price of Close the Loop's Shares. There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price of Shares offered under this Prospectus. In addition, Shareholders who choose not to sell their Shares may experience a reduction in the price or value of their Shares, which may be contributed to by the selling of Shares by others.	Section 6.1(q)
Increase in competition	The Close the Loop Group operates in the competitive general industrial packaging distribution industry worldwide. Fewer entities currently compete with the Close the Loop Group in the print consumables recycling sector in the United States and Europe, although competition for market share is stronger in Australia. To date the Close the Loop Group has demonstrated that it can compete effectively in this industry. However, there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences. This may include a competitor securing major new contracts (including securing an exclusive contract from one of the Close the Loop Group's clients), developing new more efficient and cost reducing technologies, adopting pricing strategies specifically designed to gain market share and the emergence of sector disruptors or disruptive behaviours. The Close the Loop Group's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Close the Loop Group is unable to counter these actions.	Section 6.1(r)

TOPIC	SUMMARY	MORE INFO
Environmental risk	The operations of the Close the Loop Group are subject to State and Federal laws and regulations (in Australia and in other jurisdictions) regarding environmental matters. Some of the operations and activities of the Close the Loop Group are environmentally sensitive and cannot be carried out without prior approval from and compliance with all relevant environmental authorities. Close the Loop's business operations involving the handling of toner are subject to industrial risks and hazards inherent in the industry including deflagration, explosions and fires and the discharge of pollutants or hazardous chemicals. If any of these events were to occur, they could result in environmental damage and injury to persons and loss of life. They could also result in significant delays to operations, a partial or total shutdown of operations, significant damage to Close the Loop's premises, Close the Loop's equipment and equipment owned by third parties, and personal injury or wrongful death claims being brought against the Close the Loop Group. These events could also put at risk some or all of the Close the Loop Group's authorisations which enable it to operate, and could result in the Close the Loop Group incurring significant civil liability claims, significant fines or penalties, as well as criminal sanctions potentially being enforced against the Close the Loop Group and its Directors. Such events could have a material adverse effect on the Close the Loop Group's future business, prospects, financial condition and results of operations. Close the Loop has had deflagrations in its Australian, United States and European operations historically, and it mitigates the risk of recurring adverse events with fire suppression systems built in to its processing equipment to reduce the risk of fire or deflagration. Close the Loop also actively seeks to minimise residual toner around its premises by constantly cleaning equipment. However, it should be noted under the relevant insurance policy, Close the Loop's operations at the Somerton plant (but not any other business operations) are subject to a $1 million excess in respect of any damage caused to the premises by fire and so a claim against the Close the Loop Group's insurance policy in respect of fire damage at the Somerton plant is likely to have a material impact on the financial condition and profitability of the Close the Loop Group.	Section 6.1(t)

TOPIC	SUMMARY	MORE INFO
Business operating risks	The Close the Loop Group is exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, inability to access ports, external services failure, disruptions in supply chain or information systems, product recall, industrial action or disputes, natural disasters and pandemics. Some of these risks may not be fully insured. While the Close the Loop Group endeavours to take appropriate action to mitigate these operational risks or to insure against them, one or more of these risks may have a material adverse impact on the performance of the Close the Loop Group. The Close the Loop Group believes that one of the most significant operating risks the Close the Loop Group faces is an unplanned shutdown of, or operating disruption to, one or more of the Close the Loop Group's recycling plants for an extended period of time, whether due to a fire, flood, other force majeure event or a breakdown of the Close the Loop Group's plant and equipment. Significant damage could be caused by such an event at a recycling facility as a fire or flood may result in pollution to, or contamination of, the recycling facility premises and to proximate neighbouring property, local storm water or waterways. Such an outcome may result as a fire or flood collects waste materials stored at the site and either releases those waste materials by air or through the ground or groundwater. Although Close the Loop's Somerton premises are located in a flood risk area, the Close the Loop Group has not experienced any instances of flooding. There can be no assurance that any damage caused by flooding would be minimal. The Close the Loop Group mitigates the risk of fire through the use of heat sensor cameras which have been installed both internally and externally on the Somerton premises. This is continuously monitored by a specialist third party to enable early fire detection. Again, there can be no assurance that these measures will successfully prevent fire damage from occurring. Upon completion of the Merger, the Close the Loop Group will have warehouses in each of Australia, the United States, Belgium and South Africa, therefore there is little potential for the throughput of an affected plant to be redistributed to other plants during an unplanned shutdown period. If an unplanned shutdown were to occur over an extended period of time, it would have an adverse impact on the business and financial performance of the Close the Loop Group. This is mitigated by excess capacity available at each plant by virtue of the ability to run additional shifts once the plant comes back on line and can be used to clear any production backlog. Other operating risks beyond the control of management include changes in legislative requirements, variation in timing of regulatory approvals, abnormal or severe weather or climatic conditions, natural disasters, maintenance or technical problems, new technology failures and industrial disruption.	Section 6.1(u)
Obtaining and maintaining authorisations and permits	The Close the Loop Group holds a number of authorisations for the manufacture, sale and distribution of packaging products in the Australian market. Termination of any of these may have an adverse effect on the operations and financial performance of the Close the Loop Group. The Close the Loop Group's Australian operations hold certificates such as ISO 14001:2004 Environmental Management System which are required to be renewed on an ongoing basis. There is potential for the Close the Loop Group to be engaging in temporary misleading and deceptive conduct if it holds itself out as having these certifications when not renewed. The Close the Loop Group is cognisant of submitting renewal applications by the required deadline, and is not aware of any reasons why any regulatory body would refuse such renewals, however the Close the Loop Group cannot give any assurance that the authorisations and permits will always be renewed. The failure to comply with the conditions of the authorisations and permits (in Australia or in any other country) may result in one or more of the Close the Loop Group's authorisations being suspended or revoked, or stop the Close the Loop Group from carrying out its activities.	Section 6.1(w)

TOPIC	SUMMARY	MORE INFO
Information technology	The Close the Loop Group is dependent on technology for the delivery of various services made available to customers, including core technologies such as its phone systems, its computer servers, its back-end processing systems, its website and its other information technology systems. The Close the Loop Group has invested in the development of management information and information technology systems designed to maximise the efficiency of the Close the Loop Group's operations. Should these systems not be adequately maintained, secured or updated or if the Close the Loop Group's disaster recovery plans do not adequately address an event that occurs, this may negatively impact on the Close the Loop Group's performance. Any damage to, or failure of, the Close the Loop Group's key systems can result in disruptions in the Close the Loop Group's ability to provide services. This in turn can reduce the Close the Loop Group's ability to generate revenue, impact customer service levels and damage the Close the Loop Group's brands. This could adversely affect the Close the Loop Group's ability to generate new business and cause it to suffer financial loss.	Section 6.1(x)
Potential data and security breaches	Through the ordinary course of business, the Close the Loop Group collects a wide range of personal and financial data from customers using its website through the secure transmission of confidential information over public networks. This includes information such as personal contact details as well as payment information and credit card details. The Close the Loop Group has a number of mechanisms in place that form a control network to prevent any potential data security breaches. However, there is no guarantee that the measures taken by the Close the Loop Group will be sufficient to detect or prevent breaches. Advancements in computing capabilities and cryptography (or other similar developments) may lead to a compromise or even breach of the technology platform used by the Close the Loop Group to protect confidential information. Third parties may attempt to penetrate the Close the Loop Group network security and misappropriate consumer information. If successful, any data breaches or the Close the Loop Group's failure to protect confidential information could result in loss of information integrity, breaches of the Close the Loop Group's obligations under applicable privacy laws (which will result in heavy penalties for serious and repeated breaches) or contracts and website and system outages, each of which may potentially have a material adverse impact on the Close the Loop Group's reputation as well as the Close the Loop Group's level of sales revenue and profitability.	Section 6.1(y)

TOPIC	SUMMARY	MORE INFO
Insurance risk	The Close the Loop Group seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sectors. The Close the Loop Group is exposed to the risk of liability, which the Close the Loop Group mitigates by maintaining certain insurances. However, the relevant insurance(s) may not always be available to the Close the Loop Group or may only be available on terms which are more expensive compared to current arrangements. The occurrence of an event that is not fully or partially covered by insurance maintained by the Close the Loop Group may have a material impact on the business and financial condition of the Close the Loop Group. As with all insurance policies, there is also no guarantee that the Close the Loop Group's relevant insurer will accept to cover the Close the Loop Group for any losses suffered when risks that the Close the Loop Group believed to be insured for materialise. The Close the Loop Group's Somerton premises are located in a flood and fire risk area. The Close the Loop Group has taken out an industrial special risks insurance policy against the risk of damage caused to the premises by fire but the policy does not provide cover for damage caused by flooding or internal flooding. Accordingly, the Close the Loop Group is not presently insured against the risk of flooding at the Somerton premises. Under the relevant industrial special risks insurance policy, Close the Loop is subject to a $1 million excess in respect of any damage caused to its Somerton premises by fire and so a claim against the Close the Loop Group's insurance policy in respect of fire damage is likely to have a material impact on the financial condition and profitability of the Close the Loop Group. The current policy also insures the building only (as is required by the terms of the premises lease) and not Close the Loop's plant, equipment, contents and stock at the Somerton site (which are uninsured). As noted above, Close the Loop has had deflagrations at its Somerton site historically, and it mitigates the risk of recurring adverse events with fire suppression systems built in to reduce the risk of a fire or deflagration. Close the Loop's current policy also provides cover for the additional increased cost of working and claims preparation costs but it does not cover gross profit and payroll, which are business interruption covers available to provide cover for business continuity post a loss. The decision by Close the Loop to reduce certain insurance coverage has been made historically primarily due to commercial reasons, in that the cover has been cost prohibitive for the business.	Section 6.1(z)
Product liability exposure	Through its intended business activities, the Close the Loop Group is exposed to potential product liability risks which are inherent in the research and development, manufacturing, marketing and use of its products. There may be exposure to product liability claims if the Close the Loop Group's products are alleged to have caused injury or illness. Allegations may be made against the Close the Loop Group that there were inadequate instructions for using products provided by the Close the Loop Group. While the Close the Loop Group will seek to secure adequate insurance to help manage these risks, there is always the risk that the insurer could disclaim coverage on some claims or the insurance is not comprehensive enough to meet large claims. While the Close the Loop Group endeavours to work to rigorous standards there is always the potential for the products to contain defects. These defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, damage to the Close the Loop Group's reputation or increased insurance costs. There can be no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.	Section6.1(aa)

TOPIC	SUMMARY	MORE INFO
Reputation and public sentiment	The Close the Loop brand name, as well as the O F Pack and TonerPlas® brands, are key assets of the business. The reputation and value associated with these brands could be adversely impacted by a number of factors including failure to provide customers with the quality of product and service standards they expect, disputes or litigation with third parties such as employees, suppliers and customers, or adverse media coverage. Significant erosion in the reputation of, or value associated with, such brand names could have an adverse effect on the Close the Loop Group's future financial performance and financial position, particularly arising from any impairment in the value of these brand names.	Section 6.1(bb)
Third party risk	Third parties, such as suppliers, landlords and other counterparties, may not be willing or able to perform their obligations to the Close the Loop Group. The current difficult economic environment due to COVID-19 increases the risk of defaults by counterparties. If one or more key suppliers, landlords or other counterparties default on their obligations to the Close the Loop Group or encounter financial difficulties, this would have an adverse impact on the Close the Loop Group's future financial performance.	Section 6.1(cc)
Health and safety	The Close the Loop Group is exposed to risks associated with the occupational health and safety of its employees. Injuries to employees may result in insurance claims on the Close the Loop Group's insurance policies, significant lost time for the employee and costs and impacts on the Close the Loop Group's business beyond what is covered under workers compensation schemes. The Close the Loop Group has taken steps in order to increase workplace safety and mitigate the risk of workplace injuries occurring to staff. However, any significant occupational health and safety issues that arise may negatively affect the Close the Loop Group's financial position and/or performance.	Section 6.1(dd)
COVID-19	COVID-19 is a major community and economic concern which is having an impact on business operations in Australia and globally. There is a risk that government or industry measures taken in response to COVID-19, such as lockdowns and other restrictions on movements, may have a material adverse impact on the Close the Loop Group's operations, financial performance and growth prospects. Some of the Close the Loop Group's operations, particularly its packaging business, have been largely unaffected by COVID-19, and can continue to function without major impact on operations, enabled by flexible working arrangements and infrastructure. While there is a risk of timing and delivery disruption or delays as there has for many businesses, the Close the Loop Group seeks to actively mitigate this through forward planning to ensure extended lead times on delivery outputs.	Section 6.1(ff)
Forecasts and forward looking statements	The forward looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various contingencies and assumptions. Various factors, both known and unknown, may impact upon the performance of the Close the Loop Group and cause its actual performance to vary significantly from expected outcomes. There can be no guarantee that the assumptions and contingencies on which any forecasts or other forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. Investors should note that past performance is not a reliable indicator of future performance. All Forecast Financial Information excludes Oceanic Agencies Pty Ltd, which acquisition is separate from the Offer and if it is to complete, will complete after Listing.	Section 6.1(gg)
Other risks	Other commercial, operational and general risks exist, which may have an impact on the Close the Loop Group's business or which relate to an investment in equity securities more generally. For further key risks that may impact the proposed activities of the Close the Loop Group or that relate to an investment in equity securities more generally, refer to Section 6.	Section 6

1.6 Board and senior management

TOPIC	SUMMARY	MORE INFO
Who are Close the Loop's current Directors?	As at the Prospectus Date, the Directors of the Company are Greg Toll, Silvio Salom, Chris Trafford and Marc Lichtenstein. As part of the Merger, Silvio Salom and Chris Trafford have each agreed to resign as Directors with effect from completion of the Merger occurring (a condition precedent to which is the successful completion of the Offer).	–
Upon Listing, who will be the Directors of Close the Loop?	Upon completion of the Merger, the Company's board will be reconstituted to comprise: • Greg Toll – Independent Non-Executive Chairman; • Grant Carman – Independent Non-Executive Director; • Joe Foster – Executive Director; • Marc Lichtenstein – Executive Director and Group Company Secretary; • Darren Brits – Executive Director; and • Lawrence Jaffe – Executive Director.	Section 7.1
Who will be the senior management team of Close the Loop?	Upon completion of the Merger, the senior management team of Close the Loop will comprise: • Joe Foster – Group Chief Executive Officer (**CEO**); • Marc Lichtenstein – Chief Financial Officer (**CFO**); • Darren Brits – Chief Operating Officer (**COO**); • Lawrence Jaffe – Chief Commercial Officer (**CCO**); and • Tom Ogonek – US Chief Executive Officer.	Sections 7.1 and 7.2

1.7 Interests and benefits of key people and related party transactions

TOPIC	SUMMARY	MORE INFO
Who are the Existing Shareholders and what will be their interests on completion of the Offer?	The Shares held as at the Prospectus Date and immediately following completion of the Offer (assuming no existing vested Options are exercised prior to completion of the Offer) are set out in the table below:	Section 8.7

HOLDER(S)	SHARES HELD AT THE PROSPECTUS DATE		SHARES HELD ON COMPLETION OF THE OFFER[10]	
	Number	%	Number	%
CtL Nominees Pty Ltd[1]	28,516,331	29.0%	–	–
Giuseppe De Simone[2]	9,174,004	9.3%	13,674,004	4.2%
Stephen Morriss[3]	5,363,203	5.5%	2,360,000	0.7%
Entity associated with Joe Foster[4]	–	–	63,876,295	19.4%
Entities associated with Lawrence Jaffe[5]	–	–	63,433,537	19.3%
Entity associated with Darren Brits[6]	–	–	442,757	0.1%
Other shareholders[7]	55,146,480	56.2%	107,388,583	32.5%
New Shares to be issued to the Pre-IPO Investors	–	–	9,190,000	2.8%
New Shares to be issued upon conversion of the CtL Convertible Notes[8]	–	–	4,500,000	1.4%
New bonus Shares to be issued to existing Shareholders[9]	–	–	4,516,302	1.4%
New Shares to be issued under the Offer[10]	–	–	60,000,000	18.2%
Total	98,200,018	100%	329,381,478	100%

Notes:

1 Entity is expected to undertake an in-specie distribution prior to completion of the Offer. There are approximately 18 unique shareholders in that entity, none of whom are expected to be a substantial holder of the Company in their own right (regardless of whether the Offer was undertaken or whether the Merger occurred). As at the Prospectus Date, outgoing Director Silvio Salom is considered by Close the Loop to have a relevant interest in the Shares held by CtL Nominees Pty Ltd, which as noted above is expected to undertake an in-specie distribution prior to completion of the Offer. CtL Nominees Pty Ltd (or its shareholders, depending on the timing of the in-specie distribution) will also be issued 2,000,000 Shares on conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which will occur upon completion of the Offer, and Silvio would have a relevant interest in those Shares if the in-specie distribution has not occurred at that point. Silvio does not have an equity interest in CtL Nominees Pty Ltd or in the Company. Silvio will cease having a relevant interest in Close the Loop's Shares once the in-specie distribution has occurred (unless he separately acquires Shares under the Offer).

2 Giuseppe De Simone is a current substantial holder of the Company who has a relevant interest in the Shares held by Strategic Technology Investments Corporation Pty Ltd. At the time of Listing, Giuseppe De Simone will also have an interest in the total of 4,500,000 Shares issued to him personally (as to 1,253,890 Shares) and to his associated entity De Simone Nominees Pty Ltd (as to 3,236,110 Shares), (which will be issued upon conversion of the CtL Convertible Notes (as described in Section 9.10(c)), upon completion of the Offer.

TOPIC	SUMMARY	MORE INFO
Who are the Existing Shareholders and what will be their interests on completion of the Offer? continued	3 3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of an outstanding debt of his to Close the Loop). 4 Joe Foster will have a relevant interest in Shares held by Foster Packaging Holdings Pty Ltd, which will be issued 63,876,295 Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger. 5 Lawrence Jaffe will have a relevant interest in Shares held by Omniverse Holdings Pty Ltd and RPM Worldwide Group Pty Ltd, which will in aggregate be issued 63,433,537 Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger. 6 Darren Brits will have a relevant interest in Shares held by Ryco Nominees Pty Ltd as trustee for the Brits Family Trust, which will be issued 442,757 Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger. Darren is also a director and shareholder of Omniverse Holdings Pty Ltd although his shareholding does not give rise to a relevant interest. 7 Includes 9,229,650 Shares which were forfeited historically under the Company's Employee Share Plan. These are now held on account by the Company for the potential future reallocation of Shares to executives and/or employees. 6,229,594 of these Shares will be allocated to existing Shareholders as part of a bonus issue described in note (9) below. On successful completion of the Offer, the remaining 3,000,056 Shares will be allocated to Marc Lichtenstein and Tom Ogonek (as to 1,500,028 Shares each), as described in Section 7.5(a). Also includes Shares to be transferred to the shareholders of CtL Nominees Pty Ltd (on the basis that it has carried out an in-specie distribution prior to completion of the Offer). Also includes 23,225,772 Shares issued to the OFP Group Vendors not associated with Joe Foster, Lawrence Jaffe and Darren Brits. 8 Excludes an additional 4,500,000 Shares to be issued to Giuseppe De Simone and De Simone Nominees Pty Ltd as per note (2) above. 9 These are new, bonus Shares to be issued by Close the Loop to its Shareholders between the Prospectus Date and completion of the Offer, approximately on a pro rata 53-for-1000 basis, to ensure the relativities agreed between Close the Loop and the O F Packaging Group in relation to the Merger are maintained. The record date for this bonus Share issue is expected to be on or around 1 November 2021. The allocation of these bonus Shares is not reflected in other rows of the above table. For the avoidance of doubt, this excludes the additional pool of 6,229,594 existing Shares representing Shares which were forfeited historically under the Company's Employee Share Plan, which are to be transferred by Close the Loop to its Shareholders approximately on a 72-for-1000 basis between the Prospectus Date and completion of the Offer (at the same time as the new, bonus Shares described above are issued). 10 Assumes the Maximum Subscription is raised.	Section 8.7
Who are the existing Option holders and what will be their interests in the Company before and after completion of the Offer?	The Options held as at the Prospectus Date and immediately following completion of the Offer (assuming no existing Options are exercised prior to completion of the Offer) are set out in the table below:	Sections 9.8(b), 9.11 and 9.12

HOLDER	OPTIONS HELD AT THE PROSPECTUS DATE		OPTIONS HELD ON COMPLETION OF THE OFFER	
	Number	% of Securities	Number	% of Securities[4]
Existing employee Options (held by 2 non-management employees)[1]	375,000	0.38%	375,000	0.11%
Joint Lead Manager Options[2]	–	–	6,000,000	1.76%
KMP Options[3]	–	–	5,000,000	1.47%
Total	375,000	0.38%	11,375,000	3.34%

Notes:

1 Reflects Options held by 2 non-management employees (one former and one current), whose terms of issue are set out in Section 9.8(b).

2 Joint Lead Manager Options to be issued to the Joint Lead Managers (as to 3,000,000 Options each), as described in Section 9.11.

3 KMP Options to be issued to Lawrence Jaffe (as to 3,000,000), Marc Lichtenstein (as to 1,000,000 Options) and Tom Ogonek (as to 1,000,000 Options), as described in Section 9.12.

4 Assumes the Maximum Subscription is raised.

TOPIC	SUMMARY	MORE INFO
What significant benefits are payable to Directors and Proposed Directors and other persons connected with the Company or the Offer?	The remuneration and securities held by the Directors and the Proposed Directors (whether directly or through their nominees) on listing are set out in the table below:	Sections 7.4, 7.5 and 9.13

DIRECTOR (INCL. ASSOCIATES)	REMUNERATION P.A.	SHARES	OPTIONS
Chris Trafford[1]	–	1,200,000	–
Silvio Salom[2]	–	2,000,000	–
Greg Toll[3]	$90,000	2,400,000	–
Marc Lichtenstein[4]	$350,000 excl super	1,500,028	1,000,000
Grant Carman[5]	$40,000	50,000	–
Joe Foster[6,7]	$308,251 excl super	63,876,295	–
Lawrence Jaffe[6,8]	$192,323 excl super	63,433,537	3,000,000
Darren Brits[6,9]	$239,605 excl super	442,757	–

Notes:

1 Outgoing Director Chris Trafford will have a relevant interest in Shares to be issued to CLCL Pty Ltd (as to 500,000 Shares) and Flint Trafford Pty Ltd (as to 500,000 Shares) on conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which will occur upon completion of the Offer. Chris will also have a relevant interest in the 200,000 Shares to be issued to Flint Trafford Pty Ltd on conversion of the Pre-IPO Investors' convertible loans to O F Packaging Pty Ltd (as described in Section 9.10(b)), which will automatically occur upon the issuing of Shares under the Offer.

2 Outgoing Director Silvio Salom is a director (but not a shareholder) of CtL Nominees Pty Ltd. Close the Loop considers that Silvio has a relevant interest in the Shares held by CtL Nominees Pty Ltd, which is expected to undertake an in-specie distribution prior to completion of the Offer. If the in-specie distribution does not occur prior to completion of the Offer (which the above table assumes), Silvio will have a relevant interest in the 2,000,000 new Shares to be issued to CtL Nominees Pty Ltd on conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which will occur upon completion of the Offer. However, if the in-specie distribution occurs prior to completion of the Offer, Silvio will not have an interest in any Close the Loop Shares unless he separately acquires Shares under the Offer.

3 Greg Toll's associated entity, Toll Associates Pty Ltd, is to be issued 400,000 new Shares on conversion of the Pre-IPO Investors' convertible loans to O F Packaging Pty Ltd (as described in Section 9.10(b)), which will automatically occur upon the issuing of Shares under the Offer, as well as a further 2,000,000 new Shares on conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which will also occur upon completion of the Offer. As at the Prospectus Date, Greg already receives a fee of $90,000 per annum as a director's fee (and will continue to do so whether or not the Listing occurs).

4 Shares expected to be allocated to Marc Lichtenstein by the Company as a transaction bonus from an existing pool of 9,229,650 forfeited Shares upon Close the Loop receiving approval for its admission to the Official List of ASX. Marc currently receives $350,000 excluding superannuation as at the Prospectus Date owing to his current role as Joint CEO of Close the Loop.

5 Grant's associated entity, Carman Corporate Advisory Pty Ltd, will be issued 50,000 new Shares on conversion of the Pre-IPO Investors' convertible loans to O F Packaging Pty Ltd (as described in Section 9.10(b)), which will automatically occur upon the issuing of Shares under the Offer. Upon Listing, Grant will also be entitled to a fee of $40,000 per annum as a director's fee.

6 Has a relevant interest in Shares to be issued to their associated entity as an OFP Group Vendor in connection with the Merger.

7 Under the terms of Joe's employment, Joe's life insurance premiums are also to be paid by Close the Loop. Upon the commencement of his employment, this amount will be equal to $15,096.

8 Under the terms of Lawrence's employment, Lawrence's life insurance premiums are also to be paid by Close the Loop. Upon the commencement of his employment, this amount will be equal to $10,631.

9 Under the terms of Darren's employment, Darren's life insurance premiums are also to be paid by Close the Loop. Upon the commencement of his employment, this amount will be equal to $3,950.

Directors and senior management are entitled to receive the remuneration and fees as specified in Sections 7.5(b) and 9.13 and are eligible to participate in the employee incentive arrangements as described in Section 9.8.

Advisers and other service providers are entitled to fees for their services and other interests detailed in Section 9.22.

TOPIC	SUMMARY	MORE INFO
Who are the substantial holders of the Company and who will be the substantial holders of the Company upon Listing?	As the Prospectus Date, the Company has more than 400 Shareholders and no individual shareholder has control of the Company. The following Shareholders have an interest in 5% or more of the issued Shares as at the Prospectus Date:	Section 9.5

NAME	SHARES NUMBER	%
CtL Nominees Pty Ltd	28,516,331	29.0%
Giuseppe De Simone	9,174,004	9.3%
Stephen Morriss	5,363,203	5.5%

CtL Nominees Pty Ltd is expected to undertake an in-specie distribution prior to completion of the Offer. There are approximately 18 unique shareholders in that entity, none of whom are expected to be a substantial holder of the Company in their own right. In the event that an in-specie distribution is not completed prior to Listing, CtL Nominees Pty Ltd will enter into a voluntary escrow arrangement for a period of 12 months from the date of Listing.

As at the Prospectus Date, Mr De Simone holds his interests in the Shares directly through his associated entity Strategic Technology Investments Corporation Pty Ltd. At the time of Listing, Giuseppe De Simone will also have a relevant interest in 4,500,000 new Shares issued to him personally (as to 1,253,890 Shares) and De Simone Nominees Pty Ltd (as to 3,246,110 Shares) as part of the conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which is due to occur upon successful completion of the Offer.

3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of an outstanding debt of his to Close the Loop).

Based on the information known as at the Prospectus Date, upon Listing, only the following persons will have an interest in 5% or more of the Shares on issue:

NAME	SHARES NUMBER	% MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Joe Foster	63,876,295	19.99%	19.39%
Brendan Yee	63,876,295	19.99%	19.39%
Lawrence Jaffe	63,433,537	19.86%	19.26%

Notes:

1 Joe will have a relevant interest in 63,876,295 Shares held by Foster Packaging Holdings Pty Ltd, which will be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

2 Brendan will have a relevant interest in 62,990,780 Shares held by Omniverse Holdings Pty Ltd and in 885,515 Shares held by Brendan Yee Pty Ltd as trustee for the Brendan Yee Family Trust, which will each be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

3 Lawrence will have a relevant interest in 62,990,780 Shares held by Omniverse Holdings Pty Ltd and in 442,757 Shares held by RPM Worldwide Group Pty Ltd, which will each be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

TOPIC	SUMMARY	MORE INFO
What are the control implications of the Offer and the Merger?	The Directors do not expect any individual Shareholder to control Close the Loop on completion of the Offer, however the collective shareholding of the OFP Group Vendors may be enough to control Close the Loop. On completion of the Offer, Joe Foster is expected to have a relevant interest in up to approximately 19.99% of the Shares on issue (based on meeting the Minimum Subscription), which may in circumstances be substantial enough to significantly influence, or in some cases determine, the outcome of a Shareholder resolution in general meeting or the outcome of a change of control transaction involving Close the Loop as a target, particularly if Joe Foster and Lawrence Jaffe (who are not associates) vote in the same way on a particular resolution. Similarly, Lawrence Jaffe's expected relevant interest in up to approximately 19.86% of the Shares on issue on completion of the Offer (based on meeting the Minimum Subscription) may in circumstances be substantial enough to significantly influence, or in some cases determine, the outcome of a Shareholder resolution in general meeting or the outcome of a change of control transaction involving Close the Loop as a target, particularly if Joe Foster and Lawrence Jaffe (who are not associates) vote in the same way on a particular resolution. Brendan Yee and Lawrence Jaffe each have a relevant interest in the Shares held by Omniverse Holdings Pty Ltd, which is expected to hold 62,990,780 Shares (or up to approximately 19.72% of the Shares on issue based on meeting the Minimum Subscription). Brendan and Lawrence are associates. Darren Brits also has an interest (but not a relevant interest) in Omniverse Holdings Pty Ltd. Darren is not associated with Brendan or Lawrence. As noted above, Joe Foster is not associated with Lawrence Jaffe and Brendan Yee. However, if Joe voted on a particular resolution in the same way as Lawrence and Brendan, then that could give rise to them effectively having control of Close the Loop, as a collective group of Shareholders, as a collective group of Shareholders, particularly given their collective voting power would be almost 40%.	Section 9.6
What escrow arrangements are or will be in place?	ASX will classify certain existing securities on issue as being subject to the restricted securities provisions of the ASX Listing Rules. Close the Loop expects this will include, without limitation, all Shares issued to the OFP Group Vendors in connection with the Merger for a period of 24 months from the date of Listing. Restricted Securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. Prior to the Company's Shares being admitted to quotation on ASX, the Company will enter into escrow deeds with the recipients of any restricted securities in accordance with Chapter 9 of the ASX Listing Rules, and the Company will announce to ASX full details (quantity and duration) of any securities required to be held in escrow. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. ASX has conditionally confirmed the Joint Lead Manager Options issued to the Joint Lead Managers (as set out in Section 9.11) are not likely to be subject to ASX-mandated escrow. Close the Loop's existing substantial holder, Giuseppe De Simone, has agreed for all of his Shares to be subject to voluntary escrow for a period of 12 months from the date of the Listing. In addition, 50% of the Shares issued to Pre-IPO Investors in connection with the convertible loans to O F Pack (as described in Section 9.10(b)) are to be subject to 12 months of voluntary escrow if ASX does not apply mandatory escrow to the Pre-IPO Investors' Shares.	Section 9.9

TOPIC	SUMMARY	MORE INFO
Are there any related party transactions?	The Company has entered into the following related party transactions, on arms' length terms: • the Acquisition Agreements to give effect to the Merger (see Section 9.10(a) for further details); • executive employment agreements or letters of appointment with its proposed Board members, on standard terms (refer to Section 9.13 and 7.5(b) for further details); and • deeds of access, indemnity and insurance with each of its Directors and the Proposed Directors, on standard terms (refer to Section 7.6 for further details). Joe Foster, Lawrence Jaffe and Darren Brits (each a Proposed Director) are OFP Group Vendors under the Acquisition Agreements, and their associated entities will be issued Shares upon completion of the Merger. These Shares are expected to be subject to ASX-imposed escrow for a period of 24 months from the date of Listing. In November 2015, the Company entered into a loan agreement with Stephen Morriss (founder and a Non-Executive Director of Close the Loop at the time), for a loan of $780,000 repayable within 5 years from the date of drawdown. The loan is secured against Shares held by Stephen Morriss, with daily interest accruing at a rate of 5.4% per annum capitalised at the end of each calendar month. The loan agreement was amended in November 2020 confirming the total outstanding amount as $990,600, being the loan of $780,000 and interest accrued of $210,600, with interest now repayable at a rate of 3% per annum. The revised repayment date is 27 November 2024 or such earlier date as agreed between the parties. The agreement is on arm's length terms. 3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of this outstanding debt of his to Close the Loop). Current Director, Greg Toll, and Proposed Director, Grant Carman, are each entitled to be issued new Shares (400,000 and 50,000 Shares respectively) as part of the Shares to be issued to the Pre-IPO Investors upon conversion of the convertible loans pursuant to the Convertible Loan Agreements. See Section 9.10(b) for further details. Current Directors, Greg Toll and Chris Trafford also have an interest in the convertible notes held by CtL Lending Pty Ltd, which will be converted into Shares upon completion of the Offer. See Section 9.10(c) for further details around the CtL Convertible Notes. The Company also intends to grant Marc Lichtenstein, Tom Ogonek and Lawrence Jaffe the KMP Options (1,000,000 to each of Marc Lichtenstein and Tom Ogonek and 3,000,000 to Lawrence Jaffe) for nil monetary consideration upon successful completion of the Offer. Please see Section 9.12 for further information. The Company has also entered into an arrangement, on an arm's length basis, with Proposed Director Grant Carman, who is an authorised representative of D H Flinders Pty Ltd (**D H Flinders**), pursuant to which the Company has agreed to pay to D H Flinders fees equivalent to 5% excluding GST of the gross value of total funds raised by D H Flinders in relation to the Offer. The amount expected to be received by D H Flinders for its services is not expected to be material, so Close the Loop expects the arrangement will not affect Grant Carman's independence as a Director.	Section 7.9
What corporate governance policies does the Company have in place?	A summary of the corporate governance policies adopted by the Company are set out in Section 7.8.	Section 7.8

1.8 Offer overview

TOPIC	SUMMARY	MORE INFO
Who are the issuers of this Prospectus?	Close the Loop and SaleCo.	–
What is SaleCo?	SaleCo is a special purpose vehicle, established to enable the Selling Shareholders to sell all of their existing investment in Close the Loop in connection with the Offer.	Section 8.6
What is the Offer?	The Offer comprises an offer of a minimum of 50,000,000 new Shares and up to a maximum of 60,000,000 new Shares to be issued by Close the Loop, and, if the Maximum Subscription is achieved, up to approximately 30,000,000 existing Shares held by the Selling Shareholders to be transferred by SaleCo. The Shares are offered at an Offer Price of $0.20 per Share. Therefore, a minimum of $10 million and up to a maximum of $12 million is sought to be raised by and paid to the Company prior to deductions for Offer costs. Any oversubscriptions additional subscriptions in excess of $12 million, up to an additional $6 million, will, if raised, be paid to Selling Shareholders as proceeds for the sale of existing Shares by them.	Section 8.1
Who can apply?	The Offer will be open to investors with registered addresses in Australia.	Section 8.3
Is the Offer underwritten?	No.	Section 8.3
What is the purpose of the Offer?	The Offer is being conducted to: • provide Close the Loop with funds and greater access to capital markets that it expects will lead to added financial flexibility to pursue further growth opportunities including proposed acquisition targets; • provide Close the Loop with the benefits of an increased profile that flow from being a listed entity; • potentially provide Selling Shareholders with an opportunity to realise all of their existing investment in Close the Loop (subject to any additional subscriptions in excess of $12 million being raised under the Offer); • pay the costs associated with the Offer and the ongoing incremental administration and overhead costs associated with maintaining listing on ASX; and • provide a liquid market for its Shares and an opportunity for third parties to invest. As set out in Section 8.5, there are immediate and medium-term opportunities to drive further revenue growth from this business. About $4 million of the proceeds from the amounts raised from the Offer are expected to be used to acquire new plastic washing and separation equipment (subject to feasibility) focused on e-waste. In addition, about $3 million of funds raised from the Offer are expected to be used to finance of the acquisition by O F Packaging Pty Ltd of 100% of the shares in Oceanic Agencies Pty Ltd, a Queensland-based provider of packaging and material handling products in the Australian seafood industry. A summary of the key terms of the binding Oceanic acquisition agreement entered by O F Pack is set out in Section 9.10(e).	Section 8.4

TOPIC	SUMMARY	MORE INFO
How will the proceeds of the Offer be used?	Funds raised from the issue and transfer of Shares under the Offer will be applied as set out in the below tables.	Section 8.5

SOURCES	MINIMUM SUBSCRIPTION ($M)	MAXIMUM SUBSCRIPTION ($M)	ADDITIONAL SUBSCRIPTION ($M)
Close the Loop			
Offer proceeds received by Close the Loop	10.0	12.0	–
SaleCo			
Offer proceeds received by SaleCo from the sale of existing Shares	–	–	6.0
Total sources	**10.0**	**12.0**	**6.0**

USES	MINIMUM SUB-SCRIPTION ($M)	%	MAXIMUM SUB-SCRIPTION ($M)	%	ADDITIONAL SUB-SCRIPTIONS ($M)	%
Close the Loop						
Upgrading machinery	0.5	5.0%	0.8	6.7%	–	–
New processing equipment – plastic washing and separation	4.0	40.0%	4.0	33.3%	–	–
Automation	1.0	10.0%	1.0	8.3%	–	–
Acquisition of Oceanic Agencies Pty Ltd	3.0	30.0%	3.0	25.0%	–	–
IPO costs^#	1.3	13.0%	1.4	11.7%	–	–
Cash	0.2	2.0%	1.8	15.0%	–	–
Total	**10.0**	**100%**	**12.0**	**100%**	**–**	**–**
SaleCo						
Pay Selling Shareholders	–	–	–	–	6.0	100%
Total	**–**	**–**	**–**	**–**	**6.0**	**100%**

^ The total costs of the Offer (excluding GST) are estimated to be approximately $1.30 million (if the Maximum Subscription is raised), comprising amongst other things, legal expenses, accounting, audit and tax advisory fees, lead manager fees, ASIC and ASX fees and prospectus design and printing costs. Please refer to Section 9.22 for a detailed breakdown of the total costs of the Offer.

Assuming additional subscriptions for a full $6 million is received under the Offer, then in accordance with the Joint Lead Managers' mandates (as described in Section 9.10(d)), an additional amount of $220,000 (incl GST) would be payable by the Company to the Joint Lead Managers (in aggregate) in connection with the Offer.

The above table is a statement of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of sales success, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds raised are applied.

The Board believes that the Company will have sufficient working capital at the time of Listing to fulfil the purpose of the Offer and meet the Company's stated business objectives as stated in this Prospectus (even if only the Minimum Subscription is achieved).

TOPIC	SUMMARY	MORE INFO
Will the Shares be quoted on ASX?	The Company will apply within 7 days of the Prospectus Date to be admitted to the Official List of ASX and will seek quotation of the Shares on ASX under the code '**CLG**'. Completion of the Offer is conditional on ASX approving this application. If approval is not given within 3 months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 8.13
What will be the capital structure of the Company upon Listing?	In order to give effect to the Merger, 100% of the consideration payable for the Merger under the Acquisition Agreements is payable to the OFP Group Vendors via the issue of Shares following completion of the Offer. The following table sets out the Company's current capital structure as at the Prospectus Date and what is indicatively expected to be the Company's capital structure upon Listing:	Section 9.4

	AS AT THE PROSPECTUS DATE		UPON LISTING: MINIMUM SUBSCRIPTION[1]		UPON LISTING: MAXIMUM SUBSCRIPTION[1]	
	Securities	%	Securities	%	Securities	%
Shares held by existing Company shareholders[2]	98,200,018	99.62%	95,196,815	28.78%	95,196,815	27.94%
Total Shares held by OFP Group Vendors	–	–	150,978,361	45.65%	150,978,361	44.31%
New Shares offered under the Offer	–	–	50,000,000	15.12%	60,000,000	17.61%
New bonus Shares to be issued by Close the Loop to its existing Shareholders[3]	–	–	4,516,302	1.37%	4,516,302	1.33%
New Shares to be issued to the Pre-IPO Investors	–	–	9,190,000	2.78%	9,190,000	2.70%
New Shares to be issued upon conversion of the CtL Convertible Notes	–	–	9,500,000	2.87%	9,500,000	2.79%
Total number of Shares (undiluted)	**98,200,018**	**99.62%**	**319,381,478**	**96.56%**	**329,381,478**	**96.67%**
Existing employee Options[4]	375,000	0.38%	375,000	0.11%	375,000	0.11%
Joint Lead Manager Options[5]	–	–	6,000,000	1.81%	6,000,000	1.76%
KMP Options[5]	–	–	5,000,000	1.51%	5,000,000	1.47%
Total number of Securities (fully diluted)	**98,575,018**	**100.00%**	**330,756,478**	**100%**	**340,756,478**	**100%**

Notes:

1 Assumes no OFP Group Vendor or existing Shareholder is issued Shares under the Offer.

2 3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of an outstanding debt of his to Close the Loop).

3 These are new, bonus Shares to be issued by Close the Loop to its Shareholders between the Prospectus Date and completion of the Offer, approximately on a pro rata 53-for-1000 basis, to ensure the relativities agreed between Close the Loop and the O F Packaging Group in relation to the Merger are maintained. The record date for this bonus Share issue is expected to be on or around 1 November 2021. The allocation of these bonus Shares is not reflected in other rows of the above table. For the avoidance of doubt, this excludes the additional pool of 6,229,594 existing Shares representing Shares which were forfeited historically under the Company's Employee Share Plan, which are to be transferred by Close the Loop to its Shareholders approximately on a 72-for-1000 basis between the Prospectus Date and completion of the Offer (at the same time as the new, bonus Shares described above are issued).

4 Reflects Options held by 2 non-management employees (one former and one current), whose terms of issue are set out in Section 9.8(b).

5 Out of the money at the time of the Offer.

TOPIC	SUMMARY	MORE INFO
What are the rights and liabilities attaching to the Shares?	All new and existing Shares offered under the Offer will rank equally with all other existing Shares on issue. The rights and liabilities attaching to Shares are described in Section 9.6.	Section 9.6
Is there any brokerage, commission, or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See Section 9.10(d) for details of fees payable by the Company to the Joint Lead Managers.	Section 8.8
What are the tax implications of investing in the Shares?	General summaries of certain Australian income tax, GST and stamp duty consequences of participating in the Offer and investing in Shares are set out in Section 9.18. The tax and duty consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest in the Offer.	Section 9.18
What is the minimum Application size?	Applications under the Offer must be for a minimum of 10,000 Shares ($2,000) and then in increments of 2,500 Shares ($500).	Section 8.8
What is the allocation policy?	The allocation of Shares will be determined by agreement between the Company and the Joint Lead Managers. The Joint Lead Managers and the Company have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate a lesser number of Shares than applied for. The Joint Lead Managers and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person. The allocation policy will be influenced, but not constrained by the following factors: (a) number of Shares bid for by particular Applicants; (b) timeliness of the bid by particular Applicants; (c) the Company's desire for an informed and active trading market following completion; (d) the Company's desire to establish a wide spread of Shareholders; (e) overall level of demand under the Offer; (f) size and type of funds under management of particular Applicants; (g) likelihood that particular Applicants will be long-term Shareholders; and (h) other factors that the Company and the Joint Lead Managers consider appropriate.	Section 8.10
How can I apply for Shares?	Under the Offer, applications for Shares offered by this Prospectus may only be made online at www.ctlgroup.com.au/investors, or on the Application Form attached to and forming part of this Prospectus. Please read the instructions on the Application Form carefully before completing it. To the extent permitted by law, an Application received under the Offer is irrevocable.	Section 8.8

1. Investment Overview Continued

TOPIC	SUMMARY	MORE INFO
Can the Offer be withdrawn?	The Company, in consultation with the Joint Lead Managers, reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants. If the Offer does not proceed, Application Monies will be refunded and no interest will be paid or payable on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 8.12
Has any ASIC relief or ASX waiver been sought or obtained?	The Company has applied to ASX for in-principle advice as to the suitability of the Company for Listing and has applied for the waivers outlined in Section 9.15. The Company has not applied to ASIC for any relief.	Sections 9.14 and 9.15
When can I sell my Shares on ASX?	It is expected that the dispatch of the holding statements will occur on or about 29 November 2021 and trading of the Shares on ASX will commence on or about 30 November 2021. Refunds (without interest) to applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after completion of the Offer. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.	Section 8.13(c)
Where can I find out more information about this Prospectus or the Offer?	All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (Melbourne time) Monday to Friday during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether Close the Loop is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.	Refer to "Key Offer statistics and important dates" on page 4 for further information

2. Company Overview

2. Company Overview

2.1 Background on the Close the Loop Group

Close the Loop is an established operator in resource collection and recycling in Australia, Europe and the United States. Close the Loop is an Australian-owned company specialising in sustainable solutions for complex waste streams. With existing operations in Australia, the US and Europe (see map below), and IP developed over 20 years, Close the Loop has historically operated predominantly in print consumable products and Post-Consumer Recyclate (PCR) such as waste soft plastic, cosmetics and batteries. It considers itself a specialist toner cartridge recycler of scale. Operating on a promise of zero waste to landfill, Close the Loop partners with 15 of the world's largest print and print consumable OEMs, including Brother, Canon, Toshiba, Epson, HP and Xerox and creates revenue through sorting and processing, value added services and recycling materials.

Close the Loop has several Fortune 500 customers and accepted products. One of its product lines that highlights its offering takes used toner cartridges, and turns them into TonerPlas®, a patented asphalt additive made from soft plastics and waste toner powder, which is then used as a key ingredient in the construction of roads. In conjunction with Downer EDI, TonerPlas® has recently been approved in State roads by the Victorian Department of Transport and will be used as part of the Monash Freeway and M80 upgrades in Victoria.

Upon Listing, Close the Loop will have completed a merger with the O F Packaging Group businesses, the core of which is the engineering of flexible packaging. The O F Packaging Group provides innovative flexible and carton packaging, printing and related sustainability solutions to domestic and international customers of all sizes.

The O F Packaging Group is the product of a successful merger between Omniverse Group and Foster Packaging Australia in 2016. O F Packaging Group provides a broad range of services via the following divisions: outsourced gravure printed packaging, rewind and pouch making through O F Pack; digital printing and pouch manufacturing through The Pouch Shop (TPS); flexographic printing and bag converting through O F Flexo; bag closures through InnoBag; and resource recovery, recycling, reuse and waste services through O F Resource Recovery. In addition, Foster International Packaging in South Africa offers gravure print packaging to African markets.

On Listing, Close the Loop Group will have established itself as an Australian-based participant in the global circular economy for plastic packaging, processing, recycling and refurbishment of printer cartridges and consumable products. The Directors and the Proposed Directors' aim is for the Close the Loop Group to be Australia's foremost circularly integrated design, manufacturing, collection and recycling business.

The Directors and the Proposed Directors believe the merger of the O F Packaging Group and Close the Loop creates significant opportunities, including helping brand owners achieve recycling goals and a reduction of waste and fossil fuels, further allowing them to become one step closer to a circular economy. In the longer term, the Directors and the Proposed Directors expect that governments imposing strict regulations on a variety of product categories, especially single-use consumer packaging, will provide a favourable regulatory environment for the Close the Loop Group.

2.2 Close the Loop Group's story today

Together, the O F Packaging Group, which specialises in providing innovative sustainable flexible packaging, and Close the Loop, which has a proven track record in providing dedicated collection programmes and recycling, intend to create a unique fully circular packaging option for their clients.

The Close the Loop Group intends to provide an end-to-end solution from product design and manufacturing, through to the collection and recycling of products. Close the Loop seeks to specialise in the engineering of flexible packaging from single, recyclable polymer and patented proprietary methods for the collection, processing and recovery of imaging consumables at end-of-life.

The Merger is expected to enable the Close the Loop Group to provide innovative flexible and carton packaging to domestic and international customers of all sizes, with a breadth of printing and related sustainability solutions. Capabilities include manufacturing, product innovation, recycling and training.

Upon completion of the Merger, the Close the Loop Group will have more than 250 enterprise customers in more than 20 countries and employ more than 240 people across 11 sites.

Following completion of the Merger and upon Listing, the Close the Loop Group will boast a strong Board and management team with deep expertise, well placed to execute on the growth strategy for this founder-led business. Proposed Close the Loop Group CEO, Joe Foster, has been in the flexible packaging industry for more than 40 years, with experience in engineering, production, technical, sales and marketing. He will be supported by Close the Loop USA CEO, Tom Ogonek, who has more than 20 years of operations experience and environmental industry perspective, and is responsible for driving continuous improvement of operating efficiencies and facility management in all global operating centres.

At the time of Listing, the Directors and the Proposed Directors expect the Close the Loop Group will be well capitalised to pursue growth options and committed to ongoing innovation customer solutions to drive future growth.

2.3 Context and market sector

Upon completion of the Merger, the Close the Loop Group will be a participant in the packaging and plastics consumables industries, in circular economy innovation and in sustainability initiatives, seeking to stay ahead of evolving regulation and helping companies build their social licences to operate.

A circular economy is an economic system that tackles climate change, biodiversity loss, waste and pollution. It seeks to correct the problems of the linear economy where consumers and businesses follow a "take, make, waste" process, meaning most products and resources become waste. A circular economy employs reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed-loop system, minimising the use of resource inputs and the creation of waste, pollution and carbon emissions. The circular economy aims to keep products, materials, equipment and infrastructure in use for longer, thus improving the productivity of these resources.

The Close the Loop Group intends to engage with new technologies that allow flexible packaging to be processed through kerbside co-mingled recycling. With operations in Australia, Vietnam, China, South Africa, the United States (servicing North America), and Belgium (servicing Europe), the Directors and Proposed Directors' believe the Close the Loop Group is set for growth in a time of voluntary and mandated action toward carbon reduction via a transition to circularity.

The current state of the flexible packaging market and recycling problem worldwide provides additional context as to the ambitions of the Close the Loop Group. The global flexible packaging market is predicted to grow from $248.6 billion in 2021 to $291.5 billion in 2026.

You are encouraged to read the Independent Market Report in Section 3 in full for more details on the flexible packaging market.

2.4 Business overview

Following the completion of the Merger and the Listing, the Directors and the Proposed Directors consider the Close the Loop Group will be well placed to grow as regulatory and consumer attitudes evolve around the increased role packaging should play in re-use and recyclability.

Upon completion of the Merger, the business will provide a full range of product development, R&D, manufacturing and recycling services through a number of divisions: specialised flexible packaging through O F Pack; digital printing and pouch manufacturing through The Pouch Shop (TPS); flexographic printing and bag converting through O F Flexo; bag closures through Inno Bag; resource recovery, recycling, reuse and waste services through O F Resource Recovery, and sustainability solutions specialising in Post-Consumer Recycling (PCR) through Close the Loop with operations in Australia, the US and Europe. Foster International Packaging in South Africa is an additional business unit offering a similar portfolio of products to that of the O F Pack range.

Close the Loop

- Principal operations in US and Australia and operates in Europe
- Print consumables and Post Consumer Recyclate (PCR) products
- Specialist toner cartridge recycler
- Operates on a promise of zero waste to landfill
- Partner to 15 of the world's largest print and print consumable OEMs

o.f pack

- Medium-large volume offshore gravure print production orders
- Full breadth of flexible packaging options and features
- Complimentary packaging services (technical and artwork support)

o.f FLEXO

- Flexographic print packaging, primarily for produce, pet food, and horticulture markets
- Rewind, large-format flexible bags and pouches
- Support of local manufacturing and provides fast turn-around packaging

The Pouch Shop

- Short run digital print packaging
- Unprinted off-the-shelf bags ready to pack and label
- Offers single-pouch printed mock-ups, through to full production runs starting at just 1,000 units

inno bagclosures

- Bag closure and bread clip production
- Partnering with Schutte in the Netherlands, supplies a range of bread clips and closures to the bakery and produce industries

FOSTER Packaging

- Based in South Africa and offers gravure print packaging to the African and European markets
- Full breadth of flexible packaging options and features

o.f RESOURCE RECOVERY

- Performs an integral role in the process of diverting commercial paper and cardboard waste from landfill and turning it into reusable commodities

- **Close the Loop** has IP developed over 20 years and manages a specialised collection system, which currently boasts more than approximately 60,000 collection points Australia wide and approximately 200,000 collection points in the United States. The business operates predominantly in print consumables and Post-Consumer Recyclate (PCR) such as waste soft plastic, cosmetics and batteries. Close the Loop is a specialist toner cartridge recycler of scale and key player across its markets. Operating on a promise of zero waste to landfill, Close the Loop is partnered with 15 of the world's largest print and print consumables OEMs.
- **O F Pack** focuses primarily on medium-large volume offshore gravure print production orders. Offering the full breadth of flexible packaging options and features, in addition to complimentary packaging services (including technical and artwork support). All offshore production facilities and factories undergo regular auditing and meet international certification standards.
- **O F Flexo** provides flexographic print packaging options primarily to the produce, pet food and horticulture markets. Its manufacturing plant houses a flexographic printer, two separate bag machines, along with a solvent-free lamination machine for multi-layer constructions. Specialising in rewind, large-format flexible bags and pouches, O F Flexo can print and form packaging.
- **O F Resource Recovery** (**OFRR**) diverts commercial paper and cardboard waste from landfill and turns it into reusable commodities. By diverting waste products into the recycling stream, OFRR aims to make a positive environmental impact by reducing the number of trees required for creating new paper-based products.
- **The Pouch Shop** (**TPS**) offers short run digital print packaging to the market, in addition to a selection of unprinted off-the-shelf bags ready to pack and label. Products range from single-pouch printed mock-ups through to full production runs starting at just 1000 units. TPS services small-medium sized businesses, as well as larger brands with large SKU selections or that require marketing testing capabilities without setup costs.
- **Inno Bagclosures** has partnered with Schutte (a Dutch company) to supply a range of bread clips and closures to the bakery and produce industries.
- **Foster Packaging** is based in South Africa and offers gravure print packaging to African markets (similar to the O F Pack range of products). Its offshore production facilities and factories undergo regular auditing and meet international certification standards.

2.5 Rationale for the Merger

The Merger is in line with a trend towards circular integration where companies expand along their circular supply chains from design, manufacture, collection and reuse or recycling.

After the Merger is completed, the Close the Loop Group will be a participant in the global circular economy for plastic packaging and consumable products. It intends to offer a circularly integrated design, manufacturing, collection and recycling company that provides global and domestic customers a circular economy solution for consumable products and packaging

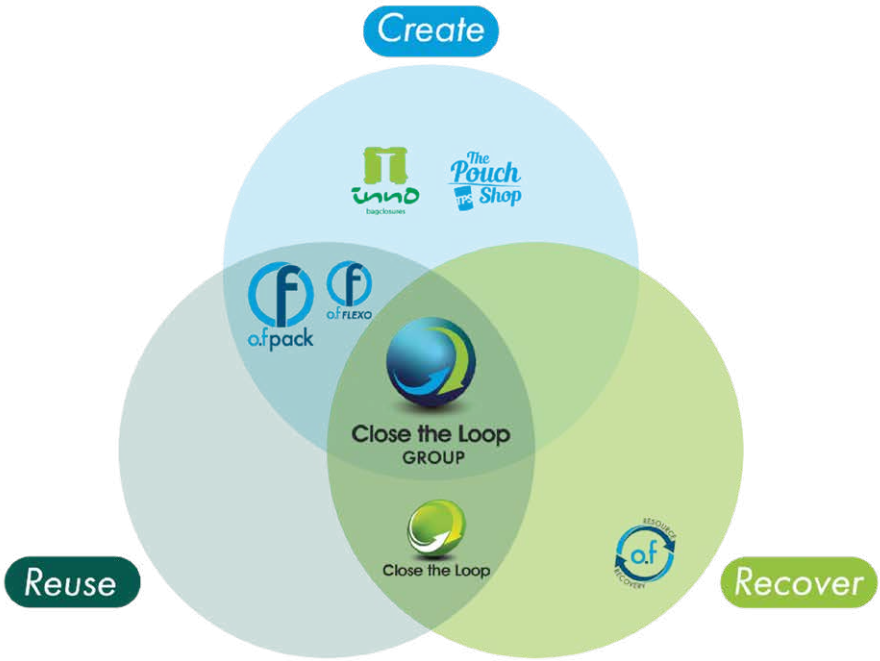
Both the O F Packaging Group and Close the Loop were already aligned in their approach to sustainability, however, together they can take complete ownership of the product and packaging life cycle.

- Close the Loop has the expertise, facilities, global footprint and knowhow around collection, sorting, resource recovery and advanced manufacturing using recycled plastics.
- The O F Packaging Group brings its knowledge of end-markets that are strategically aligned, creating opportunities for new customers and networks.

Close the Loop's strong existing relationship as one of the largest users of REDcycle post-consumer soft plastics, will allow the Close the Loop Group to quickly engage with food manufacturers that need circular solutions for their waste packaging.

Upon Listing, the Close the Loop Group intends to offer services through all stages of the entire circular economy:

- **Create:** The Close the Loop Group plans to provide education and training to clients on plastics, packaging materials and sustainability, packaging manufacturing (Australian and offshore) and product innovation and the development of recyclable packaging.
- **Collect and Recover:** Through approximately 60,000 collection points in Australia and approximately 200,000 collection points in the United States, the Close the Loop Group intends to run collection and logistics for print cartridge/take-back programs as well as the recovery and sorting of paper-based commercial materials for selling back to manufacturers. To do so, Close the Loop has partnered with 15 of the world's largest print and print consumable OEMs.
- **Reuse:** Close the Loop Group recycles toner and cartridge at scale, using soft/flexible packaging plastics for new items (such as TonerPlas® for roads and rFlex™ for injection moulded items) and uses a percentage of recycled plastics back into flexible and/or soft plastic packaging.



2.6 Core products

Following completion of the Merger, the Close the Loop Group will seek to specialise in the innovation of flexible packaging and customised packaging solutions in a variety of formats and materials. The Close the Loop Group will work to create an extensive range of pouches, bags, and boxes, made from standard or specialty films (including sustainable packaging solutions) to help its customers sell their products.

Close the Loop creates products manufactured from waste resources (toner cartridges and soft plastics) obtained through its take back programs such as:

- TonerPlas® (a patented asphalt additive made from soft plastics and waste toner powder); and
- rFlex™ (for injection moulded products).

The O F Packaging Group specialises in gravure, flexographic and digital print processes, and is capable of providing the following:

Pouches/Bags	• Flat Bottom bags • Stand up pouches • Pillow pouches • 3 side seal/vacuum packaging • Spout Pouches • Quad seal/Gusset Bags • Bulk and Polywoven Bags
Rewind/Reels	• Printed • Unprinted • Mono Layer and multi-laminate structures
Sustainable Packaging	• Recyclable packaging • Made-from recycled content packaging • Compostable packaging • Reusable packaging • Heat-seal 100% paper packaging films
Performance Packaging	• Retort • Microwave/oven-safe (cook in pouch/carton) • Modified atmosphere/vacuum packing • Steaming pouches • Susceptor film • Perforated pouches
Paper/Board Based	• Paper tubes • Carton Sleeves • Retail and shelf ready cartons • Kraft paper bags

Services	• Packaging education & training • Tailored packaging sustainability & innovation sessions • Local & offshore manufacturing options • Artwork/design support • Shipping and logistics support • Packaging trials & sampling • Packaging testing & reporting

2.7 Customer profiles

At Listing, the Close the Loop Group will be a provider to more than 250 global and domestic customers of a circular economy solution for consumable products and packaging. This includes contracts with 15 of the world's largest print and print consumable OEMs across several jurisdictions.

The Close the Loop Group intends to create a circular economy marketplace around packaging recovery, taking ownership of each step of the process, including collection, recovery and remanufacturing. This seeks to help OEMs to engage in the circular economy and allow them to take responsibility for plastics products and packaging and invest in innovations that help reclaim products and reduce waste.

The Close the Loop Group intends to draw on the synergies between its different client bases to create circular economy solutions for OEMs. There are various cross-selling opportunities across the following:

(a) Collection processes and logistics for clients and their complex materials.

(b) Creation of products using the client's own material that is brought back for reuse and recycling.

(c) Sustainable packaging products.

CASE STUDIES

hp	Close the Loop works with HP in Australia to repurpose used ink cartridges and save them from going to landfill through their "Instant Ink subscription service". This delivers recycling satchels to users as their cartridges run low, allowing the empty cartridges to be mailed directly to Close the Loop's recycling facility, where they are recycled with zero waste. Close the Loop's involvement in the program presents a further opportunity for the Close the Loop Group to sell packaging solutions to HP's customers.
xerox™	In 2018, the Environmental Protection Agency recognised Xerox with the Electronics Challenge Champion Award for its industry-leading Green World Alliance (**GWA**) supplies take-back program, which helps divert used supplies from landfill. Working with Close the Loop, Xerox collect used toner and consumable supplies, then ensure they are optimally recovered and reused. Close the Loop USA manages the Xerox US GWA program by fulfilling Eco Box Kits, receiving and sorting the returned consumables, and remanufacturing toner bottles and waste toner bottles.
coles	A collaborative partnership between Redcycle, Close the Loop and Coles has created a circular business model where Redcycle collects waste soft plastics from Coles customers, ship baled material to Close the Loop, who make a new plastic product called rFlex™, which is used to injection mould plastic shopping trolleys. Close the Loop was the first Australian company to produce a new plastic material for injection moulding from mixed and contaminated waste soft plastics previously destined for landfill.
ZERO CO	O F Pack was engaged by Zero Co in 2019 to create a pouch for household detergent products that contained the highest possible percentage of recycled plastic, while still maintaining the structural integrity to be cleaned, sanitised and refilled. O F Pack undertook extensive trialling and testing to conclude the ideal material thickness and barrier structure, pouch sizing and dimensions, spout and cap sizing and feature testing (including specialised dual spout and non-drip inner), as well as sealing strength and pouch standability. O F Pack created an anti-drip dual cap and spout design to accommodate repeated use by consumers at home, as well as filling by Zero Co.
Brookfarm™	O F Pack worked with Brookfarm to develop a more sustainable packaging alternative for Brookfarm's muesli and granola products for 2 years to design a 100% recyclable, monopolymer pouch that would not affect the product's flavour profile and overall shelf life.

2.8 Awards, accreditations and certifications

Close the Loop and O F Packaging take pride in being active ambassadors for the wider packaging, plastics, and recycling industry worldwide and the Close the Loop Group intends to continue their industry and community engagement following completion of the Merger.

Close the Loop and the O F Packaging Group have also received extensive local and global recognition for innovation and industry leadership.

Of note, Close the Loop was inducted into the Victorian Manufacturers' Hall of Fame in 2016.

In 2019, Close the Loop was a runner up in the SME category at the Ellen MacArthur Foundation "Circulars" awards for the best circular economy companies in the world. In 2021, O F Packaging was a finalist in the Packaging Europe Sustainability Award in the recycling packaging category.

In 2020, proposed Close the Loop Group CEO and proposed Director, Joe Foster, was awarded the World Packaging Organisation Lifetime Achievement Award.

O F Packaging Group is a foundation member of the ANZPAC Plastics Pact, the Australian Packaging Covenant Organisation (APCO), the Australian Institute of Packaging (**AIP**), the Australian Packaging and Processing Machinery Association and the Soft Plastic Recycling initiative while Close the Loop is a member of the Australian Council of Recyclers (ACOR).

The O F Packaging Group's recent packaging related awards include:

- 2021 AIP Australasian Packaging Innovation & Design Awards (PIDA) – Domestic & Household Packaging Design of the Year, Gold award winner – Zero Co.
- 2021 PIDA Food Packaging Design of the Year, Gold award winner – Brookfarm.
- 2021 PIDA Labelling & Decoration Design of the Year, Gold award winner – Brookfarm.
- 2020 PIDA Domestic & Household Packaging Design of the Year, Silver Award.

In addition, the Close the Loop Group's recent circular economy and sustainability related awards include:

- 2019 Finalist in The Circulars – SME Category.
- 2018 Awarded Hume City Council Business Awards – Business of the Year, Sustainability and Innovation.
- 2018 HPNZ Awards – Sustainability Award.

2.9 Business model

Following completion of the Merger and the Listing, the Close the Loop Group intends to generate revenue in 3 main ways:

(A) PRINTING AND PACKAGING AND RELATED SERVICES

The Close the Loop Group, through the O F Packaging Group, will undertake: digital printing and pouch manufacturing; gravure printing, flexographic printing and bag and pouch converting and packaging services, managing the entire manufacturing process for flexographic printing, laminating, bag making, slitting and pouches; bag closures; and resource recovery, recycling, reuse and waste services. Offshore production of printing and packaging services occurs primarily in China.

(B) COLLECTION, PROCESSING AND VALUE-ADDED SERVICES

The Close the Loop Group, through Close the Loop, charges a set fee per cartridge or kilo it collects and processes in the form of a managed service. In addition, the Close the Loop Group provides value-added managed services, including managing logistics and materials recovery processes, delivering output streams consisting of granulated plastics, metals, and providing data analytics and business intelligence services to print OEMs regarding cartridges collected and processed. These charges are derived under contracts with OEMs.

(C) RECYCLED MATERIALS

The Close the Loop Group, through Close the Loop, grinds plastics (such as printer cartridges) and consumable materials into their base materials, which are then sorted and sold to plastic and metal brokers at the prevailing market rate.

2.10 Growth strategy

Following completion of the Merger and the Listing, the Directors and Proposed Directors expect the Close the Loop Group will be well positioned to deliver on its growth strategy at the centre of a growing global market with:

- A focus on "packaging to packaging" to leverage a common diverse customer base.
- Inorganic growth with identified targets to grow both in the niche packaging and recycling space.
- Leveraging internal expertise in targeting, acquiring and integrating complementary businesses that are profit accretive to create additional synergies across the broader business.
- Investment in bottle washing and cleaning equipment in Europe to expand this operation.
- Plans to add resources to drive new take back programs for recycling and recovery.
- Further investment in resource recovery equipment.
- Fresh investment in plastic washing and separation capability in Australia and the United States.
- R&D focus with local partners including the CSIRO on kerbside recycling and conversion into usable commodities.
- Further automation in Australia and the United States to drive significant operational efficiencies.
- International market expansion with new and existing customers, using Close the Loop infrastructure in the United States to further scope the O F Pack offering.
- Increased sales from various products that will be examples of the circular economy, including: rFlex™, Resource Recovery, TonerPlas®, cosmetics, e-waste, batteries, take back programs and pyrolysis.

2.11 The Merger

To give effect to the Merger, Close the Loop will acquire:

(a) 100% of the share capital in O F Packaging Pty Ltd ACN 166 108 176 (which owns 100% of O F Flexo Pty Ltd ACN 631 917 498, a wholly-owned subsidiary of O F Pack which provides flexographic printing and bag converting services);

(b) 100% of the share capital in O F Resource Recovery Holdings Pty Ltd ACN 646 647 547 (which owns 100% of the shares in O F Resource Recovery Pty Ltd ACN 167 077 161), which provide resource recovery, recycling, reuse and waste services); and

(c) approximately 85% of the share capital in Foster International Packaging (Pty) Ltd (South African registration no. 2017/261506/07) (**FIP**), a South African company which offers gravure print packaging services to African markets.

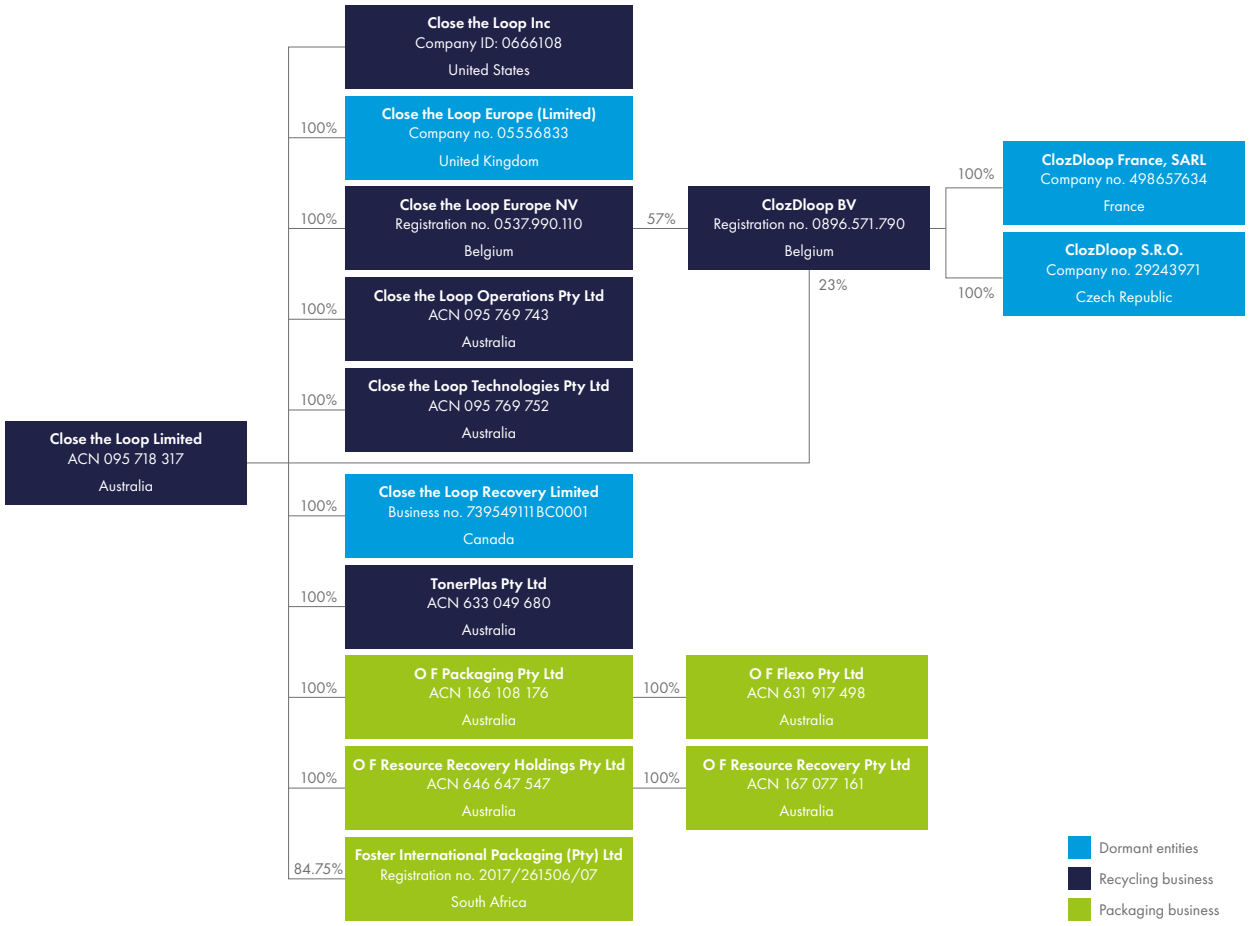
The rationale for acquiring approximately 85% of shares in FIP (and not 100%) is due to current company ownership laws in place in South Africa relating to Black Economic Empowerment.

Close the Loop has entered into Acquisition Agreements with the shareholders of each of the O F Packaging Group entities. The agreements are cross-conditional and interdependent. Each of the Acquisition Agreements is conditional on the successful completion of the Offer.

In consideration for acquiring shares in the O F Packaging Group entities, Close the Loop will issue new Shares to the OFP Group Vendors under the various Acquisition Agreements. No cash is payable.

A summary of the Acquisition Agreements is set out in Section 9.10(a).

An overview of the corporate structure of the Close the Loop Group following completion of the Merger and upon Listing is set out as follows:



See Section 9.2 for further details of the activities of each entity in the Close the Loop Group following completion of the Merger.

The issue of 150,978,361 Shares in aggregate as consideration to the OFP Group Vendors for the Merger represents an equivalent purchase price of approximately $37.7 million, at the Offer Price.

The following sets out the agreed allocation of new Shares to the OFP Group Vendors:

		EXPECTED SHAREHOLDING IN CLOSE THE LOOP UPON COMPLETION OF THE OFFER (%)	
Shareholder	**Number of Shares to be issued**	**Minimum Subscription**	**Maximum Subscription**
Foster Packaging Holdings Pty Ltd[1]	63,876,295	19.99%	19.39%
RPM Worldwide Group Pty Ltd[2]	442,757	0.14%	0.13%
Omniverse Holdings Pty Ltd[2]	62,990,780	19.72%	19.13%
Ryco Nominees Pty Ltd as trustee for the Brits Family Trust[3]	442,757	0.14%	0.13%
Brendan Yee Pty Ltd as trustee for the Brendan Yee Family Trust	885,515	0.28%	0.27%
Sharlene Patricia Abrahams	1,134,518	0.36%	0.35%
Regan Foster	6,890,363	2.16%	2.10%
Thomas Arthur O'Donoghue	442,757	0.14%	0.13%
1Pitwo Pty Ltd	13,872,619	4.34%	4.21%
TOTAL	**150,978,361**	**47.27%**	**45.84%**

Notes:

1 Proposed Director Joe Foster has a relevant interest in Shares held by Foster Packaging Holdings Pty Ltd.

2 Proposed Director Lawrence Jaffe has a relevant interest in Shares held by each RPM Worldwide Group Pty Ltd and Omniverse Holdings Pty Ltd.

3 Proposed Director Darren Brits has a relevant interest in Shares held by Ryco Nominees Pty Ltd as trustee for the Brits Family Trust. Darren is also a director and shareholder of Omniverse Holdings Pty Ltd although his shareholding does not give rise to a relevant interest.

3. Independent Market Report

3. Independent Market Report

SMITHERS

INNOVATE WITH CONFIDENCE

Packaging Industry Report Assessment

Close the Loop

Prepared For

o.f pack

3. Independent Market Report Continued

Table of Contents

Executive Summary

O F Packaging and Close the Loop are planning to complete a strategic merger and an initial public offering. The purpose of this market assessment is to inform investors on the outlook, trends and opportunities in flexible packaging and recycling, additionally exploring the growing inter dependence and value chain connectivity of these two sectors and the potential for a merger in this space to generate value for investors.

O F Packaging is the product of a successful merger between Omniverse Group and Foster Packaging Australia in 2016. Headquartered and manufacturing in Melbourne, with production also coming from Vietnam and China (see map below), the company provides a broad range of services via four divisions: digital printing and pouch manufacturing through The Pouch Shop (TPS); flexographic printing and bag converting through O F Flexo; bag closure through InnoBag; and resource recovery, recycling, reuse and waste services through O F Resource Recovery. Close the Loop is an Australian-owned company specializing in sustainable solutions for complex waste streams. With operations in Australia, the US and Europe (see map below), and IP developed over 20 years, CtL operates predominantly in print consumable products, and Post-Consumer Recyclate (PCR) such as waste soft plastic, cosmetics and batteries, it is the only specialist toner cartridge recycler of any scale and is a market leader across its markets. Operating on a promise of zero waste to landfill, CtL is partner to 15 of the world's largest print and print consumable OEMs, including Brother, Canon, Epson, HP and Xerox and creates revenue through sorting and processing, value added services and recycling materials.

With the flexible packaging market expected to grow from $248.6 billion in 2021 to $291.5 billion in 2026 and an increase in investment from brands with regard to sustainability due to regulatory factors, the merging O F Packaging and Close the Loop will create significant opportunities. The offerings from this merger will help brand owners achieve PCR recycling goals and a reduction of waste and fossil fuels, further allowing them to become one step closer to a circular economy. Governments imposing strict regulations on a variety of product categories, especially single-use consumer packaging, will provide a favourable regulatory environment for the new entity.

Many major brand owners and large retail chains have announced sustainable packaging goals and are investing significant effort to increase PCR availability in order to prepare for the potential mandated recycled content. Recyclable and/or reusable packaging strategies are less effective in the absence of effective recovery systems, and therefore a combination of innovation and redesign in packaging, leveraging new technologies, and the circulation of plastic items, as this merger would provide, could significantly improve brands' sustainability impact.

3. Independent Market Report Continued

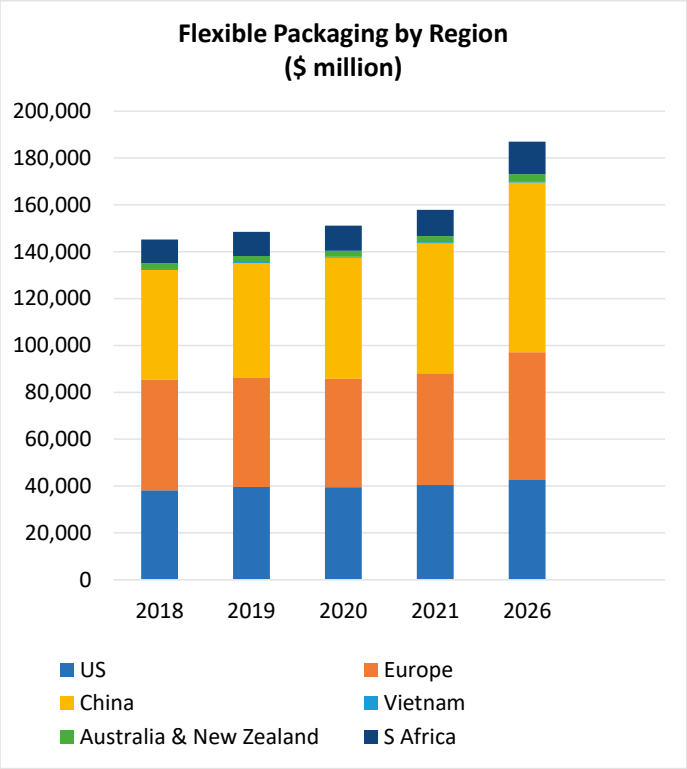


Figure 1: Global flexible packaging value by region ($ million) of both industrial and consumer packaging (total). Note that the data in text is converted to billion.

Market Outlook

Global Flexible Packaging

Overview

Flexible packaging continues to be a growing market that offers a range of benefits to consumers and brands. By the end of 2021, the global flexible packaging market is expected to reach a value of $248.6 billion, an annual growth rate of 4.1% since 2016. Further, it is forecast to grow at a rate of 3.2% to a value of $291.5 billion in 2026. The consumption of flexible packaging is projected at 32 million tonnes in 2021 with a forecast annual average growth rate of 4.2%. Indicators show that global demand for consumer packaging will continue its upward trend, with Asia-Pacific the fastest growing, at an annual average rate of 5.4%, outgrowing GDP over the forecast period. Asia Pacific is currently a developed market for flexible packaging, but it has not reached saturation. The slowest growing market is forecast to be Western Europe, with an annual average growth rate of 1.9%.

In 2020, the COVID-19 pandemic impacted the flexible packaging market as a number of regions experienced a fall in overall demand. Other trends that will continue to impact the flexible packaging market include consumer demand for convenience and brand demand for lightweight and effective packaging.

End-Use

The largest market for flexible packaging globally is in food packaging, accounting for 76% of end-use. This share is expected to increase by 2026. This is primarily due to continued population growth and demand for food in more convenient and smaller packaging designs which is a benefit that flexible packaging offers. In foods, meat, fish and poultry has the largest

market share, followed by confectionery and dried foods. The fastest growing end-use markets are meat, fish and poultry and frozen food, with an average annual growth rate of 5.9% globally. This is

primarily influenced by growing population numbers and a drive for food products to move away from rigid plastics.

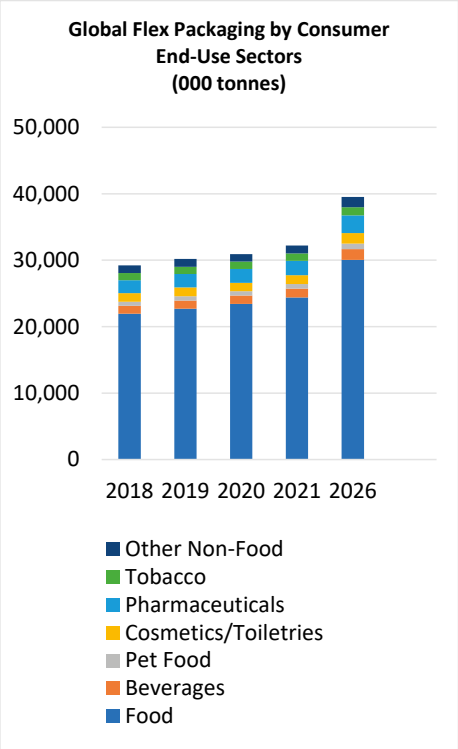


Figure 3: Global end-use markets for consumers (000 tonnes).

Print Process

Flexible packaging is the largest packaging print sector by volume with 2020 representing 38.5% of total volume of printed packaging.

Flexo and gravure are the two dominant print processes used in flexible packaging. In 2020, flexo printed output was valued at $37.6 billion, while gravure was $32.8 billion. Together these account for 86.4% of the overall market. Gravure is used to print long runs and where the highest print quality is required. Flexo quality and efficiency has improved significantly over recent years, even at shorter run lengths. This has been due to improvements in many aspects of the flexo print process, including new plate technologies, automated plate alignment and mounting, and improvements in press automation, calibration and stable operation. Flexo and gravure will continue to dominate print for flexible packaging to 2025, by which time gravure grows to $38.4 billion (2020– 25 CAGR of 3.2%) and flexo to 42.3 billion (2020–25 CAGR of 2.4%).

The fastest-growing print technology in the sector is digital, which grew from $0.2 billion in 2015 to $0.7 billion in 2020. In 2020, digital flexible printing is dominated by the liquid toner HP Indigo 20000 press. Digital print is predicted to develop to $1.2 billion by 2025 – a 2020–25 CAGR of 10.7%.

Digital Print

Over the last few years, digital printing has been continuing to expand and improve in flexible packaging. ePAC Flexible Packaging has installed a large number of HP indigo presses specifically in flexible packaging applications. The benefits of digital printing for flexible packaging are widespread including more economic short runs and increased number of printable substrates. Brands are looking for shorter runs, quicker response times and more versioning and personalization all of which are enabled by digital print.

Mono-materials

In light of regulatory developments which encourage more post-consumer plastics recycling in the European Union and North America, there is growing interest in use of polyolefin based recyclable mono-material plastic packaging films rather than multi-material, multilayer plastic packaging, which is harder to recycle. Many countries do not have the necessary recycling systems and processes in place to recycle complex laminates. In contrast, mono-material films are fully recyclable as all layers

are made of the same type of plastic, which makes sorting easier and leads to cleaner recycling streams.

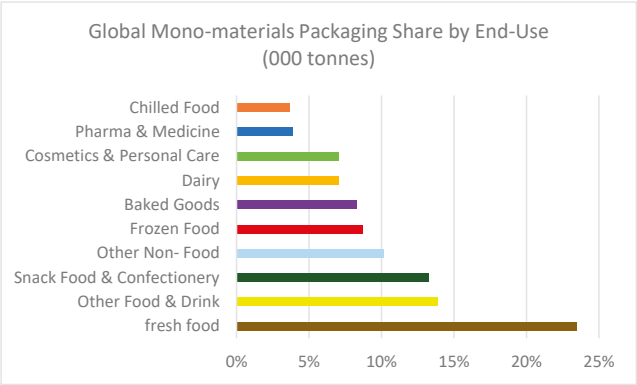


Figure 4: Global mono-materials as a total of flexible packaging in $USD million

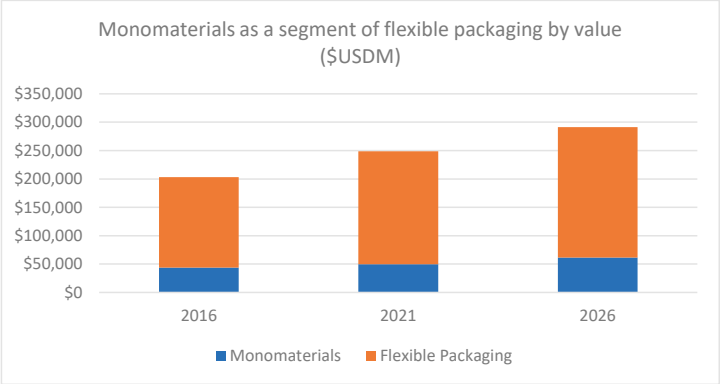


Figure 5: Global mono-materials end-use segment percentages based on consumption (000 tonnes).

Mono-materials Case Studies

O F Packaging

Brookfarm (AUS)

Double award-winning, fully recyclable 100% mono-polymer high-barrier PE pouch. This first-ever kerbside recyclable pouch in the Australian market leverages the *Roll 'N' Recycle Initiative*, allowing you to roll your emptypack into the shape of a '6', secure it with a Roll 'N' Recycle sticker, and toss it straight into your recycle bin.

This packaging was recognized at PIDA 2021, the Australian Packaging Innovation and Design Awards, as first-place for *Labelling & Decoration Design of the Year*, and *2021 Food Packaging Design of the Year Gold award.* It was also recognized as a finalist at The Sustainability Awards.

Figure 6: Brookfarm's award-winning muesli packaging featuring the first-ever kerbside view in the shape of a '6.'

Jufico

FruchtBar

Baby food producer Jufico became first company in Germany to offer its organic liquid food FruchtBar brand fruit purées in recyclable polypropylene pouches from Gualapack. The Pouch5 containers, which are available for hot-filled and pasteurised shelf-stable products, as well as for cold filling, for example for dairy products, do not have an aluminum layer. They use a high-barrier PP film that matches the performance of high-barrier PET film, says Gualapack. The spouted pouch is made from more than 90% PP by weight, meeting the definition of a recyclable mono-material.

Reckitt Benckiser

Finish

The Dow Chemical Company, Reckitt Benckiser (RB) and Polish converter Drukpol. Flexo created a resealable plastic pouch in 2019 designed for recyclability and end-of-life disposal into existing recycling streams. The stand-up pouch, which uses Dow's polyethylene films, was made for RB's 'Finish' perfume-free dishwasher detergent line. The three companies developed the mono-material packaging made from PE which they claim can be produced on existing equipment and enable extra functionalities such as zippers and easy opening with the right mix of stiffness and flexibility. Dow contributed its AFFINITY polyolefin elastomers as well as DOWLEX and AGILITY PE. AGILITY is a LDPE with 50% PCR.

Figure 7: Finish plastic pouch packaging made of mono-materials

Flexible Packaging by Region

Europe

The Western European flexible packaging market is $47.7 billion in 2021 and forecast to grow at an annual rate of 2.7% to $54.3 billion by 2026. Western Europe is a mature market for flexible packaging, and therefore demand and consumption will grow at a relatively low rate.

US

The US flexible packaging market is $40.4 billion in 2021 and is forecast to grow during at an annual rate of 1.1% to $42.7 billion by 2026. Despite the impact of the pandemic in 2020 the US saw positive GDP growth for the year and policy changes are expected, including rejoining the Paris Agreement. This will influence the sustainability stance of the country and will impact plastics and plastic usage. For flexibles, this is likely to slow demand slightly, but it is also expected to cause format switching away from rigid plastics.

China

The Chinese flexible packaging market is $55.4 billion in 2021 and forecast to grow at an annual rate of 5.5% by 2026 to $72.4 billion. China's flexible packaging industry continues to demonstrate strong growth with food safety and sustainability and recycling both becoming higher profile on the national agenda.

Vietnam

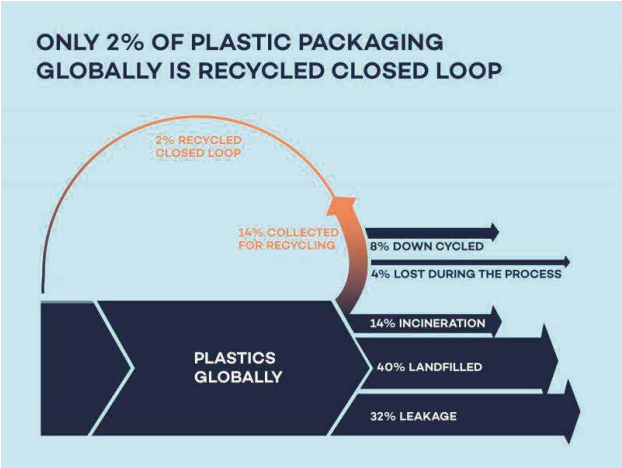
The flexible packaging market in Vietnam is $507 million in 2021 and will continue to see an annual growth rate of 2.4% through 2026, reaching $571 million.

Australia & New Zealand

The flexible packaging market in Australia & New Zealand is projected at $2.62 billion by the end of 2021 and forecast to grow at an annual rate of 3% to $3.01 billion by 2026. Approximately half of the total value of flexible packaging came from consumer packaging, specifically plastics.

South Africa

The flexible packaging market in South Africa is valued at $1.84 billion in 2021. By 2026, flexible packaging as a whole in South Africa is forecast to reach $2.04 billion with an average annual growth rate of 3.8%.



Flexible Packaging Recycling

With the trend towards packaging recyclability gathering speed, more attention is also being paid to designing the original package to be more easily recyclable. The key drivers of recycling for packaging are consumer and brand awareness that the 'circular economy' will continue to grow, and recycling will become ever more important. Consumers want to know whether brands are

'doing the right thing. Recycling is also one of the most common environmental activities carried out by consumers, as is purchasing a product with environmentally sound packaging. Public pressure to reduce plastic packaging overall and prevent waste is resulting in greater importance being placed on 'green' packaging solutions, especially packaging that uses recyclable materials. As recycling becomes increasingly important for retailers, so too does the issue of food waste, with brands and retailers wanting to demonstrate their efforts to reduce it. National governments around the world, including the UK, are considering plans to impose a tax on plastic packaging that does not contain a specified proportion of recycled materials. The 'circular economy' use of materials, from cradle to cradle, is driving the thinking of many in packaging industry based on two simple concepts: design for recyclability of products made from virgin materials; and design using recycled materials. To achieve full recyclability, all the different layers ideally need to be made from the same material. Furthermore, contamination can also be an issue – for example, food remnants can make packaging much more difficult to recycle. The further development of new mono-material solutions will also play an important role in creating the new plastics circular economy. Design for recycling will play a central role in developing a stronger recycling infrastructure. Producer responsibility will become more of an issue with packaging having to be collected and recycled. Brand owners who act now can future-proof themselves against problems and secure a competitive edge on rivals.

Flexible Packaging End of Life

Although recycling rates of particular materials in particular countries can be very high, landfill and incineration dominate waste disposal. Landfill and incineration are still the only realistic treatments for difficult-to-recycle items and are by far the most widely used methods of waste disposal globally. Although packaging is increasingly designed to be recyclable or compostable, in reality, much of it currently ends up in landfill. There is a large difference on average in end of-life disposal methods for municipal solid waste between developed and developing countries. High-income countries have the highest percentage use of recycling incineration and composting, and the lowest use of dumping, while lower income countries rely more on landfill and dumping. There is a drive in Europe and the US to cut the amount of waste going into landfill, but regardless, it will take time for the investment in infrastructure to impact on recycling rates. With consumption rates predicted to increase, the volume of packaging waste going to landfill and incineration could increase before it starts to go down, even with significant investment in infrastructure. Convenience plays a key role in the success of properly managing waste, specifically in regard to recycling. Many studies have examined variables that influence recycling behavior and have found that non-recyclers identified personal and household inconveniences such as lack of kerbside pickup, and distant drop-off sites to be the greatest barriers.

Global Outlook

The C40 coalition of cities is committed to achieving zero waste. In August 2018 this coalition pledged to reduce the amount of waste going to incineration and landfill by 50% by 2030. The commitment is voluntary, but cities are to report back every two years. In Asia Pacific, the voluntary Asian Plastics and Packaging Agreement has set a target of zero packaging waste to landfill by 2050. More mature waste management regions have their own directives. Europe proposed that a new target limits landfill to a maximum of 10% of municipal solid waste by 2030. There are targets for increasing recycling, but no targets for the reduction of incineration.

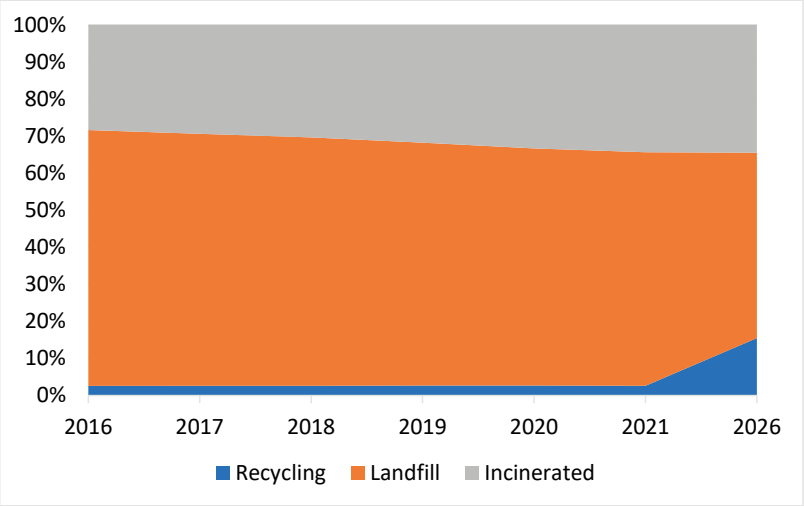


Figure 10: Global plastic packaging by end of life, 2016-2016 source: numerous sources and Smithers analysis

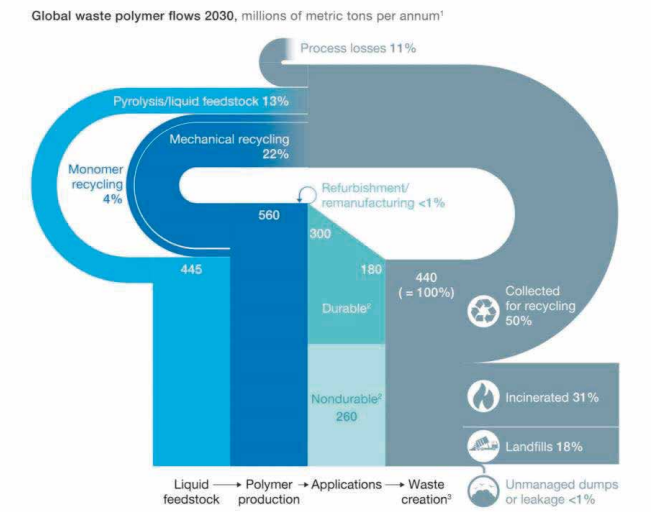


Figure 9: End-of-life disposal methods worldwide: source McKinsey.

Close the Loop Case Study

CtL's process works by charging customers a set fee per cartridge or kilo to collect and process as a managed service. These charges are derived under long standing arrangements or contracts which are in place with customers, predominately, OEMs. The system goes as follows:

Figure 10: TonerPlas asphalt being layed in Australia.

1. Product is collected and sent to CtL for process
2. Product is processed, either returning to OEM, recycled, or refurbished. Recycled materials are comprised into four main items:
    a. Plastic (sold to third party as plastic products)
    b. Metals (sold to third party for appliances)
    c. Used Toner (produced by CtL used for TonerPlas ™ – see below)
    d. Residual Ink (produced by CtL used for pen ink)

TonerPlas™

In Australia, more than 300,000 tons of soft plastic is dumped into landfills every year. This is material that can be re-used and re-purposed into high performance products. TonerPlas™ asphalt additive was developed by Close the Loop in partnership with one of Australia's largest infrastructure companies, Downer Group, in order to lower the companies' carbon footprint. The asphalt contains high-recycled content, resists rutting and cracking at both high and low temperatures, requires less maintenance, and has a 23% lower carbon footprint. Today, more than 1,000km of TonerPlas™ has been laid in Australian municipal council jurisdictions in most States of Australia and has become a mainstream product with a significant following.

Figure 11: HP's circular economy and closed-loop approach to cartridges.

Cartridge Collection Case Study

HP's Closed Loop System

HP adopted the industry's first closed loop inkjet recycling process in 2010 and since has developed a network of "HP Planet Partners" (Staples, Best Buy, Office Depot/Max, and Walmart) to expand the closed loop recycling footprint. As seen in Figure 11, the process works by returning used cartridges where they are then processed and combined with other PCR (plastics) to generate new cartridges. Today, 82% of Original HP Ink Cartridges contain closed-loop recycled plastic, while 100% of the Original HP Toner Cartridges contain recycled content.

Key Drivers & Trends

Regulatory Drivers

Legislation is emerging globally to tackle the problem of packaging waste and pollution. However, the approach and maturity of such legislation differs considerably across the world. Legislation is most advanced in the EU, which typically leads the world in environmental legislation affecting packaging. Legislation in other regions often follow different frameworks and approaches. Consequently, implications for the packaging industry are different around the world, and different package development strategies are being adopted accordingly.

Trends in Australia and New ZealandIn 2009 Australia published an outline waste policy, which was updated in 2018, The National Waste Policy Less Waste, More Resources. There do not seem to be specific laws on waste management, but Australia does seem to be treating its waste management situation in a very positive manner.

In New Zealand recycling comes under the Resource Management Act of 1991. Of the 434 pages of the act not one refers specifically to recycling of plastics packaging. The act was revised in 2020 to simplify its execution. There was still no reference to plastics recycling. Therefore it seems New Zealand has no firm policy, let alone a law regarding the recycling of plastics packaging.

In 2018 Australia established the ambitious 2025 National Packaging Targets. The four Targets are: 100% of packaging being reusable, recyclable or compostable by 2025, 70% of plastic packaging being recycled or composted by 2025, 50% of average recycled content included in packaging by 2025, The phase out of problematic and unnecessary single-use plastic packaging by 2025.

	Current			Future (2025)				Packaging and Plastic Bans
	Waste Situation	EPR & Taxation	Recyclable Flexible Packaging	Waste Situation	EPR & Taxation	Recyclable Flexible Packaging	Mandated PCR	PVC, Straws, Oxo-degradable, SUP, Carrier bags
EU						2030	Bottles 2025	Straws; SUP (cutlery, cotton buds, straws, wipes); Carrier Bags (directive to reduce bag use); Oxo-degradable
USA					Possibly	2030	Bottles 2025	*(varies by state/city) straws; SUP; Carrier Bags
China				OK		Possibly		Straws (restaurants); 30% reduction of SUP in restaurants, no ban; ban on imports
Vietnam								SUP ban planned end 2025
Australia & New Zealand								Single-use plastic (TBD)
S. Africa								Plastic bags

Table 1: Overview of the current and future waste situation in the regions outlined for the project scope.

Legend key

- very good
- moderate
- poor

Waste Management

Developed countries have some of the more mature waste management infrastructures, with generally higher levels of waste recycling and material recovery, and their environmental legislation is more advanced. Other countries lack waste collection and recycling infrastructure, resulting in a high potential for environmental littering (both land- and marine-based). Legislation to prevent such environmental pollution is often not present and/or not enforced in such countries.

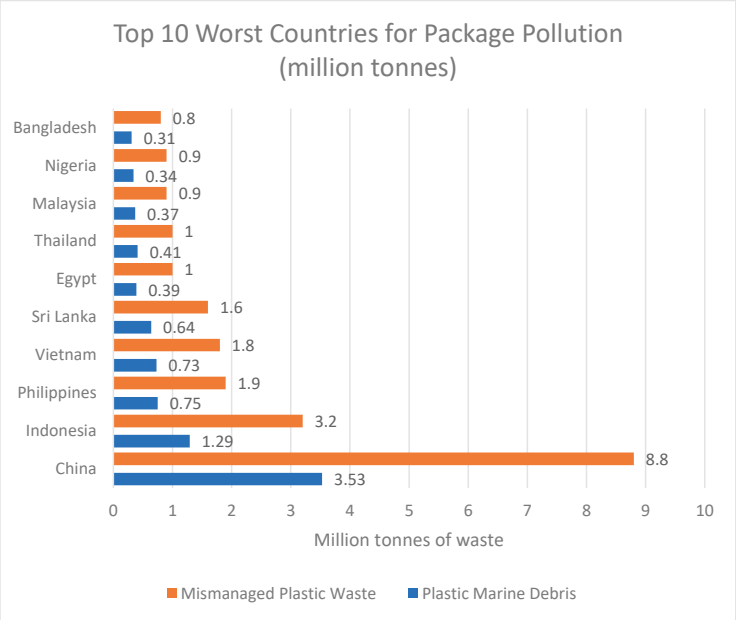


Figure 12: A summary of package pollution in a range of different countries. It details both 'mismanaged' plastic waste and marine plastic litter.

Figure 12 shows the tonnes of plastic waste and marine debris in the top 10 worst performing countries. Mismanaged waste is waste that is either not collected or not disposed of appropriately when collected. Inappropriate disposal includes marine dumping, open-air land dumping, open landfill without sanitary management, and ad hoc incineration. The top five marine polluting countries for plastics on a weight basis in 2010 were all in South East Asia – China, Indonesia, the Philippines, Vietnam, and Sri Lanka. All of the top five marine polluting countries above are largely 'sachet economies'. They make extensive use of low-cost sachet packaging to deliver small amounts of high-quality products to consumers at an affordable price point. In developed countries the same products are sold in much larger rigid packaging due to greater consumer purchasing power. Such sachets can easily litter the marine environment when waste is not collected, and they are also uneconomic to recycle.

When it comes to mature waste management infrastructures, the EU is leading in example, setting a precedent and modeling for other countries to follow suit. In the EU, legislation will continue to focus on circularity, demanding a higher recycling target of 75% of packaging waste by 2030. Since 2015, the EU has adopted seven overarching programmes to guide their climate-based legal frameworks. These programmes reflect a philosophical change to embrace both circular economy and climate change principles into their legislative framework—these include: the Circular Economy Programme in 2015, the EU Plastic Strategy in 2018, and a wide-ranging Waste Package in 2018. The EU Green Deal was introduced in 2019 to start establishing legislation to meet its publicly declared CO2 net zero policy by 2050. Updates have recently been made including the programme for food-contact materials updated to include specific legislation to enable greater recycled content in packaging. These broad programmes impact multiple areas of life within the EU and lead to more holistic legislation for packaging and its environmental impact. Indeed, the EU is the only region

currently that is looking at packaging regulations from both a circular economy and a climate change perspective. From these overarching programmes, 10 main directives and regulations will be used to enforce legislative changes affecting packaging.

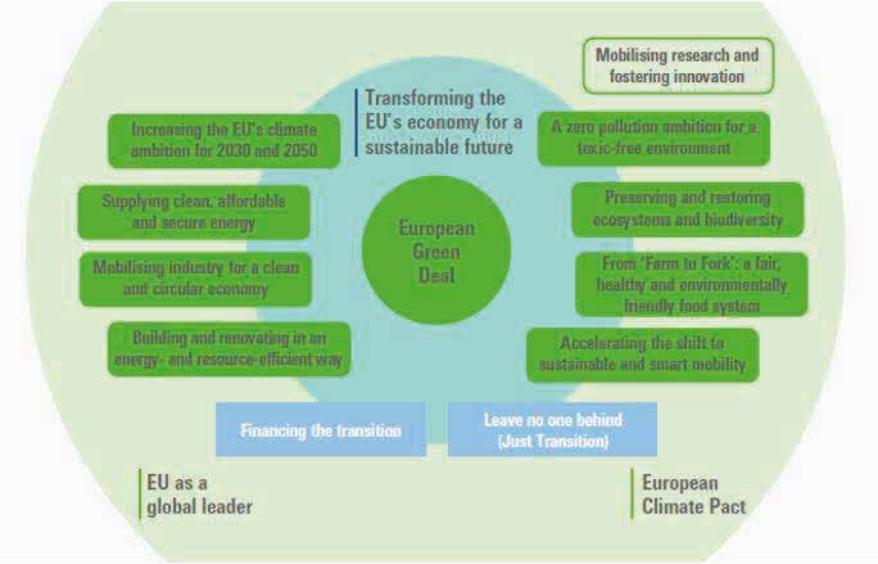


Figure 13: The main policies and foundation of the EU's Green Deal.

Material Bans

There are two approaches that have been favoured differently by different regions: bans, and taxation. Of the regions specified for this report, China's environmental-based packaging legislation focusses predominantly around the banning of plastic products and some single use plastic packaging, as well as restricting the import of waste materials. The EU favours the use of taxation. China is currently the country with the most extensive list of bans on plastic product and packaging production and sale (see Table 3.3). China was also the first country to ban the importation of specified types of solid waste, as part of its National Sword programme. Furthermore, China only allows certain types of plastics waste into the country if they contain less than 0.5% impurities. With the excess supply of plastic scrap worldwide as a result of the ban, there is growing competitive pressure among companies that trade in plastics waste. Overall, China's plastic bans are aimed at improving this pollution situation.

More developed countries such as the US and the EU are leading in bans. Traditionally, the US packaging industry has been against government interference, preferring to self-regulate. However, due to recent public pressure and adverse publicity, various states are taking independent action. One example for the US includes The California Circular Economy and Pollution Reduction Act, which is considering a ban on single-use packaging that is not recyclable by 2030. In Europe, a significant amount of bans exist including straws, SUP (cutlery, cotton buds, straws, wipes), carrier bags (directive to reduce bag use), and oxo-degradable plastics with bottles projected to be mandated by 2025. Europe has also taken additional measures such as pushing EPR and taxation.

EPR/Taxation

Modulating EPR schemes reward packaging designs that aid recycling, reuse, and PCR inclusion, and increase taxes on packaging that does not. While punitive bans concentrate on the most polluting single-use plastics and additives.

Packaging legislation in China takes a different approach to the EU. Regulations have focused on plastic bans with minimal use of taxation and financial incentives to encourage sustainable packaging. This approach is influenced in part by less effective waste management and less mature legislation, compared to the EU, and compounded by compliance issues with existing regulations. Less developed countries (with regard to waste management infrastructure) currently lack effective EPR systems, and while some countries like Vietnam are expecting infrastructure investment, the lack of effective EPR and other taxation has created a funding shortfall. Public-private partnerships are emerging in countries like these as the packaging supply chain and global corporations have belatedly start to create the appropriate infrastructure to deal with their packaging waste.

The New Circular Economy Action Plan supported by changes to the SUPD, PPWD, and the WFD will update the EU's EPR system. Additional EU and member state taxes will be introduced focused on plastic packaging. Current member state EPR systems, which consist of weight-based fees, adjusted for different waste streams, will remain. EPR will be expanded to include fee modulation. This will alter fees depending on if the packaging is considered 'recyclable' and/or reusable against agreed assessment criteria. Additional fees for the land- and marine-based littering potential of certain packaging items will be introduced via both the Waste Framework Directive and Single-use Plastics Directive. A final layer of packaging bans, consumption reduction, and EPR will benefit recycled content. Such EPR guidance is expected from the EU by 2022 with implementation into member states by 2024. In addition, the EU announced on 20 July 2020 a plastic tax of 0.8 euros/kg calculated on the weight of non-recycled plastic packaging waste as part of the EU coronavirus pandemic recovery package. Proceeds from the tax will go to the EU.

Momentum has shifted towards EPR in the US. In 2021, the American Chemistry Council (ACC) is now supporting a national EPR policy to develop a circular economy, and the state of Maine has become the first to enact an EPR law for plastic packaging. The Break Free from Plastic Pollution Act introduced at the Senate has a provision for an EPR scheme. The legislation which is proposed includes EPR policies on companies with annual revenues that exceed $1m or produce more than 1 tonnes/year of plastic, paper, glass and other material packaging.

Other Drivers/Trends

For consumers, the most common barrier for the recycling of plastic packaging is the uncertainty over which packaging can be recycled, which can lead to materials entering the wrong waste stream. As many new materials and packaging products enter the market, consumers will likely become more confused– especially if brand owners switch to new forms of packaging without instructions for consumers on how to dispose of it responsibly, or if the recycling infrastructure is not able to support this switch. Consumer confusion and some mistrust over the plastic recycling system driven by negative media coverage of this issue could is lead to further disenchantment or even cynicism about the genuine sustainability efforts in this space.

Trend/ Driver	Current status	Likely impact by 2025
Brand owner commitments to sustainable packaging	Many major brand owners and large retail chains have announced sustainable packaging goals	Single-use plastic packaging reduction using improved design, making plastic packaging reusable, recyclable or compostable and ensuring the use of recycled materials
Consumer attitudes to sustainability and recycling	Consumers are increasingly aware of sustainability practices that focus on end-of-life recycling, waste management issues and beginning-of-life choices	Conscientious consumers increasingly look for packaging made from recycled/recyclable materials or from renewable resources
Mono-materials	Even the best monolayer polymer solutions currently cannot always provide the level of oxygen and moisture protection required for specific foods and other perishable goods	Companies and consumers continue to look for easy to recycle packaging with ability to keep foods safety in compliance with food contact regulations
Cost of recycled materials versus virgin stock	Recycled plastic prices are lower than virgin plastic prices, and are more stable than virgin polymer prices	Higher collection and recycling rates leading to growing availability and more developed secondary markets for recycled plastics
Growing awareness of harder to recycle packaging types	Multi-material, multilayer flexible packaging, and metallised plastics are difficult and costly to recycle	Brand owners and converters pay more attention to packaging that is designed for easy recycling
Product and technology development	Innovation lends critical support to the further development of sustainable and recyclable packaging	To support packaging recycling, new and innovative products continue to develop
Biodegradable plastics impede package recycling	Mixing traditional and biodegradable plastics in waste streams jeopardises efforts to increase plastics recycling rates	With growing production of biodegradable products, it is essential to implement separate collection schemes for bio-waste

Future Outlook

Sustainable Packaging

Strategies Among Brand Owners and Package Suppliers

With the recognition of climate change and the package waste issue, and subsequent legislation, sustainability is now a major consideration in package design. Seven different package development strategies are considered: reductions in weight; recyclability; biodegradation; recycled content; sustainable sourcing; reusability; and infrastructure investment. Within 'Reduce', the lightweighting of existing formats by refining package's design is an ongoing trend that will continue.

Overall, developing countries are following a different strategy as the packaging supply chain prioritises infrastructure investment, often through public-private partnerships, to create appropriate waste management facilities to deal with packaging waste. Biodegradable packaging is being actively investigated as a short-term solution for the inevitable littering and pollution that can occur when effective waste management infrastructure is not in place. Recyclable and/or reusable packaging strategies are less effective in the absence of effective recovery systems, although intentionally designing packaging to be effectively repurposed after use could be beneficial. Recycled content and sustainable materials offer significant benefits where waste management infrastructure is developed but are unlikely to be prioritised due to availability issues of resin technology in developing countries.

	Developed Regions (e.g. EU)	Developing regions (e.g. SE Asia)
Reduce	Lower effort is expected to reduce pack weights as effort focuses on circularity.	Continuing benefit to reduce the weight of waste entering the environment.
Recyclable	Major effort to develop 'recyclable' packaging is expected to meet 2025–2030 legislation and avoid higher taxation.	Little benefit to develop 'recyclable' packaging due to lack of targeted collection and recycling infrastructure.
Biodegradable	Reduced effect due to questionable circularity of biodegradable packaging	Higher effort to reduce the impact of littering & marine pollution.
Recycled content	Significant activity expected to support circularity & PCR legislation. PCR purity (food-contact) remains an issue.	Lack of local PCR supply limits opportunities. However, it remains a viable strategy if PCR is available.
Sustainable sourcing	An emerging trend with resin being introduced from biomass & oil waste.	Lack of local supply limits use, though it is a viable strategy if resin is available.
Reusable	Increased reusable packaging is foreseen to align with circular economy principles, though fit with flexibles is unclear.	Major development is unlikely due to lack of available infrastructure for returnable packaging. Repurposing is of interest.
Waste Infrastructure	Considerable effort expected by the supply chain to hit higher recycling targets and to increase PCR availability.	Considerable effort to improve general waste infrastructure to reduce ongoing pollution and mismanaged waste.

Table 3: Note- for developed countries it is assumed that mature waste infrastructure is in place. Active recycling market with end markets for recovered material. For developing countries, it is assumed that limited waste infrastructure is in place leading to waste mismanagement & pollution with little formal recycling.

Figure 14: Circular Economy for plastic. Note, this graphic was taken from The Ellen MacArthur Foundation.

'*Reuse' Business Model*

It is likely that the reuse model will see greater traction over the coming years as regulation becomes more stringent, and consumers demand more sustainably sourced products. Recycling will not be the end-all solution to the plastic issues and wherever relevant brands will be exploring the circular economy framework to find alternative methods to reduce the need for single-use plastic packaging. Reuse models can offer attractive economic opportunities for at least 20% of plastic packaging. A combination of innovation and redesign in packaging, leveraging new technologies, niche target application such as compostable plastic packaging (for target application), and the circulation of plastic items can drastically improve brands' sustainability impact.

Headline Goals for Brands

Brand	Packaging Sustainability Objectives/Goals
KraftHeinz	• Aim to make 100% recyclable, reusable or compostable packaging by 2025
P&G	• Committed to achieve 100% recyclable or reusable packaging by 2030.
	By 2025 • 100% of plastic packaging designed to be fully reusable, recyclable or compostable • Halve the amount of virgin plastic used in packaging • Help collect and process more plastic packaging than we sell • Increase the recycled plastic material content in packaging to 25%
Campbell's	• Transition 100% of packaging to recyclable or industrially compostable designs and materials by 2030. • Increase the use of post-consumer recycled content and incorporate 25% post-consumer recycled content into polyethylene terephthalate (PET) bottles by 2030 • Drive increases in recycling rates through standardized on-pack labelling by including the How2Recycle label on 100% of packaging by 2022. • Expand access to recycling and advance the development of infrastructure to improve the collection and recycling of packaging by building and investing in partnerships with peers and industry groups.
Nestlé	• To make 100% of its packaging recyclable or re-usable by 2025
McCain	• 100% of packaging recyclable, reusable or compostable by 2025

Table 4: Packaging sustainability objectives and headline goals by leading brands.

Value Chain Integration Assessment

Waste Management and Packaging Integration

Partnerships are forming between waste companies and brand owners to increase the availability of sustainable plastics from mechanical recovery, chemical recycling and biobased materials. Examples of such partnerships include:

- P&G and Unilever medium-term partnerships with Viridor in the UK to build a new recycling plant in Avonmouth to supply HDPE, PET and PP recyclate for their packaging needs; P&G a partnership with PureCycle, a North American start-up initiated by P&G to develop P&G's patented chemical recycling dissolution process to purify polypropylene waste.
- Total (the French multinational integrated oil and gas company) announced a consortium between Citeo, Nestlé, Mars and Recycling Technologies Ltd. to use Recycling Technologies' mini pyrolysis unit, designed to fit a standard shipment container.

Also partnerships are happening across the supply chain to develop sustainable packaging, for example:

- Amcor and Nestlé developed the Recyclable Retort Pouch for Pet Food; the solution can be used for human food as well.
- Mars, SABIC and Huhtamaki collaborated to introduce recycled content into pet food packaging.

Other Notable Consortium Activity

A characteristic of recent sustainable packaging development is its collaborative nature, supported by consortia across the packaging value chain. Table 5 highlighted extensive consortia activity in the development of more sustainable plastic resins.

Consortia	Description
CEFLEX	A European consortium of over 150 companies representing the entire value chain of flexible packaging. Their scope is to improve the sustainability of multi-material laminated packaging. Their main output to date is a set of design criteria for recyclable flexible packaging
Petcore	PET Container Recycling Europe is a Brussels-based, nonprofit, European trade association, founded in 1993 to promote the collection, sorting, and recycling of post-consumer PET bottles. It networks with national collection agencies, governments and the recycling industry
Project STOP	Borealis and SYSTEMIQ launched Project STOP in 2017. It uses teams of experts in waste management, plastic recycling, organics management, behaviour change and programme governance to help a city design and then implement a low-cost waste management system. The aim is for all households and institutions to benefit from collection, and for plastics to be kept out of the environment. Its most noted development is a local waste management infrastructure in Indonesia to act as a model for all regions
Alliance to End Plastic Waste	Formed in January 2019 as a not-for-profit organisation to develop, accelerate and deploy solutions that will help solve the huge problem of 8 million tons of marine plastic every year. It has over 45 members made up of major plastics suppliers, brand owners, packaging converters and waste management companies
Plastic Bank	A social enterprise committed to stopping ocean plastic while providing opportunities for brands to have environmental and social impact. It builds recycling/local collection systems, mainly in coastal communities, and reprocesses the materials for reintroduction into the global manufacturing supply chain. Notable members are Henkel and SC Johnson
Plastic Recyclers Europe	PRE represents European plastics recyclers who reprocess plastic waste into highquality material for producing new articles. Their most notable development is the RecyClass online tool that determines whether packaging can be recycled within the European recycling industry. While heavily based around waste management companies, membership is extending into resin suppliers and brand owners
Ellen MacArthur Foundation	This UK-registered charity has led much of the effort in establishing circular economy thinking into packaging legislation. It was founded in 2009, and membership reflects the whole plastic value chain. Its main contribution is to bring together diverse partners to sponsor innovation work within the packaging circular economy
APCO	The Australian Packaging Covenant Organisation is a non profit organization leading the development of a circular economy for packaging in Australia. The organization is focused on creating a collaborative packaging value chain that keeps packaging out of landfill and retains the maximum value of the materials, energy and labour within the local economy
ANZPAC Plastics Pact	Formed in May, 2021 as part of the Ellen MacArthur Foundation's global Plastics Pact Network, actively seeking to transition to a circular economy for plastics. The pact is made up of Australia, New Zealand and the Pacific Islands and will represent the complete plastics supply chain from leading brands , packaging manufacturers and retailers to resource recovery leaders, government institutions, and NGOs. Members will work toward four clear, actionable targets that support a circular economy.

Table 5: Collaboration across the packaging value chain.

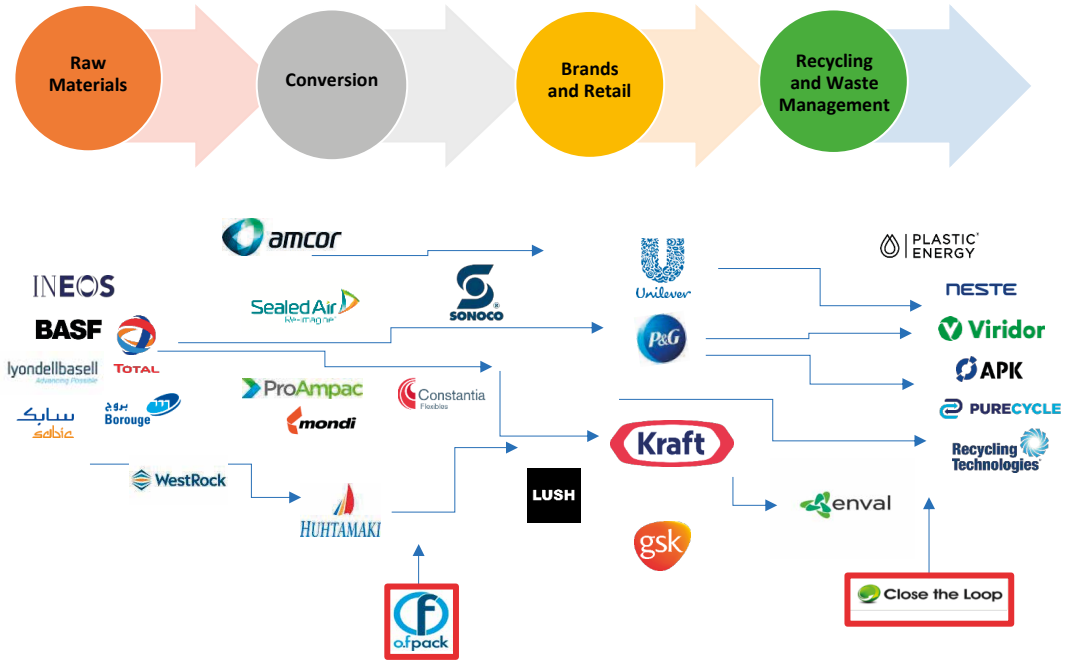


Figure 15: partnerships are happening across the supply chain to develop sustainable packaging

• Understanding upstream requirements • Availability of feedstocks and changing economics • Delivering on performance requirements • Gaining insight into post-consumer material journey • Seeking new partnerships for collaboration • Staying ahead of compliance	• Commercialising material innovations • Impact of new materials on processing and productivity • Raw materials cost and finding the total cost opportunity • Seeking new partnerships for collaboration • Enhancing performance capabilities • Staying ahead of compliance	• Delivering on sustainability goals • Delivering on performance and sustainability • Educating consumers, retailers and regulators • Finding the total cost opportunity • Seeking new partnerships for collaboration • Aligning multiple internal stakeholders	• Disruptive new technologies • CapEx and infrastructure investment • Changing economics in traditional markets (PCR) • Changing regulatory landscape • Tracking and audit trails • Seeking new partnerships for collaboration • Consumer education • Staying ahead of compliance

Figure 16: An overview of the value chain.

Value Proposition of Merging

As sustainability continues to become more prevalent in the packaging industry, brands are seeking new solutions and partnerships to better position themselves. O F Packaging and Close the Loop plan to complete a strategic merger to bring to life the vision of a fully circular 'packaging to packaging' option, The race to achieve a circular economy for the packaging industry is creating significant disruption and opportunity across the value chain. New partnerships could significantly impact a brand's footprint and image in the sustainability arena and recycling is at the forefront of these changes. Together, O F packaging, a leader in providing innovative sustainable flexible packaging, and Close the Loop, a leader with a proven track record in providing dedicated collection programmes and recycling, will create a unique fully circular packaging option for their clients. The vision of this merger is to go from food grade flexible packaging to food grade flexible packaging with a fully circular offering. Short term, flexible packaging waste can be collected and transformed into other plastic products which can be tracked and linked to the brand owner that bought the packaging, like turning pet food bags into pet toys. Within the next 1-2 years, innovations in chemical recycling and mechanical recycling will enable flexible packaging to be transformed back into flexible packaging and from there from food grade packaging to food grade packaging

From a sustainability perspective this reduces waste and fossil fuel use further enabling brands to deliver on their PCR recycling goals. From an investor perspective this creates three growth opportunities for the new organisation: first, opportunity to command a premium price for more sustainable packaging and competitive differentiation; second, new revenue streams from the collection program and the sale of the post-consumer recycled material; and third, the ability to leverage both organisations diverse brand client base in order to add new clients and increase spend and loyalty from existing clients.

Conclusions

Flexible Packaging Growth

Flexible packaging continues to be a growing market that offers a range of benefits to consumers and brands. By the end of 2021, the global flexible packaging market will reach $248.6 billion, having grown at an annual growth rate of 4.1% since 2016. The market is forecast to grow at a rate of 3.2% to = $291.5 billion by 2026. Indicators show that global demand for consumer packaging will continue its upward trend

Regulatory Tailwinds for Packaging

Europe is leading the world in the introduction of regulation aimed at reducing the amount of waste going to landfill, and redirecting it to recycling. A legislative package has established new rules for waste management with legally binding targets for recycling, and which embraces the circular economy.

Packaging reuse, recycling and recovery have become key concepts, with a new paradigm being developed to promote sustainability not only in the EU, but also among regions following suite as governments impose strict regulations on a range of product categories, especially single-use consumer products.

Consumer Attitudes

Consumers are increasingly aware of sustainability practices that focus on end-of-life recycling, waste management issues and beginning-of-life choices. These conscientious consumers are increasingly looking for packaging made from recycled/recyclable materials or from renewable resources, choosing brands that coincide with their own values, often even paying premium prices.

Market Potential for the New Organization

Many major brand owners and large retail chains have announced sustainable packaging goals that focus heavily on PCR but as yet few have a clear path to deliver on it. Major CPG's globally are investing significant effort to increase PCR availability and usage. A combination of innovation and redesign in packaging, leveraging new technologies, and the circulation of plastic items could drastically improve brands' sustainability impact. The value in merging O F Packaging and Close the Loop will provide brand owners with a compelling new solution, investors with an exciting growth opportunity and the packaging industry with a key step in its progress to a circular economy.

Glossary

Aluminium/paper: Packaging of aluminium and paper is typically a single sheet of each laminated together; commonly used as packaging for butter, some cat and dog foods, dry soups and cigarettes
Aluminium/plastic Packaging of aluminium and plastic laminated together is commonly used for vacuum packed coffee, dehydrated soup, sauces and drinks
Aluminium/plastic stand-up pouches: Pouches manufactured using aluminium and plastic sheets laminated together; commonly used for pet food, alcoholic and non-alcoholic beverages
APET: Amorphous polyethylene terephthalate
AR code: Augmented reality QR code; shows a 3D experience that can be reproduced in an augmented reality environment
Barrier Material: A packaging material designed to eliminate the passage of gas, moisture and environmental constitutes
Biodegradable: A substance which is decomposed by bacteria and other living organisms
BOPA: Biaxially oriented polyamide
BOPET: Biaxially oriented polyethylene terephthalate
BOPP: Biaxially oriented polypropylene
Conversion: turning a raw material (such as plastic) into a converted packaging product (such as a bottle or pouch). This is usually completed by packaging converters such as Amcor, Bemis, Berry etc.
Chemical recycling: Chemical recycling is the broad term used to describe a range of emerging technologies in the waste management industry which allow plastics to be recycled, that are difficult or uneconomic to recycle mechanically
CPG: refers to the manufacturers of Consumer Packaged Goods, which are are items used daily by average consumers that require routine replacement or replenishment, such as food, beverages, clothes, tobacco, makeup, and household products are items used daily by average consumers that require routine replacement or replenishment, such as food, beverages, clothes, tobacco, makeup, and household products
CPP: Cast polypropylene
Digital printing: a contactless print process which means that no separate print media are required because the print image is transferred directly to the printing press via computer. In comparison to analogue printing processes, such as offset or flexo printing, the press set-up is no longer required
EMAP: Equilibrium-modified atmosphere packs
EPR: Extended Producer Responsibility (EPR) is a policy approach under which producers are given a significant responsibility – financial and/or physical – for the treatment or disposal of post-consumer products
EVOH: Ethylene vinyl alcohol
Flexible packaging Flexible packaging covers plastics, aluminium foils and papers used individually or in combination as a multilayer film for the packaging of consumer and industrial food and non-food applications
Flexographic printing: an analogue printing process that uses flexible photopolymer printing plates to print high-resolution images on a variety of substrates. These plates, which are made of rubber, are imprinted with a raised image and then wrapped around cylinders mounted on a web press. As they rotate at high speeds, the inked plates transfer the ink from the roll to the substrate, creating high line count images.
Internet of Things: The concept that everything is connected to the Internet and that objects 'talk' to each other; by combining connected devices with automated systems, using cloud computing, you can gather information to analyse data and produce/improve actions
Gravure printing: an analogue printing process which involves engraving the image onto an image carrier. In gravure printing, the image is engraved onto a cylinder because, like offset printing and flexography, it uses a rotary printing press

Laminate: an additional layer usually added to flexible packaging to boost performance. Laminating is the process through which two or more flexible packaging webs are joined together using a bonding agent. The substrates making up the webs may consist of films, papers, or aluminium foils
MAP: Modified atmosphere packaging
Mechanical recovery: the term used to describe the process of mechanically recovering waste material
Mechanical recycling: Mechanical recycling of plastics refers to the processing of plastics waste into secondary raw material or products without significantly changing the chemical structure of the material
Mono-material: packaging made from a single material (such as a polyolefin) to make it easier to recycle
Multi-material: packaging made from more than one type of material (such as a polyethylene film with an EVOH laminate) in order to boost performance
OPA: Oriented polyamide
Oxo-degradable plastics: Plastics that break down into micro-particles but do not break down on molecular or polymer levels
Paper/plastic: Packaging of plastic and paper uses a single sheet of each laminated together; commonly used for sugar confectionery, soft cheese products and some dehydrated products
Paper: Includes Kraft and Sack Kraft papers; may or may not be in direct contact with food items, including confectionery and bakery products, and household items
Plastic packaging: plastic materials used to wrap or protect, and advertise goods
Post-consumer recycled content, often referred to as PCR, is material that is made from the items that consumers recycle every day, like aluminum, cardboard boxes, paper, and plastic bottles
PPWD: Packaging and Packaging Waste Directive
Stand-up pouch: a type of flexible packaging which is able to stand erect on its bottom for display, storage, and use
SUPD: Single-Use Plastics Directive
WFD: Waste framework Directive

4. Financial Information

4. Financial Information

4.1 Introduction

This section contains a summary of the aggregated Historical Financial Information, the Pro-forma Historical Financial Information and the Forecast Financial Information (together, the **Financial Information**) of Close the Loop Ltd and its controlled entities and the audited financial statements of the O F Packaging Group to 30 June 2021. The O F Packaging Group consists of the following entities:

- O F Packaging Pty Ltd;
- Foster International Packaging Pty Ltd;
- O F Resource Recovery Pty Ltd; and
- O F Flexo Pty Ltd.

Together, these entities form the **Close the Loop Group**.

(a) The Historical Financial Information comprises:

(i) Historical Aggregated Statements of Profit or Loss and Other Comprehensive Income for the Close the Loop Group for the financial year ended 30 June 2020 (**FY20**) and for the financial year ended 30 June 2021 (**FY21**).

(ii) Historical Aggregated Statements of Financial Position as at 30 June 2020 and as at 30 June 2021.

(iii) Historical Aggregated Statements of Cash Flow for FY20 and for FY21.

(b) The Pro-forma Historical Financial Information comprises:

(i) Pro-forma Historical Aggregated Statement of Financial Position as at 30 June 2021 for the Group.

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, by Nexia Melbourne Corporate Pty Ltd, whose Investigating Accountant's Report is contained in Section 5. Investors should note the scope and limitations of the report.

4.2 Basis of preparation

(A) OVERVIEW

The Responsible Body comprising the Directors and prospective Directors are responsible for the preparation and presentation of the Financial Information. The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance and financial position of the *Close the Loop Group*.

The Financial Information has been prepared in accordance with Australian Accounting Standards, with the exception of AASB 10 – *Consolidated Financial Statements*, AASB 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements, or comparative information as required by the Australian Accounting Standards (AAS) applicable to annual financial reports prepared in accordance with the Corporations Act.

The significant accounting policies adopted in the preparation of the Financial Information are set out in Section 10 and have been consistently applied throughout the financial periods presented in this Prospectus.

(B) PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been extracted from the general-purpose (reduced disclosure) financial statements of the Close the Loop Group for the financial years ended 30 June 2020 and 30 June 2021.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of the Close the Loop Group. The Directors and proposed Directors are responsible for the preparation and presentation of the Financial Information.

The Statutory Historical Financial Information included in this Section has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS), which are consistent with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB). The Financial Information and accompanying commentary presented in this Section has also been disclosed with consideration to regulatory guidance issued by ASIC.

The Pro forma Historical Financial Information includes adjustments which have been prepared in a manner consistent with AAS, other than that it includes certain adjustments which have been prepared in a manner consistent with IFRS, that reflect (a) the recognition of certain items in periods different from the applicable period under AAS, (b) the exclusion of certain transactions that occurred in the relevant periods, and (c) the impact of certain transactions as if they occurred on or before 30 June 2021 in the Pro forma Historical Financial Information.

The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act. The Financial Information also includes non-IFRS measures that the Close the Loop Group used to manage and report on its business that are not in accordance with AAS or IFRS (refer to Section 4.2(d)).

The Close the Loop Group's key accounting policies relevant to the Financial Information are set out in Section 10. In preparing the Historical Financial Information, the accounting policies of the Close the Loop Group have been applied consistently throughout the periods presented.

(C) PREPARATION OF PRO-FORMA HISTORICAL INFORMATION

The Pro-forma Historical Financial Information is based on the audited Statement of Financial Position for the year ended 30 June 2021 adjusted for the impact of the Offer which includes Offer costs and other Pro-forma adjustments as set out in Section 4.6. Investors should note that past results are not a guarantee of future performance.

(D) PREPARATION OF THE FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared by the Close the Loop Group based on the Close the Loop Group management accounts for the financial year to date through to 30 June 2022 and on an assessment of present economic and operating conditions and on a number of assumptions, including the general assumptions and the specific assumptions set out in Section 4.10.

The Directors and Proposed Directors have prepared the Forecast Financial Information with due care and attention and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned to not place undue reliance on the Forecast Financial Information.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on the Close the Loop Group's actual financial performance or financial position. Investors are advised to review the assumptions set out in Section 4.10, in conjunction with the sensitivity analysis set out in Section 4.10(j), the risk factors set out in Section 6 and other information set out in this Prospectus.

The Forecast Income Statement and the Forecast Cash Flows of the Close the Loop Group for FY22 have been presented on both a pro forma and a statutory basis. The Pro forma Forecast Income Statement and the Pro forma Forecast Cash Flows of the Close the Loop Group for FY22 are based on the Statutory Forecast Income Statement and the Statutory Forecast Cash Flows, adjusted by the pro forma adjustments to reflect the full-year effect of the operating and capital structure that will be in place upon Completion of the Offer, to exclude the costs of the Offer and other items which are not expected to occur in the future.

Section 4.4 provides a reconciliation between the Statutory Forecast Income Statement and the Pro forma Forecast Income Statement of the Close the Loop Group for FY22 and Section 4.8 provides a reconciliation between the Statutory Forecast Cash Flows and the Pro forma Forecast Cash Flows of the Close the Loop Group for FY22.

The basis of preparation and presentation of the Statutory Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation of the Pro forma Historical Financial Information. The Directors and the Proposed Directors have no current intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

(E) NEW AND REVISED ACCOUNTING STANDARDS

There are no changes in Accounting Standards and Interpretations issued as at 30 June 2021 applicable for entities with a 30 June 2021 financial year-end which will have a material effect on the financial information presented in this Section.

4.3 Statement of Profit & Loss

(A) HISTORICAL AGGREGATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	FY20A ($)	FY21A ($)
Sales revenue	67,416,891	**67,401,657**
Cost of Sales	(47,804,060)	**(46,640,196)**
Gross profit	19,612,831	**20,761,461**
Interest Income	44,519	**28,918**
Other Income	1,675,910	**4,761,991**
Marketing Expenses and Distribution Costs	(1,089,931)	**(57,172)**
Occupancy and Restructuring Costs	(1,534,485)	**(999,950)**
Administrative Expenses	(5,599,488)	**(5,839,616)**
Depreciation, Amortisation and Impairments	(5,681,610)	**(5,118,844)**
Administrative Expenses	(3,975,671)	**(3,799,527)**
Research and development	(1,007,487)	**(963,610)**
Other Expenses	(835,068)	**(620,739)**
Finance expenses	(1,821,909)	**(1,644,696)**
Profit before income tax	(212,389)	**6,508,216**
Income tax expense	(2,110,566)	**(1,335,416)**
Profit for the year	(2,322,955)	**5,172,800**
Other comprehensive income, net of income tax		
Items that will be reclassified to profit or loss when specific conditions are met		
Exchange differences on translating foreign-controlled entities	50,159	**(140,085)**
Change in value of derivative financial instruments	(11,079)	**16,681**
Other comprehensive income for the year, net of tax	39,080	**(123,404)**
Total comprehensive income for the year	(2,283,875)	**5,049,396**
Profit attributable to:		
Members of the parent entity	(2,133,301)	**5,142,113**
Non-controlling interest	(189,654)	**30,687**
	(2,322,955)	**5,172,800**
Total comprehensive income attributable to:		
Members of the parent entity	(2,094,221)	**5,018,709**
Non-controlling interest	(189,654)	**30,687**
	(2,283,875)	**5,049,396**

(B) HISTORICAL AGGREGATED STATEMENT OF PROFIT OR LOSS AND PRO FORMA FORECAST

	FY20A ($)	FY21A ($)	FY22F ($)
Revenue	**67,416,891**	**67,401,657**	**73,925,991**
Cost of Sales	47,804,060	46,640,196	45,137,908
Gross Profit	**19,612,831**	**20,761,461**	**28,788,083**
Operating expenditure	14,042,130	12,280,614	16,936,564
Operating Profit	**5,570,701**	**8,480,847**	**11,851,519**
Other Income	1,675,910	4,761,991	483,576
EBITDA	**7,246,611**	**13,242,838**	**12,335,095**
Depreciation & Amortisation	5,681,610	5,118,843	5,184,252
EBIT	**1,565,001**	**8,123,995**	**7,150,842**
Interest Expense	1,777,390	1,615,778	1,199,939
NPBT	**(212,389)**	**6,508,217**	**5,950,904**
Tax Expense	2,110,566	1,335,416	1,766,849
NPAT	**(2,322,955)**	**5,172,800**	**4,184,055**
Other Comprehensive Income (Net of Tax)	39,080	(123,404)	–
Total Comprehensive Income	**(2,283,875)**	**5,049,396**	**4,184,055**
Profit attributable to:			
Members of the parent entity	(2,133,301)	5,142,113	4,185,590
Non-controlling interest	(189,654)	30,687	(1,535)
	(2,322,955)	**5,172,800**	**4,184,055**
Total Comprehensive Income attributable to:			
Members of the parent entity	(2,094,221)	5,018,709	4,185,590
Non-controlling interest	(189,654)	30,687	(1,535)
	(2,283,875)	**5,049,396**	**4,184,055**

4.4 Pro Forma Historical Aggregated Statement of Profit or Loss by Group and Pro Forma Forecast

EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation. This is the principal measure the Close the Loop Group considers in assessing the operating performance of its business.

	O F GROUP				
	FY20A ($)	CTL FY21A ($)	FY21A ($)	TOTAL FY21A ($)	FY22F ($)
Sale of Goods	67,416,891	27,969,660	39,431,997	67,401,657	73,925,991
Cost of Sales	(47,804,060)	(19,233,813)	(27,406,383)	(46,640,196)	(45,137,908)
Gross Profit	19,612,831	8,735,847	12,025,614	20,761,461	28,788,083
Other Income	1,675,910	2,636,254	2,125,737	4,761,991	483,576
Total Operating Expenses	(14,042,130)	(5,727,396)	(6,553,218)	(12,280,614)	(16,936,564)
EBITDA	**7,246,611**	**5,644,705**	**7,598,133**	**13,242,838**	**12,335,095**
	–				
Depreciation, Amortisation and Impairments	(5,681,610)	(4,471,568)	(647,275)	(5,118,843)	(5,184,252)
Other comprehensive income	39,080	(123,402)	–	(123,402)	–
Finance Costs	(1,821,908)	(1,321,873)	(322,821)	(1,644,694)	(1,199,939)
Interest Income (Trading and Investment)	44,519	–	28,918	28,918	–
NPBT	**(173,308)**	**(272,138)**	**6,656,955**	**6,384,817**	**5,950,904**
Income Tax Expense	(2,110,566)	403,272	(1,738,688)	(1,335,416)	(1,766,849)
Net (Profit)/loss after Tax	**(2,283,874)**	**131,134**	**4,918,267**	**5,049,401**	**4,184,055**
Profit attributable to:	(2,133,301)	223,849	4,918,267	5,142,113	4,185,590
Profit attributable to: Members of the parent entity	(189,654)	30,687	–	30,687	(1,535)
Non-controlling interest	**(2,322,955)**	**254,536**	**4,918,267**	**5,172,800**	**4,184,055**
Total comprehensive income attributable to:	(2,094,221)	100,447	4,918,267	5,018,709	4,185,590
Members of the parent entity	(189,654)	30,687	–	30,687	(1,535)
Non-controlling interest	**(2,283,875)**	**131,134**	**4,918,267**	**5,049,396**	**4,184,055**

RATIOS	2020	2021	2022
EBITDA/REV	10.75%	19.65%	16.69%
Gross Profit Margin	29.09%	30.80%	38.94%
Profitability Margin	-0.26%	9.47%	8.05%
NPAT Margin	-3.39%	7.49%	5.66%

4.5 Historical Aggregated Statement of Financial Position

AGGREGATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	FY20A ($)	FY21A ($)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,978,339	**6,910,297**
Trade and other receivables	12,993,376	**13,036,966**
Inventories	2,554,336	**2,217,100**
Current tax receivable	811,243	**–**
Other assets	604,025	**362,815**
TOTAL CURRENT ASSETS	18,941,319	**22,527,178**
NON-CURRENT ASSETS		
Trade and other receivables	506,629	**528,390**
Investments in associate	100	**–**
Other financial assets	210,938	**210,518**
Property, plant and equipment	10,061,116	**8,542,368**
Deferred tax assets	914,094	**1,235,703**
Intangible assets	1,250,527	**1,242,604**
Right-of-use assets	18,514,596	**14,831,266**
Other assets	116,885	**465,582**
TOTAL NON-CURRENT ASSETS	31,574,885	**27,056,431**
TOTAL ASSETS	50,516,204	**49,583,609**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	10,531,061	**11,078,874**
Borrowings	6,149,087	**5,186,612**
Current tax liabilities	795,622	**865,579**
Lease liabilities	2,185,488	**2,153,706**
Short-term provisions	960,295	**850,827**
Employee benefits	640,967	**812,845**
Other financial liabilities	145,106	**161,252**
TOTAL CURRENT LIABILITIES	21,407,626	**20,446,526**
NON-CURRENT LIABILITIES		
Borrowings	7,384,836	**5,186,612**
Deferred tax liabilities	352,827	**307,205**
Lease liabilities	17,169,350	**13,950,604**
Employee benefits	129,870	**133,824**
Other financial liabilities	106,000	**198,667**
TOTAL NON-CURRENT LIABILITIES	25,142,883	**19,776,912**
TOTAL LIABILITIES	46,550,509	**40,223,438**
NET ASSETS	3,965,695	**9,360,171**
EQUITY		
Issued capital	15,431,726	**16,156,114**
Reserves	(50,131)	**13,380**
Retained earnings	(9,526,780)	**(4,950,890)**
Total equity attributable to equity holders of the Group	5,854,815	**11,218,604**
Non-controlling interest	(1,889,120)	**(1,858,433)**
TOTAL EQUITY	3,965,695	**9,360,171**

4.6 Pro Forma Statement of Financial Position

HISTORICAL AGGREGATED STATEMENT OF FINANCIAL POSITION AND PRO FORMA FORECAST STATEMENT OF FINANCIAL POSITION

	FY20A ($)	FY21A ($)	PRO FORMA 30 NOV 2021F ($)	FY22F ($)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,978,339	**6,910,297**	16,483,720	15,894,310
Trade and other receivables	12,993,376	**13,036,966**	12,449,650	11,840,733
Inventories	2,554,336	**2,217,100**	2,349,869	2,349,869
Current tax receivable	811,243	**–**	–	–
Other assets	604,025	**362,815**	560,684	185,900
TOTAL CURRENT ASSETS	18,941,319	**22,527,178**	31,843,923	30,270,812
NON-CURRENT ASSETS				
Trade and other receivables	506,629	**528,390**	–	–
Investments in associate	100	**–**	–	–
Goodwill	–	**–**	27,163,188	27,163,188
Other financial assets	210,938	**210,518**	210,418	210,418
Property, plant and equipment	10,061,116	**8,542,368**	7,522,266	11,344,989
Deferred tax assets	914,094	**1,235,703**	1,235,001	1,235,001
Intangible assets	1,250,527	**1,242,604**	1,264,515	1,229,515
Right-of-use assets	18,514,596	**14,831,266**	13,980,999	12,586,480
Other assets	116,885	**465,582**	636,347	636,347
TOTAL NON-CURRENT ASSETS	31,574,885	**27,056,431**	52,012,734	54,405,938
TOTAL ASSETS	50,516,204	**49,583,609**	83,856,657	84,676,750
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	10,531,061	**11,078,874**	9,058,352	8,688,034
Borrowings	6,149,087	**4,523,443**	4,867,880	4,475,116
Current tax liabilities	795,622	**865,579**	18,640	43,151
Lease liabilities	2,185,488	**2,153,706**	2,277,548	2,249,608
Short-term provisions	960,295	**850,827**	955,101	1,099,857
Employee benefits	640,967	**812,845**	735,786	755,666
Other financial liabilities	145,106	**161,252**	348,998	174,709
TOTAL CURRENT LIABILITIES	21,407,626	**20,446,526**	18,262,304	17,486,141
NON-CURRENT LIABILITIES				
Borrowings	7,384,836	**5,186,612**	3,716,396	3,255,173
Deferred tax liabilities	352,827	**307,205**	307,205	307,205
Lease liabilities	17,169,350	**13,950,604**	12,964,472	11,511,825
Employee benefits	129,870	**133,824**	163,108	163,108
Other financial liabilities	106,000	**198,667**	191,629	191,629
TOTAL NON-CURRENT LIABILITIES	25,142,883	**19,776,912**	17,342,810	15,428,940
TOTAL LIABILITIES	46,550,509	**40,223,438**	35,605,114	32,915,081
NET ASSETS	3,965,695	**9,360,171**	48,251,543	51,761,669
EQUITY				
Issued capital	15,431,726	**16,156,114**	64,448,937	64,598,937
Reserves	(50,131)	**13,380**	269,837	304,837
Retained earnings	(9,526,780)	**(4,950,890)**	(14,609,150)	(11,256,445)
Total equity attributable to equity holders of the Group	5,854,815	**11,218,604**	50,109,624	53,647,330
Non-controlling interest	(1,889,120)	**(1,858,433)**	(1,858,082)	(1,885,661)
TOTAL EQUITY	3,965,695	**9,360,171**	48,251,542	51,761,669

Notes:

1 Following completion of the Offer, Close the Loop will complete the Merger with the O F Packaging Group for effective consideration totalling $37,744,590, which is expected to result in Goodwill of $27,163,188 (as per the pro forma and forecast numbers for FY22) and the issue of 150,978,361 Shares at $0.25 per new Share.

2 The pro forma adjustments are made to take into account the acquisition of the O F Packaging Group as at 30 November 2021. The adjustments from July-November contained within the pro forma are extracted from the Group's forecast and therefore may differ from the actual position as at transaction date.

3 Impact of the Offer:

Cash	$10m
Less Operating Costs (Listing costs)	($1.32m) (approx.)
Add-back tax impacts	$0.397m
Total Change in Net Assets (Equity)	**$9.077m**

4.7 Historical Aggregated Statement of Cash Flows

AGGREGATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	FY20 ($)	FY21 ($)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	73,916,282	**74,879,904**
Payments to suppliers and employees	(67,724,123)	**(62,453,820)**
Interest paid	(1,814,963)	**(1,644,694)**
Income taxes paid	(915,111)	**(1,330,333)**
Other receipts	712,018	**2,665,921**
Net cash provided by/(used in) operating activities	**4,174,103**	**12,116,978**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	7,285	**–**
Payment for intangible asset	(272,707)	**(52,077)**
Purchase of property, plant and equipment	(2,223,477)	**(958,871)**
Payment of subsidiary, net of cash acquired	(732,500)	**107,784**
Purchase of financial assets	(96,770)	**(315,700)**
Interest Received	–	**–**
Net cash provided by/(used in) investing activities	**(3,318,169)**	**(1,218,864)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Ordinary Equity Issuances	–	**–**
Loans to other parties	(143,281)	**5,512**
Proceeds from borrowings	2,812,323	**–**
Repayment of borrowings	–	**(3,330,890)**
Dividends paid	(426,951)	**(495,091)**
Payment of lease liabilities	(1,815,679)	**(2,145,687)**
Net cash provided by/(used in) financing activities	**426,412**	**(5,966,156)**
Net increase/(decrease) in cash and cash equivalents held	1,282,346	**4,931,958**
Cash and cash equivalents at beginning of year	695,993	**1,978,339**
Cash and cash equivalents at end of financial year	**1,978,339**	**6,910,297**
Net cash generated from operations	**4,174,103**	**12,116,978**
Net cash provided by/(used in) investing activities	**(3,318,169)**	**(1,218,864)**
Net cash provided by/(used in) financing activities	**426,412**	**(5,966,156)**
Net Cash Flow	**1,282,346**	**4,931,958**

4.8 Pro Forma Aggregated Statement of Cash Flows

HISTORICAL AGGREGATED STATEMENT OF CASH FLOWS AND PRO FORMA FORECAST

	FY20 ($)	FY21 ($)	FY22F ($)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	73,916,282	**74,879,904**	75,719,514
Payments to suppliers and employees	(67,724,123)	**(62,453,820)**	(64,030,867)
Interest paid	(1,814,963)	**(1,644,694)**	(1,048,790)
Income taxes paid	(915,111)	**(1,330,333)**	(1,958,175)
Other receipts	712,018	**2,665,921**	–
Net cash provided by/(used in) operating activities	**4,174,103**	**12,116,978**	**8,681,682**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment	7,285	**–**	–
Payment for intangible asset	(272,707)	**(52,077)**	–
Purchase of property, plant and equipment	(2,223,477)	**(958,871)**	(5,500,000)
Payment of subsidiary, net of cash acquired	(732,500)	**107,784**	–
Purchase of financial assets	(96,770)	**(315,700)**	–
Interest Received	–	**–**	29,225
Net cash provided by/(used in) investing activities	**(3,318,169)**	**(1,218,864)**	**(5,470,775)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Ordinary Equity Issuances	–	**–**	10,000,000
Loans to other parties	(143,281)	**5,512**	–
Proceeds from borrowings	2,812,323	**–**	1,149,030
Repayment of borrowings	–	**(3,330,890)**	(1,956,368)
Dividends paid	(426,951)	**(495,091)**	(671,854)
Payment of lease liabilities	(1,815,679)	**(2,145,687)**	(2,475,584)
Net cash provided by/(used in) financing activities	**426,412**	**(5,966,156)**	**6,045,224**
Net increase/(decrease) in cash and cash equivalents held	1,282,346	**4,931,958**	9,256,131
Cash and cash equivalents at beginning of year	695,993	**1,978,339**	6,638,179
Cash and cash equivalents at end of financial year	**1,978,339**	**6,910,297**	**15,894,310**
Net cash generated from operations	4,174,103	**12,116,978**	8,681,682
Net cash provided by/(used in) investing activities	(3,318,169)	**(1,218,864)**	(5,470,775)
Net cash provided by/(used in) financing activities	426,412	**(5,966,156)**	6,045,224
Net Cash Flow	1,282,346	**4,931,958**	9,256,131

Note:

1 Includes a $272,119 overdraft included in Trade and Other payables at audit.

PRO FORMA HISTORICAL & PRO FORMA FORECAST CASH FLOW STATEMENTS	PRO FORMA HISTORICAL		PRO FORMA FORECAST
	FY20 ($)	FY21 ($)	FY22F ($)
EBITDA	7,246,611	13,242,838	12,335,095
Net cash generated from operations	4,174,103	12,116,978	8,681,682
Net cash provided by/(used in) investing activities	(3,318,169)	(1,218,864)	(5,470,775)
Net cash provided by/(used in) financing activities	426,412	(5,966,156)	6,045,224
Net Cash Flow	1,282,346	4,931,958	9,256,131

4.9 Notes to the Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2021

The aggregated financial report covers the Close the Loop Group. The entities within the group are:

- Close the Loop Ltd ACN 095 718 317 and its controlled entities;
- Foster International Packaging Pty Ltd (South Africa) Registration number 2017/261506/07;
- O F Packaging Pty Ltd ACN 166 108 176;
- O F Resource Recovery Pty Ltd ACN 167 077 161; and
- O F Flexo Pty Ltd ACN 631 917 498.

Each of the entities within the Close the Loop Group prepares its financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The aggregated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Responsible Body on 30 June 2021. The Responsible Body comprises the directors of the entities within the Close the Loop Group.

(A) BASIS OF PREPARATION

The financial statements are general purpose combined financial statements that have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements.

The aggregated financial statements except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(B) RETROSPECTIVE RESTATEMENT

Close the Loop Ltd

Subsequent to the issuance of the 2020 consolidated financial statements, an error was identified related to income taxes as Close the Loop, Inc. did not appropriately assess the eligibility of the deferred tax assets and record a write off of $2,355,611 as of 30 June 2020. The company determined the facts as of 30 June 2020 supported the recording of a write-off. The error in the deferred tax asset valuation resulted in an overstatement of the deferred tax asset and an understatement of tax expense in the previously reported 2020 aggregated financial statements. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's aggregated financial statements.

The aggregate effect of the error on the annual financial statements for the year ended 30 June 2020 is as follows:

	PREVIOUSLY STATED ($)	30 JUNE 2020 ADJUSTMENTS ($)	RESTATED ($)
The Aggregated Group			
Aggregated Statement of Profit or Loss and Other Comprehensive Income			
Income tax benefit/(expense)	247,488	(2,355,611)	(2,108,123)
Aggregated Statement of Financial Position			
Deferred tax asset	3,269,705	(2,355,611)	914,094
Equity			
Total equity	6,321,306	(2,355,611)	3,965,695

4.10 Forecast Financial Information

The Forecast Financial Information is based on various general and specific assumptions, including those set out below. In preparing the Forecast Financial Information, the Close the Loop Group has undertaken an analysis of historical performance and applied assumptions in order to predict future performance for FY22. The Close the Loop Group believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole, to be reasonable as at the date of this Prospectus. Actual results are likely to vary from those forecasts, and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of the Close the Loop Group, the Directors, the Proposed Directors and Management, and are not reliably predictable. None of the Close the Loop Group, the Directors, the Proposed Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.10(j), the risks set out in Section 6 and the Investigating Accountant's Report on Forecast Financial Information provided in Section 5.

(A) GENERAL ASSUMPTIONS

In preparing the Forecast Financial Information the following general assumptions have been adopted in relation to the forecast periods:

- no significant deviations from current market expectations of the economic and market conditions in which the Close the Loop Group operates;
- no material changes in government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy nor in the regulatory environment in the areas in which the Close the Loop Group and its key customers operate that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures of the Close the Loop Group;
- no material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which will have a material effect on the Close the Loop Group's reported financial performance or cash flows, financial position, accounting policies, financial reporting, or disclosures;
- no material changes in the competitive and operating environment in which the Close the Loop Group operates;
- no material amendments to, or terminations of, any of the Close the Loop Group's customer or supplier contracts, agreements, or arrangements;
- no material disruptions to the continuity of operations of the Close the Loop Group or any material changes in the business in which the Close the Loop Group operates;
- no material changes in or loss of key personnel including key management personnel. It is assumed that the Close the Loop Group maintains its ability to recruit and retain the personnel required to support future growth on materially similar compensation terms to that reflected in the FY22 forecasts;
- no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of the Close the Loop Group;
- no material changes in the Close the Loop Group's corporate and capital structure other than as contemplated by this Prospectus. The expected changes flowing directly to Close the Loop Group from the Offer as set out in or contemplated by this Prospectus are presented within the pro-forma adjustments included in this Section 4;
- no material adverse impact in relation to litigation or claims (existing or otherwise);
- no material acquisitions, disposals, restructurings, or investments other than as contemplated by this Prospectus;
- the Offer proceeds are accordance with the timetable set out in the "Key Offer statistics and important dates" section on page 4 of this Prospectus; and
- none of the key risks listed in Section 6 occurs, or if they do, none of them has a material adverse impact on the operations of the Close the Loop Group.

(B) SPECIFIC ASSUMPTIONS

The Forecast Financial Information of the Close the Loop Group for FY22 is based on:

- achieving the Minimum Subscription ($10 million);
- the actual performance for FY21, which has received an unmodified audit opinion;
- review of the Close the Loop Group's unaudited management accounts for the 3 months to 30 September 2021; and
- anticipated events to the end of FY22.

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information is set out below. The assumptions are a summary only and do not represent all factors that will affect the Close the Loop Group's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur.

(C) REVENUE

The Forecast Financial Information is based on the following key revenue assumptions:

- incoming cartridge volumes in Australia, US and Europe are consistent with historical volumes approaching pre-COVID levels during FY22;
- increased processing capacity from improvements made to the production facilities in the USA and at OFRR;
- recycled materials mix for each Cartridge are consistent with the historical mix demonstrated;
- growth in the value-added services (refurbishing and data analytics) provided to OEMs;
- the actual performance of the Packaging division for FY21 with a small increase as follows which is materially less than the growth achieved in previous years:
  - O F Packaging – 2.15%;
  - Foster International Packaging – 4.40%; and
  - O F Flexo – 24.75%;
- sales quotes are prepared with landed costs having an exchange rate applied against them, which is less than the current exchange rate;
- exchange rate variations do not have an impact on the volume of product movement or sales;
- ongoing diversity in supply of packaging materials continuing to have the capability to source supply and manufacturing from secondary supply partners; and
- price increases incurred by the Close the Loop Group for freight can be on-charged to customers.

(D) GROSS PROFIT

The Forecast Financial Information is based on the following key gross profit assumptions:

- increase in capacity levels in Europe and USA and elimination of cartridge processing back-log in these divisions, which also lead to further reductions in storage costs;
- increase in raw material, collection and freight costs based on the increased rates agreed with suppliers, which can be passed on to customers;
- sufficient labour is available to maximise sales opportunities and operate all processing lines and plant and equipment across the Group as the business expands;
- Packaging division margins are consistent with past year's performance;
- increased gross profit is directly linked to the OFRR's ability to bale product of specialised commodity into correct bale weights which was not previously achievable using aged equipment; and
- implementation of identified various efficiencies and plant processing changes, particularly in the US and Australia.

(E) OPERATING EXPENSES

The Close the Loop Group's normal business operations in FY21 are not expected to substantially differ from its current operations, with the exception of an anticipated increase in costs to be incurred for the purpose of strengthening its business' infrastructure and supporting growth. As such, forecast operating expenses have been based on and extrapolated from historical operating expenses from FY21 as either fixed amounts or as a percentage of revenue.

Operating expenses in FY22 that are anticipated to vary significantly from FY21 include:

- increases in labour costs based on the establishment of the Close the Loop Group's management team and any salary adjustments which ensure the Close the Loop Group has successful internal oversight of the business and a focus on growth.
- additional corporate costs that are anticipated from the proposed listing date, comprising costs associated with operating a publicly listed company.

(F) DEPRECIATION, AMORTISATION, AND CAPITAL EXPENDITURE

Depreciation and amortisation are based on the current depreciation rates and estimated useful lives applied to property, plant and equipment and intangible assets, adjusted for planned capital expenditure (including acquisitions) and disposals. New or planned capital expenditure is predominantly related to the installation of a plastic washing and separation lines in Australia and USA, automation in the USA and various minor plant upgrades.

(G) WORKING CAPITAL

Working capital has been forecast by the Close the Loop Group to be consistent with historical investment days, with accounts receivable collection terms improving and accounts payable payment terms consistent with the experience of the Group over the 12 months to 30 June 2021. Both accounts receivable and payable terms are expected to improve in the forecast as trading conditions improve post-COVID.

(H) CAPITAL EXPENDITURE

Capital expenditure relating to the acquisition of additional equipment is based on the Close the Loop Group's current operating plan and equipment that will be placed on order with suppliers post listing, based on the suppliers communicated delivery plan. Capital expenditure related to the upgrade of certain equipment is based on quotes from suppliers based on the Close the Loop Group's detailed development plans.

(I) FOREIGN EXCHANGE

The Forecast Financial Information is based on actual average exchanges rates and there being no material deviation in prevailing exchange rates from 30 June 2021. The following foreign exchange assumptions have been used:

- For the 1 month ended 31 July 2021, 1 AUD = 0.7518 USD;
- For the 1 month ended 31 July 2021, 1 AUD = 0.6320 EUR;
- For the 11 months ended 30 June 2022, 1 AUD = 0.7400 USD (budgeted rate);
- For the 11 months ended 30 June 2022, 1 AUD = 0.6500 EUR (budgeted rate);
- For the 12 months ended 30 June 2022, 1 AUD = 10.5000 ZAR (Rand) (budgeted rate).

(J) SENSITIVITY ANALYSIS

The Forecast Financial Information included is based on a number of estimates and assumptions as described in Section 4.10. These estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of the Group, the Directors, the Proposed Directors and Management. These estimates are also based on assumptions in relation to future business developments which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions, set out below of the sensitivity of the Forecast Financial Information to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

For the purposes of this analysis, each sensitivity is presented in terms of the impact of each on FY22 Revenue of $73.93 million, FY22 EBITDA of $12.34 million and FY22 NPAT of $4.18 million as set out below.

Table: Sensitivity analysis for FY22 Pro forma EBITDA

	REVENUE CHANGE		
	-2.50% ($)	Base ($)	2.50% ($)
Revenue	72,077,841	73,925,991	75,774,141
EBITDA	11,615,393	12,335,095	13,054,797
NPAT	3,464,353	4,184,055	4,903,757

	OPERATING MARGIN CHANGE		
	-1.00% ($)	Base ($)	1.00% ($)
Revenue	73,925,991	73,925,991	73,925,991
EBITDA	11,595,835	12,335,095	13,074,355
NPAT	3,444,795	4,184,055	4,923,315

	FOREX CHANGE (USD)		
	-0.05 ($)	Base ($)	0.05 ($)
Revenue	75,171,649	73,925,991	72,837,826
EBITDA	12,620,967	12,335,095	12,085,380
NPAT	4,208,069	4,184,055	4,163,092

	FOREX CHANGE (EUR)		
	-0.05 ($)	Base ($)	0.05 ($)
Revenue	74,374,309	73,925,991	73,541,876
EBITDA	12,419,580	12,335,095	12,262,705
NPAT	4,181,246	4,184,055	4,186,481

	FOREX CHANGE (ZAR)		
	-0.50 ($)	Base ($)	0.50 ($)
Revenue	74,279,084	73,925,991	73,604,998
EBITDA	12,391,583	12,335,095	12,283,742
NPAT	4,224,045	4,184,055	4,147,700

4.11 Management discussion and analysis of the Pro forma Historical and Forecast Financial Information

(A) GENERAL FACTORS AFFECTING THE CLOSE THE LOOP GROUP'S FINANCIAL PERFORMANCE

Below is a brief overview of the key components of the Group's financial performance and associated discussion of the main factors which have affected these during FY20, and FY21 and which the Company expects may continue to affect it in future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected the Close the Loop's Group's historical financial performance, or everything that may affect the Close the Loop's Group's operating financial performance in the future. The information in this Section 4.11 should also be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus.

Unless otherwise stated, all metrics and financial information presented in this Section 4.11, and the related commentary, is on a pro forma basis only.

Revenue

Close the Loop derives revenue from a number of related service streams including:

- collection and processing fees from customers for the collection and processing of Cartridges;
- providing value-added managed services, such as refurbishing waste toner receptacles, as well as provision of data analytics and business intelligence services;
- packaging revenue, which is made up of two parts being:
  - material/product, which is specific and unique to each customer and are not transferable; and
  - tooling/cylinders, which are the foundation to securing soft plastic packaging sales; and
- the sale of recycled materials (paper, board, plastics, metals and TonerPlas) extracted from the recycling process.

Cost of sales

Cost of sales incorporates the cost of collection and processing, freight, raw materials, production labour as well as other variable overheads. These costs generally increase in line with revenue growth, however the gross margin can be affected by other factors such as:

- changes in prices charged to customers;
- changes in commercially agreed freight rates;
- changes in raw material costs;
- changes in direct labour costs; and
- changes in revenue mix – the Close the Loop Group earns substantially higher margins on the sale of some products compared to others.

Expenses

An explanation of key expense categories is as follows:

- administrative and other expenses – includes administration staff costs, research and development costs, corporate costs, professional fees and other administration costs which are expected to continue to increase as the business grows;
- occupancy expenses – includes rental expense for warehouses located in Australia, USA, South Africa and Belgium; and
- marketing expenses – includes the costs incurred on marketing activities carried out by the different operations.

Depreciation and amortisation

Depreciation expense relates to the depreciation of the plant and equipment used for the Close the Loop Group's business operations, as well as depreciation of leasehold improvements. Amortisation expense relates to intangible assets with finite lives, including patents and trademarks.

Working capital

Working capital includes inventories, trade receivables, prepayments, trade payables, accruals and other provisions.

Capital expenditure

Capital expenditure has historically comprised expenditure on maintenance and investment in plant and equipment, as well as leasehold improvements.

(B) PRO FORMA HISTORICAL INCOME STATEMENTS: FY20 TO FY21

Revenue

Revenue has been flat from FY20 to FY21. The revenue of the Close the Loop Group has been impacted by reduced collection volumes as a result of the COVID-19 pandemic. Cartridge collection volumes were down by approximately $6 million compared to FY19. Some of the reduced collection revenue has been offset in the Australian business unit by the Australian companies qualifying for JobKeeper. The decreased collection volumes were offset by the growth in the OF Packaging side of the Group. This growth is being underpinned by doing more with existing customers, aided by low customer churn and new customer wins.

During the 2021 financial year the Australian business unit has completed the restructuring of its collection and recycling of imaging consumables program. The collection program was approximately 20 years old and required a new pricing model to take into account the changing cost base of the program over time. Most of the Australian customers have changed over to the new pricing model.

Other income

During the 2021 financial year the financial performance of the Close the Loop Group has been severely impacted by reduced collection volumes as a result of the COVID-19 pandemic. The reduced performance has been offset in the Australian business unit by the Australian companies qualifying for JobKeeper and the US business receiving two Paycheck Protection Program Term Notes. The first of the two term notes of US$1,142,000 was forgiven during the financial year ended 30 June 2021.

An important tool that the Close the Loop Group uses to protect its margins is that its packaging sales quotes are prepared with landed costs having an exchange rate applied against them, which is less than the current exchange rate. Therefore, when it imports the product, it has the benefit of exchange gains. The gains the Close the Loop Group secured in FY21 in this respect were in excess of $800,000. This benefit has not been applied against the forecast for conservative budgeting.

Gross profit

There were a number of one-off incidents that impacted the financial performance of the Close the Loop Group during the 2019 financial year which continued into the start of the 2020 financial year. This led to increased labour and storage costs leading into the start of the pandemic.

The performance of the US business has been impacted by labour shortages. The labour shortages have led the Close the Loop Group to focus on automation by installing robotics in the bottle cleaning line and this has improved performance.

The Group's performance was materially better than 2020 due to lower costs and operating efficiencies.

Operating expenses

The reduced collection activities due to COVID-19 have allowed the USA and Belgium business units to process a significant portion of their backlog of products that were in storage. This allowed the Group to reduce its storage costs by approximately $255,000 per annum in 2020 and more than $1 million per annum from February 2021 with a number of warehouses being returned to the landlords.

EBITDA

EBITDA Margin recovery has been driven by efficiency gains across the business, including storage and logistics savings, labour savings from automation and redesigned processes adding to current operating leverage.

The combination of the factors described above, particularly the improved processing efficiencies, packaging revenue growth and increased other income of $2.7 million between FY20 and FY21, saw EBITDA increase by $6.0 million from $7.2 million in FY20 to $13.2 million in FY21.

Depreciation and amortisation

The majority of these costs relate to depreciation expense, which decreased in FY21, resulting from plant and equipment that was fully depreciated during FY21. Amortisation expense remained relatively constant between FY20 and FY21 at circa $60,000.

NPAT

NPAT grew in FY21 driven by the factors mentioned above. The Close the Loop Group incurred a decrease of $0.7 million in income tax expense as a result of the Close the Loop Group having generated profits some of which was able to be offset by the use of more carried forward tax losses in FY21 compared to FY20. The effective tax rate (income tax expense ÷ profit before tax) in FY21 was 20.9%.

(C) PRO FORMA HISTORICAL INCOME STATEMENTS: FY21 TO FY22

Revenue

Total revenue is expected to increase by $6.5 million (9.7%) during FY22 from $67.4 million to $73.9 million. The revenue growth is being driven by the collection business making a recovery over the course of FY22. Collection volumes are forecast to reach volumes that are slightly less than pre-COVID levels in FY22.

O F Pack is developing new products with solutions provided to Zero Co. and Brookfarm driving growth, with existing customers adopting new product initiatives. The FY22 forecasts are based on continued growth with customers and innovation in material structure changes, with O F Flexo 60% recycled material now in market. The Roll and Recycle product is also gaining traction and driving increased sales.

Gross profit

Gross profit margin is expected to improve during FY22 to 38.94%, compared to 30.8% in FY21. This, combined with revenue growth, translated to an translates to a forecast increase in gross profit of $8 million (38.66%) to $28.8 million in FY22, primarily driven by an improvement in operating efficiencies generated by installing new processing equipment in the OFRR business in March 2021 and process improvements made across the Close the Loop Group.

The reduced labour usage in the USA plant as a result of the automation of the sorting line has not been factored into the FY22 forecast as the full impact of the use of these funds will not be realised until FY23 and beyond. Similarly, the benefits of the plastic washing and separation line will only be realised in FY23.

Operating expenses

Operating expenses are forecast to grow by 37.9% from $12.3 million in FY21 to $16.9 million in FY22. On a percentage of revenue basis, operating costs are forecast to increase from FY21 to FY22 (at 18.2% and 22.9% respectively). The forecast increase in operating costs in FY22 is being driven in part by some costs that had to be deferred due to the COVID-19 pandemic, with those costs recommencing in FY22.

EBITDA

In FY22, pro forma EBITDA is expected to decrease compared to FY21 by $0.9 million (6.85%) to $12.3 million. The EBITDA movement is based on the impact of the additional Offer and ASX listing costs (of around $1.4 million) being realised in the forecast. Details of the Offer and ASX listing costs are included in Section 9.22.

The positive impact of the second Paycheck Protection Program Term Note of approximately US$1 million and any potential foreign exchange gains that may be realised based on O F Pack using the same pricing methodology as in FY21 are not included in the FY22 forecast.

Depreciation and amortisation

Forecast depreciation and amortisation expense in FY22 is lower than FY21 due to some equipment being fully depreciated in FY21. This fully depreciated equipment remains in use by the Group and is expected to last for a number of years with an appropriate maintenance program being in place.

NPAT

NPAT is expected to decrease in FY22 by $0.9 million. This is being driven by the factors mentioned above and an increase in the effective tax rate in FY22 to 29.7% from 20.9% in FY21.

(D) PRO FORMA HISTORICAL CASH FLOWS: FY20 TO FY21

Net cash provided by operating activities increased to $12.1 million through FY21 primarily due to an increase in profits after tax and a net increase in assets, which was driven by an increase in cash on hand. Improved cash flow management policies and procedures has given rise to the increased cash being generated by operations. Government support as a result of COVID-19 has also contributed to the improved cash position.

Purchases of property, plant and equipment reduced through FY21, driven by a reduction in capital expenditure in the Close the Loop Group. Capital expenditure in the Close the Loop Group's existing operations remained consistent through FY21 as significant investment was made in FY20 and prior periods in new capital equipment. In FY21, there was investment made in new equipment in the OFRR business and an upgrade of the TonerPlas production line that will be completed in FY22.

Borrowings that were received in FY20 were repaid in FY21 in addition to the normal repayment of borrowings due to the improved performance of the Close the Loop Group in FY21.

(E) PRO FORMA HISTORICAL CASH FLOWS: FY21 TO FY22

Net cash provided by operating activities is expected to reduce to $8.6 million in the FY22 forecast, mainly driven by the growth of the business having to be funded immediately through operating profits. The FY22 forecast includes an assumption that creditors will be paid quicker as a number of legacy creditors have been settled recently and collections will also improve but not as quickly as the creditors are being paid.

Purchases of property, plant and equipment are expected to increase by $4.6 million, from $0.9 million in FY21 to $5.5 million in FY22. The movement is being driven by the use of funds in the Offer. The use of funds from the Offer is covered in Section 8.5.

Proceeds from the Offer of $10 million in the FY22 forecast, in accordance with the use of funds from the Offer covered in Section 8.5, are being used to acquire property, plant and equipment, with borrowings and leased assets being paid in the normal course of business. FY22 forecast dividend payments relate to monthly O F Pack payments made prior to the Merger.

4.12 Notes to Aggregated Statement of Financial Position as at 30 June 2022

(A) CASH AND CASH EQUIVALENTS

The increase in cash and cash equivalents is being driven by the increased profitability of the Close the Loop Group. A portion of the funds raised from the Offer will be on hand at 30 June 2022 which is increasing the balance.

(B) TRADE AND OTHER RECEIVABLES

The decrease in trade and other receivables is due to the Close the Loop Group implementing better collection policies and having terms that allow receipts from customers to occur in a timelier manner.

(C) PROPERTY, PLANT AND EQUIPMENT

The increase in the property, plant and equipment is due to the use of some of the funds as highlighted in Section 8.5 to invest in automation, a plastic washing and separation line and general minor plant upgrades. The increase in the property, plant and equipment is offset to some extent by the annual depreciation expense.

(D) RIGHT-OF-USE ASSETS

The balance of the right of use assets continues to decrease on an annual basis as the Close the Loop Group has entered into long-term property leases of up to 10 years for premises.

(E) TRADE AND OTHER PAYABLES

The improved profitability has allowed the Close the Loop Group to decrease the number of days in which it pays its suppliers, thus reducing the balance of trade and other payables at 30 June 2022. The repayment of some long overdue suppliers in FY21 has led to the improved number of days used in the forecast to pay the Close the Loop Group's suppliers.

(F) BORROWINGS

Borrowings have decreased as a result of outstanding debts being repaid in the normal course of business over the past 2 years and in the forecast for FY22. A convertible note of $950,000 is being converted upon Listing and this is also contributing to the reduction of long-term debt.

Further details of the conversion of the CtL Convertible Notes are included in Section 9.10(c).

(G) ISSUED CAPITAL

The issued capital is increasing in FY22 as a result of the new Share issue under the Offer and the conversion of the CtL Convertible Notes.

(H) RESERVES

The movement in reserves is due to unrealised foreign exchange gains or losses that are recorded upon consolidation as part of the annual audit process.

4.13 Dividend policy

The Directors have no current intention to declare and pay a dividend. It is the Directors' and the Proposed Directors' current intention to reinvest future cash flows generated in the further growth of the Close the Loop Group. The payment of a dividend by the Group is at the discretion of the Directors and will be a function of a number of factors including the Group's operating results, cash flows, future capital requirements, and financial condition.

Investors should be aware that the payment of a dividend by the Company is at the discretion of the Board. Whether or not the Board decides to issue a dividend will be determined based on a balanced consideration of a number of factors including (but not limited to) the general business environment, operating results, cash flows, the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Board may consider relevant.

No assurances can be given by any person, including the Directors or the Proposed Directors, about the payment of any dividend and the level of franking on any such dividend. The Directors and the Proposed Directors cannot guarantee and do not provide any assurance that the Company will achieve its stated objectives or that the Company will have the financial capacity to declare and pay dividends, or if it does declare a dividend, that the quantum of those dividends will be in accordance with the statement of intention of the Directors or the Proposed Directors above or in line with the expectations of investors. See Section 9.18 for information regarding certain Australian tax consequences of investing in Shares.

5. Investigating Accountant's Report

5. Investigating Accountant's Report

Nexia Melbourne Corporate
Level 12 31 Queen Street
Melbourne Victoria 3000
T: +61 3 8613 8888
F: +61 3 8613 8800
nexia.com.au

The Directors
Close The Loop Ltd
208 Hume Hwy
Somerton, VIC 3062

14 October 2021

Dear Directors,

Investigating Accountant's Report on Close the Loop Limited Aggregated Historical and Forecast Financial Information and Financial Services Guide

We have been engaged by Close the Loop Limited ACN 095 718 317 (Close the Loop) to report on the historical financial information, pro forma historical financial information and forecast financial information of Close the Loop for inclusion in a prospectus to be issued in respect of the initial public offering of fully paid ordinary shares. The offer consists of a minimum of 50,000,000 new Shares and up to a maximum of 60,000,000 new Shares to be issued by Close the Loop, and up to approximately 30,000,000 existing shares held by existing Close the Loop shareholders to be transferred by CtL Sale Co Limited, at an offer price of $0.20 per share (the Offer), as well as an application for admission of Close the Loop to the Official List of ASX.

References to the Company and other terminology used in this report have the same meaning as defined in the glossary of the Prospectus.

The group of companies refers to:

- Close the Loop Ltd ACN 095 718 317
- Foster International Packaging Pty Ltd (South Africa) Registration number 2017/261506/07
- O F Packaging Pty Ltd ACN 166 108 176
- O F Resource Recovery Pty Ltd ACN 167 077 161
- O F Flexo Pty Ltd ACN 631 917 498

The nature of this report is such that it can only be issued by an entity that holds an Australian Financial Services License (AFSL) under the Corporations Act 2001. Nexia Melbourne Corporate Pty Ltd (Nexia Melbourne Corporate) holds the appropriate AFSL license No. 460701 under the Corporations Act 2001 for the issue of this report.

Close the Loop is a public company limited by shares which was incorporated in Victoria on 25 January 2001. Close the Loop is an established operator in resource collection and recycling in Australia, Europe and the United States. Upon Listing, Close the Loop will have completed a merger with the O F Packaging Group businesses which provides innovative flexible and carton packaging, printing and related sustainability solutions to domestic and international customers of all sizes. The merger and ASX listing will establish the Close the Loop Group as an Australian-based participant in the global circular economy for plastic packaging, processing, recycling and refurbishment of print toner cartridges and other consumable products. The Close the Loop Group intends to provide an end-to-end solution, from design and manufacturing, through to collection and recovery, processing, recycling, and production of secondary products.

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Scope

Aggregated Historical Financial Information

You have requested Nexia Melbourne Corporate review the following historical financial information of Close the Loop included in the public document:

i). the Aggregated Statement of Financial Performance for the year ended 30 June 2020 and 30 June 2021;
ii). the Aggregated Statement of Financial Position as at 30 June 2020 and 30 June 2021; and
iii). the Aggregated Statement of Cash Flows for the year ended 30 June 2020 & 30 June 2021.

The Aggregated historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The historical financial information has been extracted from the financial report of Close the Loop for the year(s) ended 30 June 2020 and 2021, which was audited by Nexia Melbourne Audit Pty Ltd in accordance with the Australian Auditing Standards. Nexia Melbourne Audit Pty Ltd issued an unmodified audit opinion on the financial report. The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Aggregated Pro Forma Historical Financial Information

You have requested Nexia Melbourne Corporate review the following Pro Forma Historical Financial Information of Close the Loop included in the public document:

i). the Aggregated Pro Forma Statement of Financial Performance for the year ended 30 June 2020 & 30 June 2021;
ii). the Aggregated Pro Forma Statement of Financial Position as at 30 June 2020 and 30 June 2021;
iii). the Aggregated Pro Forma Statement of Cash Flows for the year ended 30 June 2020 & 30 June 2021;

The Aggregated pro forma historical financial information has been derived from the aggregated historical financial information of Close the Loop, after adjusting for the effects of pro forma adjustments described in section 4 of the public document.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 4 of the public document as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Aggregated Pro Forma historical financial information does not account for the proposed acquisition of OCEANIC AGENCIES PTY LTD ACN 136 117 158 as we have not been engaged to review this acquisition.

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Aggregated Forecast and Pro Forma Forecast Information

You have requested Nexia Melbourne Corporate review the following forecast financial information of Close the Loop included in the public document:

i). Pro Forma Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows of Close the Loop for the period ending 30 June 2022, described in section 4 of the public document.

ii). Pro Forma Statement of Statement of Financial Position as at 30 November 2021, described in section 4 of the public document.

iii). The directors' best-estimate assumptions underlying the forecast are described in section 4 of the public document.

The pro forma forecast has been derived from Close the Loop's forecast, after adjusting for the effects of the pro forma adjustments described in section 4 of the public document. The stated basis of preparation used in the preparation of the pro forma forecast is as described in section 4 of the public document, as if those events or transactions had occurred as at 30 June 2022. Due to its nature, the pro forma forecast does not represent the company's actual prospective financial position, financial performance, and/or cash flows for the period ending 30 June 2022.

Directors' Responsibility

The directors of Close the Loop are responsible for:

- the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information;
- the preparation of the forecast for the period ending 30 June 2022, including the best-estimate assumptions underlying the forecast, including the selection and determination of pro forma historical and forecast financial information and any adjustments to those statements;
- the preparation of the pro forma forecast for the period ending 30 June 2022, including the selection and determination of the pro forma adjustments made to the forecast and included in the pro forma forecast; and
- the information contained within the Prospectus.

This includes responsibility for such internal control as the directors determine are necessary to enable the preparation of the Statutory Historical Financial Information, the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

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Our engagement did not involve updating or re-issuing any previously issued audit report on any financial information used as a source of the financial information.

Our review consists of:

Aggregated Historical Financial Information

- a review of the extraction of the aggregated historical financial information from the audited financial statements of the company for the financial year ended 30th of June 2020 and 2021;
- analytical procedures on the aggregated historical financial information;
- a consistency check of the stated basis of preparation as described in the prospectus as described in aggregated historical financial information;
- a review of company audit workpapers;
- enquiries of persons responsible for financial and accounting matters; and
- enquiries of directors and management.

Aggregated Pro Forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Aggregated Historical Financial Information of the company from the audited financial statements for the financial year ended 30 June 2020 and 2021 and reviewed management reports for the company for the month ended 31 July 2021;
- consideration of the appropriateness of Pro Forma adjusts as described in section 4 of the prospectus;
- making enquiries of persons responsible for financial and accounting matters;
- making enquiries of directors and management;
- performing analytical procedures to all the Pro Forma Historical Financial Information;
- review of workpapers, accounting records and other documents of the company and its auditors; and
- a review of the accounting policies adopted and used by the company over the period for consistency of application.

Aggregated Forecast and Pro Forma Forecast Information

- review of the management accounts for the Company from 1 July 2020 to 30 June 2021;
- analysis of key financial ratios and trends for the Company from 1 July 2020 to 30 June 2021;
- making enquiries of persons responsible for financial and accounting matters;
- making enquiries of directors and management;
- analytical procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the forecast financial information;
- a review of the accounting policies adopted and used by the company over the period for consistency of application; and
- consideration of the Pro Forma adjustments applied to the forecast financial information in preparing the Pro Forma forecast financial information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in section 4 of the public document and comprising:

- the Aggregated Statement of Financial Performance for the year ended 30 June 2020 and 30 June 2021;
- the Aggregated Statement of Financial Position as at 30 June 2020 and 30 June 2021; and

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- the Aggregated Statement of Cash Flows for the year ended 30 June 2020 and 30 June 2021.

are presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4 of the prospectus.

Pro Forma Historical Financial Information
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects are in accordance with the stated basis of preparation as described in section 4 of the prospectus.

Pro Forma Forecast Financial Information
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

i). the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Information do not provide reasonable grounds for the Pro Forma Forecast;

ii). in all material respects, the pro forma forecast:
- is not prepared on the basis of the directors' best-estimate assumptions, as described in section 4 of the public document; and
- is not presented fairly in accordance with the stated basis of preparation, being the adopted accounting policies, applied to the forecast and the pro forma adjustments and measurement principals contained in Australian Accounting Standards; and

iii). the pro forma forecast itself is unreasonable.

The forecast does not include the proposed transaction completion with Oceanic.

Aggregated Forecast and Pro Forma Forecast
The forecast and pro forma forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of Close the Loop for the year ending 30 June 2022. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the forecast and pro forma forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the forecast and pro forma forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Close the Loop. Evidence may be available to support the directors' best-estimate assumptions on which the forecast and pro forma are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Close the Loop, which are detailed in the public document, and the inherent uncertainty relating to the forecast and pro forma forecast. Accordingly, prospective investors should have regard to the key risks and sensitivities as described in sections 6 and 4 of the public document. The sensitivity analysis described in section 4 of the public document demonstrates the impact on the forecast and pro forma forecast of changes in key best-estimate assumptions. We express no opinion as to whether the forecast or pro forma forecast will be achieved.

The forecast and pro forma forecast have been prepared by the directors and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the financial year ended 30 June 2022. We disclaim any assumption of responsibility for any reliance on this report, or on the forecast or pro forma forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed and relied on representations from certain members of management of Close the Loop, that all material information concerning the prospects and proposed operations of Close the Loop has been disclosed to use and that the information provided to use for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4 of the public document, which describes the purpose of the financial information, being for inclusion in the public document. As a result, the financial information may not be suitable for use for another purpose.

Consent

Nexia Melbourne Corporate Pty Ltd has consented to the inclusion of this limited assurance report in the public document in the form and context in which it is included.

Disclosure of Interest

Nexia Melbourne Corporate Pty Ltd does not have any interest in the outcome of this offer other than in the preparation of this report and the participation in the due diligence procedures for which normal professional fees will be received. Nexia Melbourne Audit Pty Ltd is the Auditor of the company.

Yours sincerely,

Vito Interlandi, FCA, MAICD
Nexia Melbourne Corporate Pty Ltd
Partner, Business Advisory and Corporate Advisory
vinterlandi@nexiamelbourne.com.au

AFSL Number 460701
Authorised Representative No 001272556

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Financial Services Guide

Last amendment: 25 August 2021

Nexia Melbourne Corporate Pty Ltd ("Nexia Melbourne Corporate") is the holder of the Australian Financial Services Licence (AFSL) Number 460701. Vito Interlandi is an Authorised Representative of Nexia Melbourne Corporate Pty Ltd (Authorised Representative No 001272556).

This Financial Services Guide is provided by Vito Interlandi as an authorised representative of Nexia Melbourne Corporate Pty Ltd ABN 93 141 242 275. Distribution of this Financial Services Guide by Nexia Melbourne Corporate Pty Ltd and Vito Interlandi has been authorised by Nexia Melbourne Corporate Pty Ltd.

What is a Financial Services Guide ("Financial Services Guide")?

This Financial Services Guide is designed to help you decide whether to use any of the general financial product advice provided by Vito Interlandi, a corporate authorised representative of Nexia Melbourne Corporate Australian Financial Services Licence ("AFSL") Number 460701.

This Financial Services Guide includes information about:

- Nexia Melbourne Corporate and how they can be contacted
- the services Nexia Melbourne Corporate is authorised to provide
- how Nexia Melbourne Corporate are paid
- any relevant associations or relationships of Nexia Melbourne Corporate
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that Nexia Melbourne Corporate has in place.

Where you have engaged with Nexia Melbourne Corporate, we act on your behalf when providing financial services.

Financial Services that Nexia Melbourne Corporate is authorised to provide

Nexia Melbourne Corporate, as the holder of ("AFSL") Number 460701 is authorised to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. Vito Interlandi, as the corporate authorised representative of Nexia Melbourne Corporate's ("AFSL"), holds the same authorisations.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The opinions expressed in the accompanying Investigating Accountants Report may include opinions concerning the value of a financial product, such as shares or units, and to that extent may be considered financial product advice.

Notwithstanding that you may not have engaged Nexia Melbourne Corporate Pty Ltd or Vito Interlandi directly, you have received a copy of this Financial Services Guide because you have been provided with a copy of the accompanying Investigating Accountants Report.

General Advice

As Nexia Melbourne Corporate has been engaged by the Client, the Report only contains general

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advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

Referrals

Nexia Melbourne Corporate Pty Ltd and Vito Interlandi do not pay commissions or provide any other benefits to any person in connection with client referrals.

Associations and Relationships

The author of the accompanying Investigating Accountants Report, Vito Interlandi, is a Director and Shareholder of Nexia Australia – Melbourne Group which trades as Nexia Melbourne Corporate Pty Ltd.

Through a variety of corporate and trust structures, Nexia Melbourne Corporate is controlled by and operates as part of Nexia Melbourne Pty Ltd. Nexia Melbourne Corporate's directors and authorised representatives may be directors in the Nexia Melbourne Pty Ltd group entities ("Nexia Melbourne Group"). Mr Vito Interlandi authorised representative of Nexia Melbourne Corporate and Partner of Nexia Melbourne Pty Ltd, has prepared this Report. The general financial product advice in the Report is provided by Nexia Melbourne Corporate and not by the Nexia Melbourne Group.

From time-to-time Nexia Melbourne Corporate, the Nexia Melbourne Group and related entities ("Nexia entities") may provide professional services, including audit, tax, and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Complaints Resolution

If you have a complaint, please let Nexia Melbourne Corporate know. Formal complaints should be sent in writing to:

Nexia Melbourne Corporate Pty Ltd
Head of Compliance
Level 12, 31 Queen St
Melbourne VIC 3000

Or via email to nexiacorporate@nexiamelbourne.com.au

If you have difficulty putting your complaint in writing, please telephone our Complaints Officer, Murray Jones, (03) 9663 5644 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within five days, and investigated. As soon as practical, and no more than 45 days after receiving a written complaint, Nexia Melbourne Corporate Pty Ltd will respond to your complaint in writing.

External Complaints Resolution Process

If Nexia Melbourne Corporate cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

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Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Australian Financial Complaints Authority Limited GPO Box 3, Melbourne Victoria 3001

Telephone:1300 56 55 62
Facsimile (03) 9613 6399
Email: info@afca.org.au

The Australian Securities and Investments Commission also has a free call info line on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

Financial services provided pursuant to this Financial Services Guide by Nexia Melbourne Corporate Pty Ltd and Vito Interlandi as Authorised Representatives of Nexia Melbourne Corporate are covered under Nexia Melbourne Corporate's compensation arrangements.

Nexia Melbourne Corporate holds professional indemnity insurance cover for loss or damage suffered by retail clients because of breaches of Chapter 7 of the Corporations Act by Nexia Melbourne Corporate or its representatives. The cover satisfies the requirements for compensation arrangements under s912B of the Corporations Act.

Contact

Nexia Melbourne Corporate Pty Ltd and Vito Interlandi may be contacted:

- **In person** at: Level 12, 31 Queen Street, Melbourne, Victoria, 3000
- **By post** at: Level 12, 31 Queen Street, Melbourne, Victoria, 3000
- **By telephone** on +61 3 8613 8888
- **By email** at: nexiacorporate@nexiamelbourne.com.au

6. Key Risks

6. Key Risks

This Section identifies some of the potential risks associated with an investment in the Close the Loop Group and the Shares. It does not purport to provide an exhaustive list of every risk which the Close the Loop Group and its investors may be exposed to now or in the future but identifies the areas the Board regards as the major risks specific to an investment in the Close the Loop Group.

The occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of the Close the Loop Group. The occurrence of any single risk, or a combination of these risks may have a material adverse impact on the business, operations, financial position, performance and prospectus of the Close the Loop Group. Accordingly, any investment in the Close the Loop Group is subject to significant risk and uncertainty with respect to return or preservation of capital.

This selection of risks has been based on an assessment of a combination of the likelihood of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. That assessment is based on the knowledge of the Close the Loop Group and the industry it operates in as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

There can be no guarantee that the Close the Loop Group can deliver on its business strategy or that any forward looking statement contained in this Prospectus will be achieved or realised. The actual results could differ materially from those anticipated in any such forward looking statements as a result of certain factors, including the risks described below and elsewhere in the prospectus. You should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Close the Loop Group, it is recommended that you seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

6.1 Specific risk factors

(A) CONTRACTUAL RISK

Pursuant to binding transaction documents, completion of the Merger is subject to the fulfilment of certain conditions precedent. The ability of Close the Loop to complete the Merger will depend on the performance by the parties of their obligations under the relevant transaction documents. If any party defaults in the performance of their obligations, it may be necessary for Close the Loop to approach a court to seek a legal remedy to complete the Merger, which takes time and can be costly.

(B) MERGER INTEGRATION RISK

The Merger gives rise to integration risk. As two separate businesses merge, there is the potential for the integration of technology, processes, information, departments and organisations to fail.

Integration can be a complicated process that requires multiple levels of coordination, with each level posing its own risks. A failure to effectively integrate the Close the Loop business with the business of the O F Packaging Group may lead to an adverse effect on the Close the Loop Group.

(C) ACTIVITY IN THE PRINT CONSUMABLES RECYCLING SECTOR AND GEOGRAPHICAL CONCENTRATION

Close the Loop operates in the print consumables recycling sector, focusing on the collection and recycling of end-of-life imaging consumables, predominantly in Australasia, North America and Europe. The continued performance and future growth of the Close the Loop Group is dependent, in significant part, on continued activity and expansion in the United States and European print consumables recycling sectors, and any new geographical markets in which the Close the Loop Group operates from time to time. The level of activity in the print consumables recycling sector may vary and be affected by prevailing or predicted or unpredicted economic activity, environmental initiatives and regulations. There can be no assurance that the current levels of activity in the print consumables recycling sector will continue in the future, that the sector will continue to experience growth or that customers of the Close the Loop Group will not reduce their activities, capital expenditure and requirements for its services in the future. Any prolonged period of low or negative growth in the print consumables recycling industry would be likely to have an adverse effect on the business, financial condition and profitability of the Close the Loop Group.

(D) SUPPLIER AND CUSTOMER RELATIONSHIP RISK

Close the Loop and the O F Packaging Group each rely on various key supplier relationships in certain parts of their businesses. The loss or impairment of any of these relationships could have a material adverse effect on the Close the Loop Group's results, operations, financial condition or prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements.

Further, the Close the Loop Group has longstanding relationships with its customers and its recycling part of the business generally has formal contracts in place with its original equipment manufacturers.

The Close the Loop Group's packaging business generates a substantial proportion of its revenue from uncontracted customer relationships, using the Close the Loop Group's standard terms and conditions and purchase orders and invoices.

In addition, there are a number of customer contracts (including with important customers of the Close the Loop Group) that contain provisions which allow the customer to terminate a contract for convenience on short notice (or no notice) and without penalty.

There is a risk that the Close the Loop Group will be unable to maintain its uncontracted customers, or secure new customers, on commercially viable terms. In addition, there is no certainty as to the volume, price and frequency of any future sales from uncontracted customers. Given the nature of the Close the Loop Group's business, in particular its packaging business, it is likely that a significant proportion of the Close the Loop Group's sales will continue to be on an uncontracted basis.

If one or more important customers of the Close the Loop Group terminates their relationship with the Close the Loop Group, then that third party may be able to cease being a customer of the Close the Loop Group within a relatively short timeframe. That timeframe may elapse before the Close the Loop Group is able to source new customers or otherwise replace the volume or value of sales lost on the termination of the relationship with the existing customer, which may have adverse financial consequences for the Close the Loop Group.

(E) ACQUISITION OF ADDITIONAL BUSINESSES

Post-Listing, the Close the Loop Group intends to seek growth through continued geographic expansion and by pursuing potential M&A opportunities to acquire and expand into emerging vertical markets. Part of the Close the Loop Group's strategic plan involves the Close the Loop Group's ability to identify and acquire suitable businesses and sites where a commercially attractive opportunity arises. In particular, the success of the Close the Loop Group's acquisition strategy will be dependent on a number of factors, including:

- the availability of suitable business acquisitions or sites at an acceptable price to the Close the Loop Group;
- the Close the Loop Group's competitors bidding for any target acquisitions;
- the availability of debt and equity funding and the suitability of the terms of funding; and
- due diligence issues.

Other than the Oceanic acquisition (for which there is a binding sale agreement in place between O F Pack and Oceanic), there is no assurance that the Close the Loop Group will secure any acquisitions to drive future growth, and there are no other proposed acquisitions as at the Prospectus Date.

The Close the Loop Group may seek to secure an acquisition in order to unlock identified synergies or operating efficiencies that the Board believe will arise from the integration of an acquisition into the Close the Loop Group. These may include reduced fixed overheads and operating costs or an improvement in the Close the Loop Group's competitiveness, profitability and increased access to new products and markets.

However, the Board cannot be certain that an acquisition will meet the operational or strategic expectations of the Board and there are certain risks associated with the integration of any acquisition into the Close the Loop Group. These include the risk that the Close the Loop Group is unable to fully or effectively integrate an acquisition into the Close the Loop Group and accordingly, that identified synergies and operational efficiencies are either unable to be unlocked by the Close the Loop Group or are less pronounced than expected.

There is also a risk that the due diligence conducted by the Close the Loop Group may not identify all material risks and factors in determining whether or not the potential acquisition target is suitable to be acquired by the Close the Loop Group or that the risks that are identified pose a more material risk to the Close the Loop Group than was originally foreseen by the Close the Loop Group. This includes the risk (including the Merger itself or the Oceanic acquisition) that the Close the Loop Group did not appropriately identify a risk or the magnitude of a risk and the risk that information provided to the Close the Loop Group during the Close the Loop Group's due diligence was unreliable, not completely verified, incomplete or based or incorrect information or assumptions.

Acquisitions involve special risks including accounting, regulatory, compliance, information technology and human resource issues that could arise in connection with, or as a result of, the acquisition of a target business, the potential assumption of unanticipated liabilities and contingencies, and difficulties in integrating an acquired business. There are integration risks, including challenges in implementing a consistent culture across the business, the loss of key personnel, higher than anticipated integration costs, delays in achieving integration and the realisation of lower than anticipated cost synergies. In addition, the success of a geographic expansion by the Close the Loop Group could be adversely affected if the Close the Loop Group is unable to adapt to the local operating and regulatory environment.

Further, if the performance of an acquired business varies from that in the Close the Loop Group's projections or assumptions, or estimates about future profitability of an acquired business change, the estimated fair value of an acquired business could change materially and could result in an impairment of goodwill and other acquisition-related intangible assets recorded on the Close the Loop Group's balance sheet.

(F) INCREASE IN PRODUCTION AND LOGISTICS COSTS

The Close the Loop Group may be adversely affected by increases in production and logistics costs, including material increases in supply chain and distribution costs. The availability and price of materials used for the Close the Loop Group's products may be influenced by global demand and supply factors outside of the Close the Loop Group's control. The O F Packaging Group has experienced this issue since the onset of COVID-19, and while it continues to manage this risk, if there is a significant increase in the cost of the inputs of producing its products, this may have a material adverse effect on the Close the Loop Group's operating and financial performance.

(G) TRANSPORT

The Close the Loop Group's operations will be reliant on third parties providing access to the necessary infrastructure such as ports in order to transport products. While the Close the Loop Group potentially has a number of transportation options available to it, there can be no guarantee that these options will be available or, if available, that the costs to use such transportation will be at a level that enable the Close the Loop Group's production to be delivered to world economies economically. Any increased transportation costs could negatively affect the Close the Loop Group's financial performance.

(H) FOREIGN EXCHANGE RATES

Upon Listing, the Close the Loop Group will have international operations in Australia, North America, South Africa, Asia and Europe. Consequently, the Close the Loop Group is exposed to the exchange rate risks associated with movements in the AUD/USD, AUD/ZAR, AUD/EUR and AUD/GBP exchange rates. Unfavourable movements in these exchange rates could have an adverse impact on the Close the Loop Group's financial performance. The Close the Loop Group's international operations trade locally and therefore the Close the Loop Group manages these currency exposures through natural hedges with exposure to USD, ZAR and EUR denominated costs. Further, most of the operations hold debt in its foreign denominated currency.

(I) RELIANCE ON KEY PERSONNEL

Following completion of the Merger, the Close the Loop Group will rely on the experience and knowledge of its senior management team, in particular Joe Foster, Tom Ogonek, Marc Lichtenstein, Lawrence Jaffe and Darren Brits. These individuals have extensive experience in, and knowledge of, the recycling and packaging industries and the Close the Loop Group's business. However, there can be no assurance that the Close the Loop Group will be able to retain these key personnel. The loss of key personnel and an inability to recruit or retain suitable replacements or additional personnel may adversely affect the Close the Loop Group's future financial performance.

(J) COMMODITY PRICES

The Close the Loop Group collects and processes recyclable materials such as shredded plastic, board and paper and aluminium for sale to third parties. The Close the Loop Group's financial performance may be affected by changing commodity prices or market requirements for recyclable materials. The resale and purchase prices of, and market demand for, recyclable materials fluctuate due to changes in commodity prices, economic conditions and numerous other factors beyond the Close the Loop Group's control. An unfavourable fluctuation in any of the prices of the commodities in which the Close the Loop Group deals could have a material adverse effect on the Close the Loop Group's financial condition, results from operations, cash flows and the underlying value of the Shares.

(K) INTELLECTUAL PROPERTY

The Close the Loop Group's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it as well as the Close the Loop Group's confidential information. Intellectual property that is important to the Close the Loop Group includes, but is not limited to, know how, patents, trademarks, domain names, its website, business names and logos. The Close the Loop Group relies on contractual arrangements and laws regulating intellectual property to assist in protecting its intellectual property. However, such intellectual property may not always be capable of being legally protected. It may be the subject of unauthorised disclosure or unlawfully infringed, or the Close the Loop Group may incur substantial costs in asserting or defending its intellectual property rights or protecting its confidential information.

(L) FUNDING

While the Close the Loop Group believes it will have sufficient funds after completion of the Offer to meet all of its growth and capital requirements for the near term, the Close the Loop Group may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that the Close the Loop Group will be able to raise such capital on favourable terms or at all. If there is a deterioration in the level of liquidity in debt and equity markets, or the terms on which debt or equity is available, this may prevent the Close the Loop Group from being able to refinance some or all of its debt on current terms or at all, or raise new equity, respectively.

Further, any acquisition needs to be funded. The Close the Loop Group intends that some of the proceeds of the Offer will be used and applied toward the purchase of Oceanic Agencies Pty Ltd. However, the Close the Loop Group may seek to acquire a target that requires the Close the Loop Group to also use cash over and above the cash generated from the Offer and or debt reserves or to conduct a further equity raising once Close the Loop is admitted to the Official List of ASX. If an equity raising is undertaken, any Shares issued under the

equity raising will have a dilutionary impact on Shareholders who do not participate in the equity raising in proportion to their prevailing shareholding and may also have a negative impact on the share price.

(M) UNFORESEEN EXPENDITURE RISK

The Close the Loop Group's Forecast Financial Information in this Prospectus is based on certain key assumptions in relation to the level of capital expenditure required to maintain its operations. If the level of capital expenditure required is higher than expected, if capital expenditure must be undertaken earlier than anticipated or if there is a significant operational failure requiring capital expenditure, the financial performance of the Close the Loop Group may be adversely affected.

(N) LEASES

The Close the Loop Group companies currently lease a number of properties from third parties. Failure of a third party lessor or licensor to discharge its obligations as agreed with Close the Loop or vice versa, or a failure by a Close the Loop Group entity to exercise any remaining options on any lease or to renew any lease when they are due to expire, could adversely affect the Close the Loop Group's operations and financial performance.

(O) LEGAL OR REGULATORY

The Close the Loop Group's operations are subject to various laws, regulations and guidelines in Australia and the foreign jurisdictions in which it conducts business including North America, Europe, Asia and South Africa. The introduction of new legislation or amendments to existing legislation (including introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Close the Loop Group's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Close the Loop Group.

The Close the Loop Group's recycling facilities and other premises have the benefit of approvals from government authorities. These approvals may contain ambiguous conditions that require legal interpretation. There is a risk that the Close the Loop Group may incorrectly interpret the conditions of any such approvals. This may cause the Close the Loop Group to be at risk of adverse regulatory action by a government authority which may result in a material adverse impact on the Close the Loop Group's forecasted earnings, expenses and profitability.

Further, obtaining the necessary authorisations can be a time consuming process and there is a risk that the Close the Loop Group will not obtain these on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining the necessary licenses and permits and complying with these could materially delay or restrict the Close the Loop Group from proceeding with its operations. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in the suspension of the Close the Loop Group's activities.

(P) INTEREST RATE FLUCTUATIONS

As at 30 June 2021, the Close the Loop Group had (on a consolidated aggregated basis) debt obligations to the value of $6.23 million on which interest is paid. Accordingly, the Close the Loop Group is sensitive to changes in the interest rates on the Close the Loop Group's borrowings that bear interest at floating rates. Any increase in the interest rates payable on the Close the Loop Group's borrowings will impact the Close the Loop Group's costs of servicing these borrowings and may adversely impact the Close the Loop Group's financial position and performance.

(Q) RISK OF HIGH VOLUME OF SHARE SALES

Following completion of the Merger and the Listing, Close the Loop will have issued a significant number of new Shares to various parties. Some persons who receive Shares as a result of the Merger may not intend to continue to hold those Shares and may wish to sell them on ASX. In addition, there may be a number of existing shareholders who choose not to, or are unable to, participate in the sale facility established as part of this Offer. Given that the sale facility is only enlivened in the event of there being valid Applications over and above the Maximum Subscription amount of $12 million sought to be raised under the Offer, there is also a risk that Selling Shareholders will be unsuccessful in their objective to sell down their shareholding in the Company as part of the Offer.

There is a risk that an increase in the amount of people wanting to sell their Shares following Listing may adversely impact on the market price of Close the Loop's Shares. There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price of Shares offered under this Prospectus. In addition, Shareholders who choose not to sell their Shares may experience a reduction in the price or value of their Shares, which may be contributed to by the selling of Shares by others.

(R) INCREASE IN COMPETITION

The Close the Loop Group operates in the competitive general industrial packaging distribution industry worldwide. Fewer entities currently compete with the Close the Loop Group in the print consumables recycling sector in the United States and Europe, although competition for market share is stronger in Australia. To date the Close the Loop Group has demonstrated that it can compete effectively in this industry. However, there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences. This may include a competitor securing major new contracts (including securing an exclusive contract from one of the Close the Loop Group's clients), developing new more efficient and cost reducing technologies, adopting pricing strategies specifically designed to gain market share and the emergence of sector disruptors or disruptive behaviours.

The Close the Loop Group's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Close the Loop Group is unable to counter these actions.

(S) SUBSTITUTION OF THE CLOSE THE LOOP GROUP'S PRODUCTS

The introduction of new products by competitors may result in the Close the Loop Group's customers using substitutes in place of some of the Close the Loop Group's products. The Close the Loop Group may not always be able to match its competitors in both functionality and price. General technological development in the industry may render some of the Close the Loop Group's products obsolete or subject to significant pricing pressure as customers move to the use of substitute products and technologies. The Close the Loop Group believes it has, however, remained at the forefront of innovations within the packaging space, and has developed a number of first to market product offerings.

(T) ENVIRONMENTAL RISK

The operations of the Close the Loop Group are subject to State and Federal laws and regulations (in Australia and in other jurisdictions) regarding environmental matters. Some of the operations and activities of the Close the Loop Group are environmentally sensitive and cannot be carried out without prior approval from and compliance with all relevant environmental authorities.

Close the Loop's business operations involving the handling of toner are subject to industrial risks and hazards inherent in the industry including deflagration, explosions and fires and the discharge of pollutants or hazardous chemicals. If any of these events were to occur, they could result in environmental damage and injury to persons and loss of life. They could also result in significant delays to operations, a partial or total shutdown of operations, significant damage to Close the Loop's premises, Close the Loop's equipment and equipment owned by third parties, and personal injury or wrongful death claims being brought against the Close the Loop Group. These events could also put at risk some or all of the Close the Loop Group's authorisations which enable it to operate, and could result in the Close the Loop Group incurring significant civil liability claims, significant fines or penalties, as well as criminal sanctions potentially being enforced against the Close the Loop Group and its Directors. Such events could have a material adverse effect on the Close the Loop Group's future business, prospects, financial condition and results of operations. Close the Loop has had deflagrations in its Australian, United States and European operations historically, and it mitigates the risk of recurring adverse events with fire suppression systems built in to its processing equipment to reduce the risk of a fire or deflagration. The Close the Loop Group also actively seeks to minimise residual toner around its premises by constantly cleaning equipment.

However, it should be noted under the relevant insurance policy, Close the Loop's operations at the Somerton plant (but not any other business operations) are subject to a $1 million excess in respect of any damage caused to the premises by fire and so a claim against the Close the Loop Group's insurance policy in respect of fire damage at the Somerton plant is likely to have a material impact on the financial condition and profitability of the Close the Loop Group.

(U) BUSINESS OPERATING RISKS

The Close the Loop Group is exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, inability to access ports, external services failure, disruptions in supply chain or information systems, product recall, industrial action or disputes, natural disasters and pandemics. Some of these risks may not be fully insured. While the Close the Loop Group endeavours to take appropriate action to mitigate these operational risks or to insure against them, one or more of these risks may have a material adverse impact on the performance of the Close the Loop Group.

The Close the Loop Group believes that one of the most significant operating risks the Close the Loop Group faces is an unplanned shutdown of, or operating disruption to, one or more of the Close the Loop Group's recycling plants for an extended period of time, whether due to a fire, flood, other force majeure event or a breakdown of the Close the Loop Group's plant and equipment. Significant damage could be caused by such an event at a recycling facility as a fire or flood may result in pollution to, or contamination of, the recycling facility premises and to proximate neighbouring property, local storm water or waterways. Such an outcome may result as a fire or flood collects waste materials stored at the site and either releases those waste materials by air or through the ground or groundwater.

Although Close the Loop's Somerton premises are located in a flood risk area, the Close the Loop Group has not experienced any instances of flooding. There can be no assurance that any damage caused by flooding would be minimal. The Close the Loop Group mitigates the risk of fire through the use of heat sensor cameras which have been installed both internally and externally on the Somerton premises. This is continuously monitored by a specialist third party to enable early fire detection.

Upon completion of the Merger, the Close the Loop Group will have warehouses in each of Australia, the United States, Belgium and South Africa, therefore there is little potential for the throughput of an affected plant to be redistributed to other plants during an unplanned shutdown period. If an unplanned shutdown were to occur over an extended period of time, it would have an adverse impact on the business and financial performance of the Close the Loop Group. This is mitigated by excess capacity available at each plant by virtue of the ability to run additional shifts once the plant comes back on line and can be used to clear any production backlog.

Other operating risks beyond the control of management include changes in legislative requirements, variation in timing of regulatory approvals, abnormal or severe weather or climatic conditions, natural disasters, maintenance or technical problems, new technology failures and industrial disruption.

(V) INDUSTRIAL DISPUTES

The Close the Loop Group's operations are dependent upon a stable workforce. In Australia, the Close the Loop Group has an enterprise bargaining agreement in place. Enterprise bargaining agreements are subject to negotiation from time to time. Industrial action (e.g. strike action) by employees is protected under applicable legislation when it is taken in relation to negotiations for an enterprise bargaining agreement. The Close the Loop Group is exposed to the risk of industrial disputes arising from claims for higher wages or better working conditions which could disrupt parts of the Close the Loop Group's business which may have an adverse impact upon the Close the Loop Group's operating and financial performance and earnings.

(W) OBTAINING AND MAINTAINING AUTHORISATIONS AND PERMITS

The Close the Loop Group holds a number of authorisations for the manufacture, sale and distribution of packaging products in the Australian market. Termination of any of these may have an adverse effect on the operations and financial performance of the Close the Loop Group.

The Close the Loop Group's Australian operations hold certificates such as ISO 14001:2004 Environmental Management System which are required to be renewed on an ongoing basis. There is potential for the Close the Loop Group to be engaging in temporary misleading and deceptive conduct if it holds itself out as having these certifications when not renewed.

The Close the Loop Group is cognisant of submitting renewal applications by the required deadline, and is not aware of any reasons why any regulatory body would refuse such renewals, however the Close the Loop Group cannot give any assurance that the authorisations and permits will always be renewed.

The failure to comply with the conditions of the authorisations and permits (in Australia or in any other country) may result in one or more of the Close the Loop Group's authorisations being suspended or revoked, or stop the Close the Loop Group from carrying out its activities.

(X) INFORMATION TECHNOLOGY

The Close the Loop Group is dependent on technology for the delivery of various services made available to customers, including core technologies such as its phone systems, its computer servers, its back-end processing systems, its website and its other information technology systems. The Close the Loop Group has invested in the development of management information and information technology systems designed to maximise the efficiency of the Close the Loop Group's operations.

Should these systems not be adequately maintained, secured or updated or if the Close the Loop Group's disaster recovery plans do not adequately address an event that occurs, this may negatively impact on the Close the Loop Group's performance. Any damage to, or failure of, the Close the Loop Group's key systems can result in disruptions in the Close the Loop Group's ability to provide services. This in turn can reduce the Close the Loop Group's ability to generate revenue, impact customer service levels and damage the Close the Loop Group's brands. This could adversely affect the Close the Loop Group's ability to generate new business and cause it to suffer financial loss.

(Y) POTENTIAL DATA AND SECURITY BREACHES

Through the ordinary course of business, the Close the Loop Group collects a wide range of personal and financial data from customers using its website through the secure transmission of confidential information over public networks. This includes information such as personal contact details as well as payment information and credit card details.

The Close the Loop Group has a number of mechanisms in place that form a control network to prevent any potential data security breaches. Among others, these include firewalls, encryption of consumer data, a privacy policy, and policies to restrict access to data to authorised employees. However, there is no guarantee that the measures taken by the Close the Loop Group will be sufficient to detect or prevent breaches. Advancements in computing capabilities and cryptography (or other similar developments) may lead to a compromise or even breach of the technology platform used by the Close the Loop Group to protect confidential information. Third parties may attempt to penetrate the Close the Loop Group network security and misappropriate consumer information.

If successful, any data breaches or the Close the Loop Group's failure to protect confidential information could result in loss of information integrity, breaches of the Close the Loop Group's obligations under applicable privacy laws (which will result in heavy penalties for serious and repeated breaches) or contracts and website and system outages, each of which may potentially have a material adverse impact on the Close the Loop Group's reputation as well as the Close the Loop Group's level of sales revenue and profitability.

(Z) INSURANCE RISK

The Close the Loop Group seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sectors.

The Close the Loop Group is exposed to the risk of liability, which the Close the Loop Group mitigates by maintaining certain insurances. However, the relevant insurance(s) may not always be available to the Close the Loop Group or may only be available on terms which are more expensive compared to current arrangements. The occurrence of an event that is not fully or partially covered by insurance maintained by the Close the Loop Group may have a material impact on the business and financial condition of the Close the Loop Group. As with all insurance policies, there is also no guarantee that the Close the Loop Group's relevant insurer will accept to cover the Close the Loop Group for any losses suffered when risks that the Close the Loop Group believed to be insured for materialise.

The Close the Loop Group's Somerton premises are located in a flood and fire risk area. The Close the Loop Group has taken out an industrial special risks insurance policy against the risk of damage caused to the premises by fire but the policy does not provide cover for damage caused by flooding or internal flooding. Accordingly, the Close the Loop Group is not presently insured against the risk of flooding at the Somerton premises. Under the relevant industrial special risks insurance policy, Close the Loop is subject to a $1 million excess in respect of any damage caused to its Somerton premises by fire and so a claim against the Close the Loop Group's insurance policy in respect of fire damage is likely to have a material impact on the financial condition and profitability of the Close the Loop Group.

The current policy also insures the building only (as is required by the terms of the premises lease) and not Close the Loop's plant, equipment, contents and stock at the Somerton site (which are uninsured). As noted above, Close the Loop has had deflagrations at its Somerton site historically, and it mitigates the risk of recurring adverse events with fire suppression systems built in to reduce the risk of a fire or deflagration.

Close the Loop's current policy also provides cover for the additional increased cost of working and claims preparation costs but it does not cover gross profit and payroll, which are business interruption covers available to provide cover for business continuity post a loss. The decision by Close the Loop to reduce certain insurance coverage has been made historically primarily due to commercial reasons, in that the cover has been cost prohibitive for the business.

(AA) PRODUCT LIABILITY EXPOSURE

Through its intended business activities, the Close the Loop Group is exposed to potential product liability risks which are inherent in the research and development, manufacturing, marketing and use of its products. There may be exposure to product liability claims if the Close the Loop Group's products are alleged to have caused injury or illness. Allegations may be made against the Close the Loop Group that there were inadequate instructions for using products provided by the Close the Loop Group. While the Close the Loop Group will seek to secure adequate insurance to help manage these risks, there is always the risk that the insurer could disclaim coverage on some claims or the insurance is not comprehensive enough to meet large claims.

While the Close the Loop Group endeavours to work to rigorous standards there is always the potential for the products to contain defects. These defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, damage to the Close the Loop Group's reputation or increased insurance costs. There can be no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

(BB) REPUTATION AND PUBLIC SENTIMENT

The Close the Loop brand name, as well as the O F Pack and TonerPlas® brands, are key assets of the business. The reputation and value associated with these brands could be adversely impacted by a number of factors including failure to provide customers with the quality of product and service standards they expect, disputes or litigation with third parties such as employees, suppliers and customers, or adverse media coverage. Significant erosion in the reputation of, or value associated with, such brand names could have an adverse effect on the Close the Loop Group's future financial performance and financial position, particularly arising from any impairment in the value of these brand names.

(CC) THIRD PARTY RISK

Third parties, such as suppliers, landlords and other counterparties, may not be willing or able to perform their obligations to the Close the Loop Group. The current difficult economic environment due to COVID-19 increases the risk of defaults by counterparties. If one or more key suppliers, landlords or other counterparties default on their obligations to the Close the Loop Group or encounter financial difficulties, this would have an adverse impact on the Close the Loop Group's future financial performance.

(DD) HEALTH AND SAFETY

The Close the Loop Group is exposed to risks associated with the occupational health and safety of its employees. Injuries to employees may result in insurance claims on the Close the Loop Group's insurance policies, significant lost time for the employee and costs and impacts on the Close the Loop Group's business beyond what is covered under workers compensation schemes. The Close the Loop Group has taken steps in order to increase workplace safety and mitigate the risk of workplace injuries occurring to staff. However, any significant occupational health and safety issues that arise may negatively affect the Close the Loop Group's financial position and/or performance.

(EE) FORCE MAJEURE

Acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters may cause an adverse change in investor sentiment with respect to the Close the Loop Group specifically or the stock market more generally, which could have a negative impact on the value of an investment in the Shares.

(FF) COVID-19

COVID-19 is a major community and economic concern which is having an impact on business operations in Australia and globally. There is a risk that government or industry measures taken in response to COVID-19, such as lockdowns and other restrictions on movements, may have a material adverse impact on the Close the Loop Group's operations, financial performance and growth prospects. Some of the Close the Loop Group's operations, particularly its packaging business, have been largely unaffected by COVID-19, and can continue to function without major impact on operations, enabled by flexible working arrangements and infrastructure. While there is a risk of timing and delivery disruption or delays as there has for many businesses, the Close the Loop Group seeks to actively mitigate this through forward planning to ensure extended lead times on delivery outputs.

(GG) FORECASTS AND FORWARD LOOKING STATEMENTS

The forward looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various contingencies and assumptions. Various factors, both known and unknown, may impact upon the performance of the Close the Loop Group and cause its actual performance to vary significantly from expected outcomes. There can be no guarantee that the assumptions and contingencies on which any forecasts or other forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. Investors should note that past performance is not a reliable indicator of future performance.

All Forecast Financial Information excludes Oceanic Agencies Pty Ltd, which acquisition is separate from the Offer, and if the Oceanic acquisition is to complete, it will complete after Listing.

(HH) TRADING IN SHARES MAY NOT BE LIQUID

Once listed, there can be no guarantee that there will be an active market in the Shares which Shareholders can buy and sell Shares or that the price of Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid. Furthermore, there is no guarantee that the Shares will remain continuously quoted on ASX, which could impact the ability of prospective Shareholders to sell their Shares.

Certain shareholders will be subject to escrow requirements that are designed to protect the integrity of the market. At the conclusion of the applicable escrow periods, these Shares will be released from escrow, which may impact the Share price of Close the Loop if material numbers of Shares are sold at the same time. This could affect the prevailing market price at which Shareholders are able to sell their Shares at certain points in time. Alternatively, the absence of such a sale by the escrowed Shareholders may diminish the liquidity of the market for Shares.

6.2 General risk factors

(A) GENERAL EQUITY MARKET RISKS

There can be no certainty that following Listing, an active market in the Shares will develop. In addition, Shares may trade on ASX at a discount or premium to the Offer Price. The price at which Shares trade on ASX may be affected by a number of factors, including the financial and operating performance of the Close the Loop Group and external factors over which the Close the Loop Group and its directors have no control.

These external factors include actual, expected and perceived general economic conditions, changes in government policy or regulation, significant events such as natural disasters, pandemics or acts of terrorism, investor attitudes, changes in taxation, movements in interest rates, movements in stock markets, and general conditions in the markets in which the Close the Loop Group will operate.

In addition, investors should consider the historical volatility of Australian and overseas share markets.

(B) DILUTION RISK

The Close the Loop Group may undertake capital raisings in the future to raise funds, facilitate employee share plans or fund growth and other strategic initiatives. While Close the Loop will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period, Shareholders at the time may be diluted as a result of such capital raisings.

(C) ECONOMIC CONDITIONS

The performance of the Close the Loop Group may be influenced by the general condition of the Australian and international economy, which by its nature is cyclical and subject to change. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, employment rates, amongst others, are outside

the control of the Close the Loop Group and may result in material adverse impacts on the business or its operating results. Profitability of the business may be affected by some of the matters listed below. The Directors make no forecast in regard to:

- the future demand for the Close the Loop Group's products and services;
- general financial issues which may affect policies, exchange rates, inflation and interest rates;
- deterioration in economic conditions, possibly leading to reductions in business spending and other potential revenues which could be expected to have a corresponding adverse impact on the Close the Loop Group's operating and financial performance;
- the strength of the equity and share markets in Australia and throughout the world;
- financial failure or default by any entity with which a member of the Close the Loop Group is or may become involved in a contractual relationship; and
- industrial disputes in Australia and overseas.

(D) GEOPOLITICAL FACTORS

The Close the Loop Group may be affected by the impact that geo-political factors have on the world or Australian economy or on financial markets and investments generally or specifically. This may include international wars, terrorist type activities and governmental responses to such activities.

(E) GOVERNMENT POLICIES AND LEGISLATION

The Close the Loop Group may be affected by changes to government policies and legislation, including those relating to domestic and international taxation regimes, grants for research and development, regulation and licensing, technology companies and international incentive programs.

(F) LITIGATION OR DISPUTES

The Close the Loop Group may in the ordinary course of business become involved in litigation and disputes (for example, with suppliers, customers, employees, former employees or government agencies). While the Close the Loop Group is not presently party to any material litigation, disputes or regulatory investigations, it is possible that it may become involved in material litigation, disputes or regulatory investigations from time to time. While the extent of any possible material litigation, disputes or regulatory investigations cannot be ascertained at this time, any litigation or dispute could be costly and damaging to the Close the Loop Group's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.

(G) DISTRIBUTION MAY VARY

The ability of Close the Loop to pay dividends is dependent upon it having, at the time, the available cash, a sufficient level of retained profits and the probability of ongoing profitability and cash generation, which cannot be guaranteed. As such, there is a risk that Close the Loop may not pay dividends to Shareholders from time to time, or at all. Close the Loop does not presently intend to pay dividends.

(H) TAXATION

Any changes to the current rate of company income tax or any changes to the tax treatment of the Close the Loop Group's operations will impact on Shareholder returns. Any changes to the current rates of income tax applying to different types of Shareholders will impact on Shareholder returns. In addition, any change in tax rules could have an adverse impact on the level of dividend imputation and franking.

(I) ACCOUNTING STANDARDS

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of Close the Loop and its directors. The AASB may, from time to time, introduce new or refined Australian Accounting Standards, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables. There is also a risk that interpretation of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to the Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the reported financial performance and position of the Close the Loop Group.

7. Key Individuals, Interests and Benefits

7. Key Individuals, Interests and Benefits

7.1 Board

As at the Prospectus Date, the Directors of Close the Loop are Greg Toll (Non-Executive Chairman), Silvio Salom, Chris Trafford and Marc Lichtenstein.

As part of the Merger, Silvio Salom and Chris Trafford have each agreed to resign as Directors with effect from completion of the Merger occurring (a condition precedent to which is the successful completion of the Offer the subject of this Prospectus).

Upon completion of the Merger, at the date of Listing, the Board will comprise of 6 members, consisting of an Independent Non-Executive Chairman, an Independent Non-Executive Director and four Executive Directors, being the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief Commercial Officer. These individuals bring a variety of skills and experience, including industry and business knowledge, financial management and corporate governance experience.

	DIRECTOR – EXPERTISE, EXPERIENCE AND QUALIFICATIONS
	**Greg Toll** *Chairman* *Independent Non-Executive Director* Greg was appointed a director of Close the Loop in November 2017 and as at the Prospectus Date is the current chairman of Close the Loop. Before joining Close the Loop, Greg was CEO and Executive Chairman of CleanTeQ Holdings Limited (ASX:CLQ) (now known as Sunrise Energy Metals Limited (ASX:SRL)), where he was appointed as CEO in 2007 then to the chair role, which he held until November 2013. Greg holds a Bachelor of Science (Veterinary) degree with first class honours and is a graduate of the Australian Institute of Company Directors. Greg is a member of the Board's Audit and Risk Committee and the chair of the Board's Nomination and Remuneration Committee.
	**Marc Lichtenstein** *Executive Director* *Proposed Chief Financial Officer* Marc joined Close the Loop in 2017 as CFO and as at the Prospectus Date is a Director (appointed October 2021) and is the current Joint CEO of Close the Loop. For more than 25 years, Marc has led and worked in a number of senior roles in a range of listed and private companies across a wide range of industries. He has extensive experience in leading businesses through significant periods of change including IPOs, significant capital raises, exponential periods of growth and major acquisitions. Marc is a Fellow of Chartered Accountants Australia & New Zealand (FCA), qualified as a Chartered Secretary (FCIS) and Graduate of the Australian Institute of Company Directors. Upon Listing, Marc will be a member of the Board's Nomination and Remuneration Committee.
	**Joe Foster** *Proposed Executive Director* *Proposed Close the Loop Group Chief Executive Officer* Joe has more than 40 years' experience in the flexible packaging industry, with experience in engineering, production, technical, sales and marketing. Joe has a global view of packaging world from running his own businesses spanning across countries in multiple continents. Joe is a fellow of the Australian Institute of Packaging and a co-founder of the O F Packaging Group. It is proposed that Joe will be appointed to the Board upon Listing at which time Joe will also be a member of the Board's Nomination and Remuneration Committee.

Darren Brits

Proposed Executive Director
Proposed Chief Operating Officer

Darren has 22 years' experience, and has spent the last several of these years in high level operational executive roles and on the board of directors of commercial and consumer-facing companies.

Darren has a core focus on commercial operations and integration.

Darren has established, grown and led a number of business start-ups and is a co-founder of the O F Packaging Group.

It is proposed that Darren will be appointed to the Board upon Listing.

Lawrence Jaffe

Proposed Executive Director
Proposed Chief Commercial Officer

Lawrence was CEO and Managing Director of RPM Australasia until 2015 and stepped down when the company sold off its largest divisions.

He remained on as Non-Executive Chairman until the company listed on ASX and is now Strategic Director for that group.

In 2016, Lawrence brought together the founders of the O F Packaging Group, becoming CFO and executive chairman.

Lawrence holds a Bachelor of Commerce and Graduate Diploma of Accounting from Rhodes University.

It is proposed that Lawrence will be appointed to the Board upon Listing.

Upon Listing, Lawrence will be a member of the Board's Audit and Risk Committee.

Grant Carman

Proposed Non-Executive Director

Grant has more than 30 years' experience in corporate finance.

Previous roles have included CFO for ORIX Australia, GM Finance & Shared Services NAB, CEO of National Australia Corporate Advisory, Director of Acquisitions at Ferrier Hodgson CA, and Group Financial Controller at Faulding.

Grant is currently Non-Executive Chairman of RPM Automotive Group Limited (ASX:RPM). He holds a B.Ec (Comm) and an MBA from The University of Adelaide and he is a Fellow of Chartered Accountants Australia & New Zealand (FCA).

It is proposed that Grant will be appointed to the Board upon Listing.

Upon Listing, Grant will be the chair of the Board's Audit and Risk Committee and a member of the Board's Nomination and Remuneration Committee.

Silvio Salom

Non-Executive Director as at the Prospectus Date

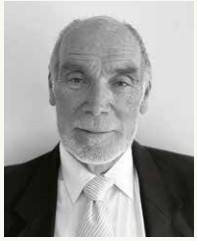
Silvio was appointed a Director of Close the Loop in December 2007.

Silvio sits on numerous boards and advisor groups in various positions, including Sky and Space, Adacel, SunJive Studios and Ceventus.

He has a Bachelor of Engineering from Monash University, a Master of Engineering Science from the University of Melbourne and a Master of Fine Art from the Academy of Art University, San Francisco.

Silvio is also a Fellow of the Australian Institute of Company Directors.

It is proposed that Silvio will resign as a Director upon completion of the Merger.

	DIRECTOR – EXPERTISE, EXPERIENCE AND QUALIFICATIONS
	**Chris Trafford** *Non-Executive Director as at the Prospectus Date* Chris is an experienced company director, having had roles on numerous boards in the corporate, government and non-profit sectors as well as public company directorships. Chris was previously the Chairman of Close the Loop from 2003 until 2010, and re-joined the board in December 2019. Chris holds a Bachelor of Commerce from The University of Melbourne, has been a Fellow of The Australian Institute of Company Directors, and a psychologist. In addition, Chris has had extensive involvement in the establishment and management of a number of businesses in corporate and allied health, environmental services and consulting sectors. It is proposed that Chris will resign as a Director upon completion of the Merger.

7.2 Management

The Company's proposed senior management team upon Listing has a diverse and in-depth level of expertise spanning corporate finance, management, operations, commercialisation and industry.

	DIRECTOR & EXPERIENCE
	Joe Foster *Proposed Chief Executive Officer – Group* Refer to Section 7.1 above.
	Marc Lichtenstein *Proposed Chief Financial Officer* Refer to Section 7.1 above.
	Darren Brits *Proposed Chief Operating Officer* Refer to Section 7.1 above.
	Lawrence Jaffe *Proposed Chief Commercial Officer* Refer to Section 7.1 above.
	**Tom Ogonek** *Chief Executive Officer – Close the Loop USA* Tom joined Close the Loop in 2011 and oversees all aspects of global operations. Tom has more than 20 years of operations experience and environmental industry perspective and is responsible for driving continuous improvement of operating efficiencies and facility management in all global operating centres. Tom holds a Bachelor of Science in Manufacturing and Mechanical Engineering Technology from Northern Kentucky University.

7.3 Directors' and Management's disclosure

No Director, Proposed Director or member of Close the Loop's current or proposed senior management team has been the subject of any legal or disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or member of the senior management team of Close the Loop or which is relevant to an investor's decision as to whether to subscribe for Shares.

7.4 Securities held by Directors and Proposed Directors

As at the Prospectus Date, the Directors and the Proposed Directors' (and their associated entities) have the following relevant interests in Securities:

DIRECTOR (INCL. ASSOCIATES)	SHARES	OPTIONS
Chris Trafford	1,035,713	–
Silvio Salom	28,516,331	–
Greg Toll	–	–
Marc Lichtenstein	–	–
Grant Carman	–	–
Joe Foster	–	–
Lawrence Jaffe	–	–
Darren Brits	–	–

Outgoing Director Silvio Salom is considered by Close the Loop to have a relevant interest in the Shares held by CtL Nominees Pty Ltd as at the Prospectus Date. Silvio has no equity interest in CtL Nominees Pty Ltd or in the Company itself. CtL Nominees Pty Ltd is expected to undertake an in-specie distribution prior to Listing, at which time Silvio will cease to have a relevant interest in any of those Shares.

The above table also excludes any convertible notes on issue to CtL Lending Pty Ltd by the Company as at the Prospectus Date in which a Director or Proposed Director has an interest, however:

- **Chris Trafford** will have a relevant interest in an additional 1,000,000 new Shares to be issued to his associated entities, CLCL Pty Ltd and Flint Trafford Pty Ltd, on conversion of the CtL Convertible Notes;
- **Silvio Salom** is considered by Close the Loop to have a relevant interest in 2,000,000 new Shares that will be issued to CtL Nominees Pty Ltd on conversion of the CtL Convertible Notes (noting he otherwise has no equity interest in CtL Nominees Pty Ltd or the Company); and
- **Greg Toll** will have a relevant interest in 2,000,000 new Shares that will be issued to his associated entity, Toll Associates Pty Ltd, on conversion of the CtL Convertible Notes

The terms of the CtL Convertible Notes are described in Section 9.10(c).

The notes will convert into Shares subject to completion of the Offer.

The Directors and the Proposed Directors (and their respective associates) are entitled to apply for Shares in the Offer. The Directors reserve their rights as at the Prospectus Date as to whether they will participate in the Offer. Nothing in this Prospectus will be taken to preclude Directors, officers, employees or advisers of the Company from applying for Shares on the same terms and conditions as offered pursuant to this Prospectus.

Assuming no Director or Proposed Director is issued Shares under the Offer, it is expected that the Directors and Proposed Directors (and their associated entities) will have the following interests in Securities on Listing:

DIRECTOR (INCL. ASSOCIATES)	SHARES	MINIMUM SUBSCRIPTION (%)	MAXIMUM SUBSCRIPTION (%)	OPTIONS
Chris Trafford[1]	2,235,713	0.70%	0.68%	–
Silvio Salom[2]	–	–	–	–
Greg Toll[3]	2,400,000	0.75%	0.73%	–
Marc Lichtenstein[4,9]	1,500,028	0.47%	0.46%	1,000,000
Grant Carman[5]	50,000	0.02%	0.02%	–
Joe Foster[6]	63,876,295	19.99%	19.39%	–
Lawrence Jaffe[7,9]	63,433,537	19.86%	19.26%	3,000,000
Darren Brits[6,8]	442,757	0.14%	0.13%	–

Notes:

1 As at the Prospectus Date, outgoing Director Chris Trafford holds 1,035,713 Shares personally. On Listing, Chris will also have a relevant interest in 1,000,000 additional new Shares issued to CLCL Pty Ltd (as to 500,000 Shares) and Flint Trafford Pty Ltd (as to 500,000 Shares), on conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which will occur on completion of the Offer. Chris will also have a relevant interest in the 200,000 Shares to be issued to Flint Trafford Pty Ltd on conversion of the Pre-IPO Investors' convertible loans to O F Packaging Pty Ltd (as described in Section 9.10(b)), which will automatically occur upon the issuing of Shares under the Offer. Excludes any bonus Shares that Chris may be issued by Close the Loop prior to completion of the Offer (as an existing Shareholder).

2 Outgoing Director Silvio Salom is considered by Close the Loop to have a relevant interest in the Shares held by CtL Nominees Pty Ltd as at the Prospectus Date. Silvio has no equity interest in CtL Nominees Pty Ltd or in the Company itself. CtL Nominees Pty Ltd is expected to undertake an in-specie distribution prior to Listing, at which time Silvio will cease to have a relevant interest in any of those Shares. If the in-specie distribution is not completed prior to Listing, Silvio will also be considered to have a relevant interest in 2,000,000 new Shares that will be issued to CtL Nominees Pty Ltd on conversion of the CtL Convertible Notes upon completion of the Offer. The above table assumes the in-specie distribution has been completed prior to Listing.

3 Entity is Toll Associates Pty Ltd, which is entitled to 400,000 Shares on conversion of the Pre-IPO Investors' convertible loans to O F Packaging Pty Ltd (as described in Section 9.10(b)), and which will automatically occur upon the issuing of Shares under the Offer, as well as a further 2,000,000 Shares on conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which will occur upon completion of the Offer.

4 Shares expected to be allocated to Marc Lichtenstein as a transaction bonus by the Company from an existing pool of 9,229,650 forfeited Shares upon Close the Loop receiving approval for its admission to the Official List of ASX.

5 Entity is Carman Corporate Advisory Pty Ltd, which will be issued 50,000 new Shares on conversion of the Pre-IPO Investors' convertible loans to O F Packaging Pty Ltd (as described in Section 9.10(b)), which will automatically occur upon the issuing of Shares under the Offer.

6 Joe will have a relevant interest in Shares held by Foster Packaging Holdings Pty Ltd, which will be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

7 Lawrence will have a relevant interest in Shares held by Omniverse Holdings Pty Ltd and RPM Worldwide Group Pty Ltd, which will each be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

8. Darren will have a relevant interest in Shares held by Ryco Nominees Pty Ltd as trustee for the Brits Family Trust, which will be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger. Darren is also a director and shareholder of Omniverse Holdings Pty Ltd although his shareholding does not give rise to a relevant interest

9 Includes KMP Options issued on the terms and conditions set out in Section 9.12.

7.5 Remuneration of Directors

(A) EXECUTIVE DIRECTOR REMUNERATION

Details regarding the terms of employment of each of:

- Joe Foster (CEO and Executive Director);
- Marc Lichtenstein (CFO, Executive Director and Company Secretary);
- Thomas Ogonek (CEO of Close the Loop USA);
- Lawrence Jaffe (Chief Commercial Officer and Executive Director); and
- Darren Brits (COO and Executive Director),

including their remuneration are set out in Section 9.11.

The Company has approved the allocation to each of Marc Lichtenstein and Tom Ogonek (being the Joint CEOs of Close the Loop as at the Prospectus Date) of 1,500,028 Shares upon Close the Loop receiving approval for its admission to the Official List of ASX as a transaction bonus. The Shares are not new Shares but come from a pool of forfeited Shares that were issued in connection with the Employee Share Plan under certain borrowing arrangements described in Section 9.8(a). As at the Prospectus Date, there are 9,229,650 Shares held on account by the Company for the provision of Shares to executives and/or employees and/or Shareholders.

The Company also intends to grant Marc Lichtenstein, Tom Ogonek and Lawrence Jaffe the KMP Options (1,000,000 to each of Marc Lichtenstein and Tom Ogonek and 3,000,000 to Lawrence Jaffe) for nil monetary consideration upon successful completion of the Offer. Please see Section 9.12 for further information.

(B) NON-EXECUTIVE DIRECTOR REMUNERATION

Greg Toll and Grant Carman (as the proposed Non-Executive Directors upon Listing have each entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Directors. The terms and conditions of appointment of these Non-Executive Directors are customary for appointments of this nature.

Non-Executive Directors' fees are determined within an aggregate Non-Executive Directors' fee pool limit. For the financial year commencing 1 July 2021 and in respect of each financial year thereafter and until otherwise determined by a resolution of Shareholders, the maximum aggregate remuneration payable by the Company to all Non-Executive Directors for their services as Directors including their services on a Board committee or sub-committee and including superannuation is limited to $300,000 per annum (in total).

The total remuneration packages for the Non-Executive Directors at the time of Listing are as follows:

NON-EXECUTIVE DIRECTOR	REMUNERATION
Greg Toll	$90,000 p.a.
Grant Carman	$40,000 p.a.

As at the Prospectus Date, as the current independent chair of the Company, Greg Toll receives an annual consulting fee of $90,000 per annum for his services as a Non-Executive Director.

The remuneration payable to Grant Carman will only start to accrue and become payable following Listing.

7.6 Deeds of indemnity, insurance and access

The Company has entered into deeds of indemnity, insurance and access with each Director and Proposed Director. Each deed contains a right of access to certain books and records of the Company and its related bodies corporate for a period of 7 years after the Director ceases to hold office. This 7 year period can be extended where certain proceedings or investigations commence during the 7 year period but are not resolved until later.

Pursuant to the Constitution, the Company may, to the maximum extent permitted by law, indemnify any current or former Directors (including alternate directors), secretaries and officers of the Company or its subsidiaries against any liability incurred by that person in that capacity, including certain legal costs. Under the deeds of indemnity, insurance and access, the Company indemnifies each Director to the maximum extent permitted by law, against any losses or liabilities (including certain legal costs on a full indemnity basis) incurred by the Director as a Director or officer of the Close the Loop Group or a member of the Company.

Pursuant to the Constitution, the Company may purchase and maintain insurance for a current and former Director, alternate director, secretary and officer of the Close the Loop Group or its subsidiaries against any liability incurred by that person in that capacity (including legal costs), unless prohibited by law. Under the deeds of indemnity, insurance and access, the Close the Loop Group must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office. This 7 year period can be extended where certain proceedings or investigations commence during the 7 year period but are not resolved until later.

7.7 Other information about Directors' interests and benefits

Directors may be reimbursed for travel and other expenses incurred in attending to Company affairs, including attending meetings of the Board, Board committees or general meetings. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions as applicable.

7.8 Corporate governance

(A) OVERVIEW

This Section details how the Board will oversee both the management and corporate governance of Close the Loop. The Board will monitor the Company's operational and financial position and performance and will oversee development and implementation of its business strategy, including considering and approving the Company's strategic objectives and annual business plan, including a budget.

Copies of the Company's key policies and practices and the charters for the Board and each of its committees are available at www.ctlgroup.com.au/investors.

(B) CORPORATE GOVERNANCE FRAMEWORK

The Board is committed to ensuring the sustained, long-term growth, performance and success of the Company, as well as representing and serving the best interests of all Company stakeholders, including security holders, customers and employees.

At Listing, the Company will be an entity listed on ASX. The ASX Principles for listed entities are intended to promote investor confidence and assist companies in meeting stakeholder expectations. Under the ASX Listing Rules, the Company will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX Principles in the reporting period. Where the Company does not follow an ASX Principle, it must identify the relevant recommendation or principle that has not been followed and give reasons for not following it.

The main policies and practices adopted by the Company are summarised below. Except as set out below, the Company does not anticipate that it will depart from the recommendations of the ASX Principles; however, it may do so in the future if it considers that such a departure would be reasonable or appropriate:

ASX PRINCIPLE	REASON FOR NON-COMPLIANCE
Recommendation 1.5(b) A listed entity should through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally.	Close the Loop strives to ensure it maintains as diverse a workforce as recruitment and availability allows. Close the Loop has adopted a Diversity Policy, which is summarised in Section 7.8(f)(iv). At the time of Listing, the Close the Loop Group will not be of a structure that enables fixed quotas to be appointed to the Board and senior management, but efforts are continuously made to ensure discrimination is eradicated in all employment and recruitment decision-making.
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Board is committed to following Recommendation 2.1 and has established a Nomination and Remuneration Committee, whose charter is summarised below in Section 7.8(e)(ii). Upon Listing, the members of the Nomination and Remuneration Committee will comprise Greg Toll (independent Non-Executive Director), who is also chair of the Committee, Grant Carman (independent Non-Executive director), Joe Foster (proposed Executive Director) and Marc Lichtenstein (Executive Director). The committee will therefore have 4 members, although there will be no clear majority of independent directors. The Board believes that the composition of the Nomination and Remuneration Committee upon Listing is appropriate given the context of the Merger. Both independent directors will be on the Committee. In addition, the Board believes having representation from both the Close the Loop and O F Packaging businesses is important to the functioning of the Nomination and Remuneration Committee in the integration period post-Merger. The Board believes that non-compliance with this recommendation upon Listing will not adversely affect Close the Loop. However, the Board will consider increasing the proportion of the independent directors (and/or reducing the number of Executive Directors) on the Nomination and Remuneration Committee as the business develops further.
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board has not, at this time, adopted a board skills matrix. However, Close the Loop will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. In addition, the Board Charter provides that the Chairman is responsible for overseeing that membership of the Board is skilled and appropriate for Close the Loop's needs. The Nomination and Remuneration Committee is responsible for identifying candidates with appropriate skills, experience and expertise.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	At Listing, two of the Board's six Directors are independent. Due to the need for the Executive Directors (who are not independent) to drive the Company's post-Merger integration, the Board believes it is not appropriate to achieve a majority of independent directors immediately. The Board believes that it does not justify the increased costs associated with a larger number of directors at this stage and that non-compliance with this recommendation will not adversely affect Close the Loop. However, the Board will consider increasing the proportion of the independent directors as the business develops further.

ASX PRINCIPLE	REASON FOR NON-COMPLIANCE
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Board is committed to following Recommendation 4.1 and has established an Audit and Risk Committee, whose charter is summarised below in Section 7.8(e)(i). Upon Listing, the members of the Audit and Risk Committee will comprise Grant Carman (independent Non-Executive Director), who is also chair of the Committee, Greg Toll (independent Non-Executive Director) and Lawrence Jaffe (Executive Director). As noted above, the Board's composition upon Listing will be such that there are only two independent Directors, making it impossible to satisfy this Recommendation 4.1. The Board believes that there is no justification for the increased costs associated with a larger number of directors at this stage and that non-compliance with this recommendation will not adversely affect Close the Loop.
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Board is committed to following Recommendation 8.1 and has established a Nomination and Remuneration Committee, whose charter is summarised below in Section 7.8(e)(ii). Upon Listing, the members of the Nomination and Remuneration Committee will comprise Greg Toll (independent non-Executive Director), who is also chair of the Committee, Grant Carman (independent Non-Executive Director), Joe Foster (proposed Executive Director) and Marc Lichtenstein (Executive Director). The committee will therefore have 4 members, although there will be no clear majority of independent directors. The Board believes that the composition of the Nomination and Remuneration Committee upon Listing is appropriate given the context of the Merger. Both independent directors will be on the Committee. In addition, the Board believes having representation from both the Close the Loop and O F Packaging businesses is important to the functioning of the Nomination and Remuneration Committee in the integration period post-Merger. The Board believes that non-compliance with this recommendation upon Listing will not adversely affect Close the Loop. However, the Board will consider increasing the proportion of the independent directors (and/or reducing the number of Executive Directors) on the Nomination and Remuneration Committee as the business develops further.

(C) THE BOARD AND INDEPENDENCE

The Constitution requires that the Company has a minimum of 3 Directors and a maximum of 9 Directors, unless the Constitution is amended. Upon Listing, the Board shall initially comprise 6 Directors: an independent non-executive Chairman, one independent Non-Executive Director and four Executive Directors. Biographies of the proposed members of the Company's board upon completion of the Merger are provided in Section 7.1.

Each Proposed Director has confirmed to Close the Loop that they anticipate being available to perform their duties as a Non-Executive Director or Executive Director, as the case may be, without constraint from other commitments.

In determining whether a Director is 'independent', the Board has adopted the definition of this word in the ASX Principles. Consequently, a Director will be considered 'independent' if that Director is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard.

The Board (other than Greg Toll) considers the Chairperson, Greg Toll, to be an independent Director, notwithstanding that Greg will have a relevant interest in 2,400,000 Shares as the Shares held by him do not give him a material personal interest in the Company, and he is able to fulfil the role of an independent Director for the purposes of the ASX Principles.

The Board considers proposed Non-Executive Director, Grant Carman, to be an independent Director, notwithstanding that Grant will hold 50,000 Shares for the same reasons the Board considers Greg Toll to be independent. As noted in Section 7.9, the Company has also entered into an arrangement, on an arm's length basis, with Grant Carman, who is an authorised representative of D H Flinders Pty Ltd (**D H Flinders**), pursuant to which the Company has agreed to pay to D H Flinders fees equivalent to 5% excluding GST of the gross value of total funds raised by D H Flinders in relation to the Offer. The amount expected to be received by D H Flinders for its services is not expected to be material, so Close the Loop expects the arrangement will not affect Grant Carman's independence as a Director.

The Board does not consider any of Joe Foster, Lawrence Jaffe, Darren Brits and Marc Lichtenstein to be independent as they will be each employed in an executive capacity with Close the Loop, and in the case of Joe Foster and Lawrence Jaffe each a substantial holder of the Company.

The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to ASX, as required by the ASX Listing Rules.

(D) BOARD CHARTER

The Board has adopted a Board Charter which sets out the responsibilities of the Board in greater detail, including (amongst other things) the following responsibilities:

- defining the Company's purpose and setting its strategic objectives;
- overseeing and evaluating management's implementation of the Company's strategic direction, objectives and goals, and instilling the Company's values and its performance generally;
- overseeing the management of occupational health and safety and environmental compliance and performance;
- appointing the Chair;
- appointing and replacing the CEO, and approving the appointment and replacement of other senior executives of the Company, including the Company Secretary;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate.

The Board Charter provides for the Board to delegate management of the day to day affairs of Close the Loop to the CEO, who has the authority to sub-delegate to the senior management team, or to committees established by the Board.

Under the Board Charter, the Chairperson of the Board will assess the performance of any Director standing for re-election and the Board will determine their recommendation to Shareholders on the re-election of the Director (in the absence of the Director involved). The Board (excluding the Chairperson), will conduct the review of the Chairperson.

Under the Board Charter, Directors may seek independent professional advice at the expense of the Company whenever Directors judge such advice necessary for them to discharge their responsibilities as Directors.

(E) BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. To assist in carrying out its responsibilities, the Board has established an Audit and Risk Committee and a Nomination and Remuneration Committee, and other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of Close the Loop, relevant legislative and other requirements and the skills and experience of individual Directors.

(i) Audit and Risk Committee

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its accounting, auditing and financial reporting responsibilities by overseeing the integrity of financial reporting and financial statements, the independence and competence of external auditors, and the effectiveness of Close the Loop's risk management system, internal controls, systems and procedures for compliance with applicable legal and regulatory requirements.

The role and responsibilities, composition, structure and membership requirements of the Audit and Risk Committee are documented in an Audit and Risk Committee Charter approved by the Board and include:

- overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- reviewing and making recommendations to the Board in relation to the adequacy of Close the Loop's corporate reporting processes and internal control framework;
- reviewing the adequacy of Close the Loop's risk management policy and framework for identifying, assessing, monitoring and managing risk in light of the Board's risk appetite statement and making recommendations to the Board in relation to changes that should be made to Close the Loop's risk management framework or to the risk appetite set by the Board;
- examining and evaluating the effectiveness of the external auditors and making improvements;
- ensuring that Close the Loop has appropriate internal audit systems and controls in place; and
- reviewing and assessing the effectiveness of Close the Loop's policies and procedures for identifying, monitoring and managing compliance with statutory, regulatory and listing requirements (including tax requirements).

It is intended that the Audit and Risk Committee will meet at least four times each year. The CEO and CFO are expected to attend each scheduled meeting of the committee and a standing invitation will be issued to the external auditors. The chair may also invite Directors who are not members of the committee, other senior managers and external advisers to attend meetings of the committee. The chair, or delegate, will report to the Board after each committee meeting.

Upon Listing, the Audit and Risk Committee will comprise of 2 independent Non-Executive Directors, being Greg Toll and Grant Carman, and one Executive Director, Lawrence Jaffe. Grant Carman (an independent Director) will chair the Audit and Risk Committee.

(ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee has two key functions. The purpose of the nomination function is to assist and advise the Board on succession planning for the Board and senior executives, the processes to evaluate performance of Directors, Board committees and the Board, and the recruitment, appointment and re-election of Directors to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of Close the Loop as a whole. The purpose of the remuneration function is to assist and advise the Board on remuneration policies and practices for the Board, the CEO, the CFO, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of Close the Loop.

The role and responsibilities, composition, structure and membership requirements of the Nomination and Remuneration Committee are documented in a Nomination and Remuneration Committee Charter approved by the Board and include:

- developing and reviewing the process for the selection, appointment and re-election of Directors;
- identifying and making recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise;
- overseeing the development and implementation by the Board of a process for the evaluation of the performance of the Board, Board committees, and Directors individually, using both measurable and qualitative indicators;
- reviewing Board and senior executive succession plans and processes, including for the CEO and other senior executive positions and being conscious of each Director's tenure, to maintain an appropriate balance of skills, experience, expertise and diversity; and
- reviewing and making recommendations to the Board on Close the Loop's remuneration for senior executives, incentive compensation and superannuation arrangements.

Upon Listing, the Nomination and Remuneration Committee will comprise of 2 independent Non-Executive Directors, being Greg Toll and Grant Carman, and 2 Executive Directors, Joe Foster and Marc Lichtenstein. Greg Toll (an independent Director) will chair the Nomination and Remuneration Committee.

(F) CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

Close the Loop's policies and corporate governance practices will continue to be reviewed regularly and will continue to be developed and refined to meet Close the Loop's needs.

(i) Code of Conduct

Close the Loop has a Code of Conduct which sets out the values, commitments, ethical standards and policies of Close the Loop, and outlines the standards of conduct expected of Close the Loop's employees, Directors and other person that act on behalf of Close the Loop.

The Code of Conduct deals with areas such as (amongst other things) conflicts of interest, ethical business practices and privacy. The Code of Conduct sets out mechanisms for persons to report conduct which breaches the Code of Conduct and explains the consequences which persons may face if they breach the Code of Conduct.

The Board or a committee of the Board will monitor for any material breaches of the Code of Conduct by a Director or senior executive of Close the Loop, as well as any other material breaches of that Code of Conduct that call into question the culture of Close the Loop's organisation.

(ii) Securities Trading Policy

Close the Loop has adopted a Securities Trading Policy which sets out the types of conduct in relation to dealings in securities that are prohibited by law. The Securities Trading Policy also establishes procedures for buying and selling securities by Directors, senior executives and other employees of Close the Loop.

The Securities Trading Policy requires Directors and employees to obtain clearance prior to dealing in Close the Loop's securities. The Securities Trading Policy also restricts Directors and employees of Close the Loop from dealing in Close the Loop's Securities other than during certain permitted periods after the release of Close the Loop's half year and full year financial results and annual general meeting and any extensions of those periods, or any additional periods as specified by the Board.

The Securities Trading Policy also requires Directors and employees of Close the Loop in possession of inside information to not at any time deal in securities of Close the Loop, or advise or suggest another person do so, or communicate the inside information to a person who may deal in securities of Close the Loop.

The Securities Trading Policy prohibits Directors and employees of Close the Loop from engaging in short-term dealing in securities of Close the Loop, and prohibits them from taking out margin loans over their holdings in Close the Loop's securities.

The Securities Trading Policy clearly identifies those individuals who are restricted from trading, the relevant laws relating to insider trading and the consequences which persons may face if they are in breach of the trading restrictions.

(iii) Continuous Disclosure and Communication Policy

Close the Loop has adopted a Continuous Disclosure and Communication Policy which sets out its commitment to promoting investor confidence and the rights of Shareholders by complying with the continuous disclosure obligations imposed by law, ensuring that all Shareholders have equal and timely access to material information concerning Close the Loop and communicating effectively with Shareholders.

As a publicly listed company, the Company has continuous disclosure obligations under the Corporations Act and the ASX Listing Rules to keep the market fully informed of all information which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Information will be communicated to Shareholders through announcements to ASX, half-yearly and yearly financial reports, an annual report, at the Company's annual general meeting and on the Company's website: www.ctlgroup.com.au/investors.

The Company Secretary has been appointed as the person primarily responsible for managing the Board's external communications with ASX.

(iv) Diversity Policy

Close the Loop has adopted a Diversity Policy which sets out its commitment to diversity and inclusion in the workplace.

The Diversity Policy provides for the Board to set measurable objectives to assist Close the Loop to achieve gender diversity and to review Close the Loop's progress in meeting these objectives and the effectiveness of these objectives each year. The Nomination and Remuneration Committee will review nomination practices against measurable objectives for achieving gender diversity and report to the Board annually on those objectives and on Close the Loop's progress in achieving them, including a review of the relative proportions of men and women at all levels in the organisation.

Under the policy, Close the Loop states that it will take action against inappropriate workplace and business behaviour.

(v) Anti-Bribery and Corruption Policy

Close the Loop has adopted an Anti-Bribery and Corruption Policy for Directors, employees, contractors, consultants and other persons that act on behalf of Close the Loop and its associates. The Anti-Bribery and Corruption Policy sets out Close the Loop's 'zero tolerance' approach to bribery and corruption.

The Anti-Bribery and Corruption Policy covers bribery and corruption, gifts and hospitality, secret commissions, facilitation payments, dealings with politicians and government officials and charitable contributions. The Anti-Bribery and Corruption Policy sets out mechanisms for persons to report conduct which breaches the Anti-Bribery and Corruption Policy and explains the consequences which persons may face if they breach the Anti-Bribery and Corruption Policy.

The Company Secretary is responsible for the overall administration of the Anti-Bribery and Corruption Policy. The Company Secretary must notify the Board of any material breach of the Anti-Bribery and Corruption Policy.

(vi) Whistleblower Policy

Close the Loop has adopted a Whistleblower Policy which sets out its commitment to creating and maintaining an environment where individuals can come forward and report known or suspected business misconduct or wrongdoing.

The Whistleblower Policy applies to eligible 'whistleblowers' who disclose information to an eligible recipient which is protected under relevant legislation.

The Whistleblower Policy sets out what matters can be disclosed, who they can be disclosed to, how a matter can be disclosed, the protections that are available for disclosers, how those the subject of a disclosure will be treated and how a disclosed matter will be handled and investigated.

The Board will monitor for any material breaches of the Anti-Bribery and Corruption Policy.

Close the Loop's full policies and charters can be reviewed at www.ctlgroup.com.au/investors.

7.9 Related party transactions

The Company has entered into the following related party transactions, on arm's length terms:

- the Acquisition Agreements to give effect to the Merger (see Section 9.10(a) for further details);
- executive employment agreements or letters of appointment with its Directors or Proposed Directors (as applicable), on standard terms (refer to Section 9.13 and 7.5(b) for further details); and
- deeds of access, indemnity and insurance with each of its Directors and the Proposed Directors on standard terms (refer to Section 7.6 for further details).

Joe Foster, Lawrence Jaffe and Darren Brits (each a Proposed Director) are OFP Group Vendors under the Acquisition Agreements, and their associated entities will be issued Shares upon completion of the Merger.

In November 2015, the Company entered into a loan agreement with Stephen Morriss (founder and a Non-Executive Director of Close the Loop at the time), for a loan of $780,000 repayable within 5 years from the date of drawdown. The loan is secured against Shares held by Stephen Morriss, with daily interest accruing at a rate of 5.4% per annum capitalised at the end of each calendar month. The loan agreement was amended in November 2020 confirming the total outstanding amount as $990,600, being the loan of $780,000 and interest accrued of $210,600, with interest now repayable at a rate of 3% per annum. The revised repayment date is 27 November 2024 or such earlier date as agreed between the parties. The agreement is on arm's length terms. 3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of this outstanding debt of his to Close the Loop).

Current Director, Greg Toll, and Proposed Director, Grant Carman, are each entitled to be issued new Shares (400,000 and 50,000 Shares respectively) as part of the Shares to be issued to the Pre-IPO Investors upon conversion of the convertible loans pursuant to the Convertible Loan Agreements. See Section 9.10(b) for further details.

Current Directors, Greg Toll and Chris Trafford also have an interest in the convertible notes held by CtL Lending Pty Ltd, which will be converted into Shares upon completion of the Offer. See Section 9.10(c) for further details around the CtL Convertible Notes.

The Company also intends to grant Marc Lichtenstein, Tom Ogonek and Lawrence Jaffe the KMP Options (1,000,000 to each of Marc Lichtenstein and Tom Ogonek and 3,000,000 to Lawrence Jaffe) for nil monetary consideration upon successful completion of the Offer. Please see Section 9.12 for further information.

The Company has also entered into an arrangement, on an arm's length basis, with Proposed Director Grant Carman, who is an authorised representative of D H Flinders Pty Ltd (**D H Flinders**) pursuant to which the Company has agreed to pay to D H Flinders fees equivalent to 5% excluding GST of the gross value of total funds raised by D H Flinders in relation to the Offer. The amount expected to be received by D H Flinders for its services is not expected to be material, so Close the Loop expects the arrangement will not affect Grant Carman's independence as a Director.

8. Details of the Offer

8. Details of the Offer

8.1 Description of the Offer

This Prospectus relates to an offer of a minimum of 50,000,000 new Shares and up to a maximum of 60,000,000 new Shares to be issued by Close the Loop, and, if the Maximum Subscription is achieved, up to an additional 30,000,000 existing Shares to be transferred by CtL Sale Co Limited (**SaleCo**), as well as an application for admission of Close the Loop to the Official List of ASX.

The Offer therefore seeks to raise a minimum of $10,000,000 and up to a maximum of $12,000,000 (prior to deductions for Offer costs). Any additional subscriptions in excess of $12,000,000, up to a further $6,000,000, will, if raised, be paid to Selling Shareholders as proceeds for the sale of existing Shares by them.

Shares are offered at an Offer Price of $0.20 per Share.

All new and existing Shares offered under the Offer will rank equally with all other existing Shares on issue. A description of the Shares, including rights and liabilities attaching to them, is set out in Section 9.6.

The total number of Shares on issue at completion of the Offer is expected to be 319,381,478 (at the Minimum Subscription) and 329,381,478 (at the Maximum Subscription). The Shares being offered under the Offer are expected to represent approximately 15.66% (at the Minimum Subscription) and 18.22% (at the Maximum Subscription) of the Shares on issue at completion of the Offer.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

A breakdown of the expected costs of the Offer is set out under Section 9.22.

8.2 Important dates

Lodgement of Prospectus with ASIC	Friday, 22 October 2021
Opening Date of Offer	Monday, 1 November 2021
Closing Date of Offer	Friday, 19 November 2021
Settlement of the Offer	Tuesday, 23 November 2021
Issue of Shares to the OFP Group Vendors	Friday, 26 November 2021
Issue and transfer of Shares under the Offer	Friday, 26 November 2021
Expected dispatch of holding statements	Monday, 29 November 2021
Expected commencement of trading of Shares on the Official List of ASX	Tuesday, 30 November 2021

The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Offer, including to open or close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Applicants are encouraged to submit their Application as early as possible after the Offer opens.

No Shares will be issued or transferred on the basis of this Prospectus later than 13 months after the Prospectus Date.

8.3 Structure of the Offer

The Offer will be open to investors with registered addresses in Australia.

The Offer is not underwritten.

The allocation of Shares will be determined by agreement between the Company and the Joint Lead Managers.

Until the Shares are issued and transferred to successful Applicants, any Application Monies for Shares offered under the Offer will be held on trust for Applicants. If the Offer is withdrawn, Application Monies will be fully refunded. No interest will be paid on the Application Monies.

8.4 Purpose of the Offer

The Offer is being conducted to:

- provide Close the Loop with funds and greater access to capital markets that it expects will lead to added financial flexibility to pursue further growth opportunities including proposed acquisition targets;
- provide Close the Loop with the benefits of an increased profile that flow from being a listed entity;
- potentially provide Selling Shareholders with an opportunity to realise all of their existing investment in Close the Loop (subject to any additional subscriptions in excess of $12 million being raised under the Offer);
- pay the costs associated with the Offer and the ongoing incremental administration and overhead costs associated with maintaining Listing on the ASX; and
- provide a liquid market for its Shares and an opportunity for third parties to invest.

There are immediate and medium-term opportunities to drive further revenue growth from this business. About $4 million of the proceeds from the amounts raised from the Offer are expected to be used to acquire new plastic washing and separation equipment (subject to feasibility) focused on e-waste. In addition, about $3 million of funds raised from the Offer are expected to be used to finance the acquisition by O F Packaging Pty Ltd of 100% of the shares in Oceanic Agencies Pty Ltd (**Oceanic**), a Queensland-based provider of packaging and material handling products in the Australian seafood industry. A summary of the key terms of the binding Oceanic acquisition agreement entered into by O F Pack is set out in Section 9.10(e). The Oceanic acquisition is not conditional on completion of the Offer, completion of the Merger, or Listing, nor is the Offer conditional on completion of the acquisition of Oceanic.

8.5 Source and uses of funds

Funds raised from the issue and transfer of Shares under the Offer will be applied as set out in the below tables.

SOURCE	MINIMUM SUBSCRIPTION ($M)	MAXIMUM SUBSCRIPTION ($M)	ADDITIONAL SUBSCRIPTIONS ($M)
Close the Loop			
Offer proceeds received by Close the Loop	10.0	12.0	–
SaleCo			
Offer proceeds received by SaleCo from the sale of existing Shares	–	–	6.0
Total sources	**10.0**	**12.0**	**6.0**

USES	MINIMUM SUBSCRIPTION ($M)	%	MAXIMUM SUBSCRIPTION ($M)	%	ADDITIONAL SUBSCRIPTIONS ($M)	%
Close the Loop						
Upgrading machinery	0.5	5.0%	0.8	6.7%	–	–
New processing equipment – plastic washing and separation	4.0	40.0%	4.0	33.3%	–	–
Automation	1.0	10.0%	1.0	8.3%	–	–
Acquisition of Oceanic Agencies Pty Ltd	3.0	30.0%	3.0	25.0%	–	–
IPO costs^#	1.3	13.0%	1.4	11.7%	–	–
Cash	0.2	2.0%	1.8	15.0%	–	–
Total	**10.0**	**100%**	**12.0**	**100%**	**–**	**–**
SaleCo						
Pay Selling Shareholders	–	–	–	–	6.0	100%
Total	**–**	**–**	**–**	**–**	**6.0**	**100%**

^ The total costs of the Offer (excluding GST) are estimated to be approximately $1.30 million (based on the Maximum Subscription being raised), comprising amongst other things, legal expenses, accounting, audit and tax advisory fees, lead manager fees, ASIC and ASX fees and prospectus design and printing costs. Please refer to Section 9.22 for a detailed breakdown of the total costs of the Offer.

Assuming the Offer achieves additional subscriptions over and above the Maximum Subscription for a full $6 million, then in accordance with the Joint Lead Managers' mandates (as described in Section 9.10(d)), an additional amount of $220,000 (incl GST) would be payable by the Company to the Joint Lead Managers (in aggregate) in connection with the Offer.

The above table is statement of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of sales performance, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The Board believes that the Company will have sufficient working capital at the time of Listing to fulfil the purpose of the Offer and meet the Company's stated business objectives as stated in this Prospectus (even if only the Minimum Subscription is achieved).

8.6 Sale of Shares by Selling Shareholders

The Offer of Shares by SaleCo is a sell down of existing Shares by the Selling Shareholders via SaleCo. SaleCo is a special purpose vehicle that has been established to facilitate the sale of Shares by the Selling Shareholders. The Selling Shareholders have submitted (or will submit) an application to SaleCo in favour of, and for the benefit of, SaleCo under which they agree to sell all of their Shares to SaleCo free from encumbrances and third party rights, at the Offer Price per Share conditional on completion of the Offer. The sale agreements will complete upon completion of the Offer.

Shares that SaleCo acquires from the Selling Shareholders under those sale agreements will be transferred to successful Applicants under the Offer at the Offer Price free from encumbrances and third party rights. The price payable by SaleCo to the Selling Shareholders for those Shares is the Offer Price.

SaleCo has no assets, liabilities or operations other than its interests in and obligations under the sale agreements detailed above. The Company has agreed to provide certain administrative and information support as is necessary to enable SaleCo to discharge its functions in relation to the Offer. The Directors of SaleCo are Greg Toll, Marc Lichtenstein and Tom Ogonek, and the secretary of SaleCo is Marc Lichtenstein. Under the terms of the application, each Selling Shareholder acknowledges and agrees it will have no recourse against the Company or its directors, or SaleCo or its directors, in respect of the sell down, including if completion of the sell down does not occur.

Neither the Company nor SaleCo will be responsible for paying any tax incurred by any Selling Shareholder as a result of transferring or selling Shares pursuant to the sale agreements.

8.7 Shareholding structure

The Shares held as at the Prospectus Date and immediately following completion of the Offer (assuming no existing vested Options are exercised prior to completion of the Offer) are set out in the table below:

HOLDER(S)	SHARES HELD AT THE PROSPECTUS DATE		SHARES HELD ON COMPLETION OF THE OFFER[10]	
	Number	%	Number	%
CtL Nominees Pty Ltd[1]	28,516,331	29.0%	–	–
Giuseppe De Simone[2]	9,174,004	9.3%	13,674,004	4.2%
Stephen Morriss[3]	5,363,203	5.5%	2,360,000	0.7%
Entity associated with Joe Foster[4]	–	–	63,876,295	19.4%
Entities associated with Lawrence Jaffe[5]	–	–	63,433,537	19.2%
Entity associated with Darren Brits[6]	–	–	442,757	0.1%
Other shareholders[7]	55,146,480	56.2%	107,388,583	32.6%
New Shares to be issued to the Pre-IPO Investors	–	–	9,190,000	2.8%
New Shares to be issued upon conversion of the CtL Convertible Notes[8]	–	–	4,500,000	1.4%
New bonus Shares to be issued to existing Shareholders[9]	–	–	4,516,302	1.4%
New Shares to be issued under the Offer[10]	–	–	60,000,000	18.2%
Total	**98,200,018**	**100%**	**329,381,478**	**100%**

Notes:

1 Entity is expected to undertake an in-specie distribution prior to completion of the Offer. There are approximately 18 unique shareholders in that entity, none of whom are expected to be a substantial holder of the Company in their own right (regardless of whether the Offer was undertaken or whether the Merger occurred). As at the Prospectus Date, outgoing Director Silvio Salom is considered by Close the Loop to have a relevant interest in the Shares held by CtL Nominees Pty Ltd, which as noted above is expected to undertake an in-specie distribution prior to completion of the Offer. CtL Nominees Pty Ltd (or its shareholders, depending on the timing of the in-specie distribution) will also be issued 2,000,000 Shares on conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which will occur upon completion of the Offer, and Silvio would have a relevant interest in those Shares if the in-specie distribution has not occurred at that point. Silvio does not have an equity interest in CtL Nominees Pty Ltd or in the Company. Silvio will cease having a relevant interest in Close the Loop's Shares once the in-specie distribution has occurred (unless he separately acquires Shares under the Offer).

2 Giuseppe De Simone is a current substantial holder of the Company who has a relevant interest in the Shares held by Strategic Technology Investments Corporation Pty Ltd. At the time of Listing, Giuseppe De Simone will also have an interest in the total of 4,500,000 Shares issued to him personally (as to 1,253,890 Shares) and to his associated entity De Simone Nominees Pty Ltd (as to 3,236,110 Shares), (which will be issued upon conversion of the CtL Convertible Notes (as described in Section 9.10(c)), upon completion of the Offer.

3 3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of an outstanding debt of his to Close the Loop).

4 Joe Foster will have a relevant interest in Shares held by Foster Packaging Holdings Pty Ltd, which will be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

5 Lawrence Jaffe will have a relevant interest in Shares held by Omniverse Holdings Pty Ltd and RPM Worldwide Group Pty Ltd, which will each be issued Shares by Close the Loop
in connection with the consideration payable to the OFP Group Vendors for the Merger.

6 Darren Brits will have a relevant interest in Shares held by Ryco Nominees Pty Ltd as trustee for the Brits Family Trust, which will be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger. Darren is also a director and shareholder of Omniverse Holdings Pty Ltd although his shareholding does not give rise to a relevant interest.

7 Includes 9,229,650 Shares which were forfeited historically under the Company's Employee Share Plan. These are now held on account by the Company for potential reallocation to executives and/or employees and/or Shareholders. 6,229,594 of these Shares will be allocated to existing Shareholders as part of a bonus issue described in note (9) below. On successful completion of the Offer, the remaining 3,000,056 Shares will be allocated to Marc Lichtenstein and Tom Ogonek (as to 1,500,028 Shares each), as described in Section 7.5(a). Also includes Shares to be issued to the shareholders of CtL Nominees Pty Ltd (on the basis that it has carried out an in-specie distribution prior to completion of the Offer). Also includes 23,225,572 Shares issued to the OFP Group Vendors not associated with Joe Foster, Lawrence Jaffe and Darren Brits.

8 Excludes an additional 4,500,000 Shares to be issued to Giuseppe De Simone and De Simone Nominees Pty Ltd as per note (2) above.

9 These are new, bonus Shares to be issued by Close the Loop to its Shareholders between the Prospectus Date and completion of the Offer, approximately on a pro rata 53-for-1000 basis, to ensure the relativities agreed between Close the Loop and the O F Packaging Group in relation to the Merger are maintained. The record date for this bonus Share issue is expected to be on or around 1 November 2021. The allocation of these new bonus Shares is not reflected in other rows of the above table. For the avoidance of doubt, this figure excludes the additional pool of 6,229,594 existing Shares representing Shares which were forfeited historically under the Company's Employee Share Plan, which are to be transferred by Close the Loop to its Shareholders approximately on a 72-for-1000 basis between the Prospectus Date and completion of the Offer (at the same time as new, bonus Shares described above are issued).

10 Assumes the Maximum Subscription is raised.

8.8 How to apply

The Offer is open to the general public in Australia. Applications for Shares under the Offer can only be made using the Application Form accompanying this Prospectus.

The Prospectus and information about the Offer can be accessed in electronic form at www.ctlgroup.com.au/investors.

Application Forms may be submitted online at www.ctlgroup.com.au/investors or posted or delivered by hand to the Share Registry in accordance with the instructions on the Application Form.

Applications under the Offer must be for a minimum of 10,000 Shares ($2,000) and then in increments of 2,500 Shares ($500). Payments must be made in Australian dollars and may be paid via BPAY®. No brokerage, stamp duty or other costs are payable by Applicants.

For further information on how to complete the Application Form, Applicants should refer to the instructions set out on the form.

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and will be given a BPAY® biller code and a customer reference number (**CRN**) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian institution.

Using BPAY® details, Applicants must:

(a) access their participating BPAY® Australian financial institution either via telephone or internet banking;

(b) select to use BPAY® and follow the prompts to enter the biller code and unique CRN that corresponds to the online Application Form;

(c) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;

(d) select the account from which payment is to be made;

(e) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and

(f) record and retain the BPAY® receipt number and date paid.

Applicants should confirm with their Australian financial institution whether there are any limits on the Applicant's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at www.ctlgroup.com.au/investors and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

The Company accepts no responsibility for any failure to receive Application Monies by BPAY® before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

8.9 Application Forms

An original, completed and lodged Application Form together with payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the Application Monies provided.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form with any requisite Application Monies will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

Each Applicant under the Offer will be deemed to have:

(a) agreed to become a member of the Company and to be bound by the Constitution and the terms and conditions of the Offer;

(b) acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;

(c) declared that all details and statements in their Application Form are complete and accurate;

(d) declared that the Applicant(s), if a natural person, is/are over 18 years of age;

(e) acknowledged that, once the Company receives an Application Form, it may not be withdrawn;

(f) applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;

(g) agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated or transferred in a way described in this Prospectus) or no Shares at all;

(h) authorised the Company, SaleCo, the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;

(i) acknowledged that the Company does not intend to pay dividends in the near term and that any dividends paid in the future may not be franked;

(j) acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);

(k) declared that the Applicant(s) is/are a resident of Australia;

(l) acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and

(m) acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

The Offer may be closed at an earlier date and time at the discretion of the Directors and Proposed Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

8.10 Acceptance of Applications

An Application in the Offer is an offer by you to the Company to apply for Shares at the Offer Price, on the terms and conditions detailed in this Prospectus (including any supplementary or replacement document) and the relevant Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company or SaleCo in respect of the full amount, or any amount lower than that specified on the Application Form without further notice to the Applicant. Each of the Company and SaleCo reserve the right to decline any Application if it believes any provisions or procedures in this Prospectus, the relevant Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company, SaleCo and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the relevant Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company, SaleCo and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications).

The final allocation of Shares to Applicants in the Offer will be determined by agreement between the Company and the Joint Lead Managers. The allocation policy will be influenced, but not constrained by the following factors:

(a) number of Shares bid for by particular Applicants;

(b) timeliness of the bid by particular Applicants;

(c) the Company's desire for an informed and active trading market following completion;

(d) the Company's desire to establish a wide spread of Shareholders;

(e) overall level of demand under the Offer;

(f) size and type of funds under management of particular Applicants;

(g) likelihood that particular Applicants will be long-term Shareholders; and

(h) other factors that the Company and the Joint Lead Managers consider appropriate.

The Company and the Joint Lead Managers may, in their absolute discretion, reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.

Successful Applicants in the Offer will be allotted Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

8.11 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares and underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the US and may not be offered or sold, directly or indirectly, in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US State securities laws.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- if outside Australia, it is a person to whom the Offer can be lawfully made and Shares lawfully allocated and issued or transferred to without the requirement of any person to prepare, or file with any regulatory authority, a prospectus or other document under the laws applicable to that person or the jurisdiction it is in;
- it understands and agrees that the Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered or sold, directly or indirectly, in the United States, except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable United States State securities laws, and it agrees not to engage in hedging transactions with regard to such securities except in compliance with the US Securities Act;
- it is not in the United States;
- it has not sent, and will not send, the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under applicable securities laws and in compliance with all other applicable laws in the jurisdiction in which Shares are offered and sold.

Any offer, sale or resale of the Shares in the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if made prior to 40 days after the date on which the Offer Price is determined and the Shares are allocated under the Offer or if such Shares were purchased by a dealer under the Offer.

Each Applicant will be required to make, or will be deemed to have made, certain representations, warranties and covenants set out in the Application Form.

8.12 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and SaleCo, in consultation with the Joint Lead Managers, also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications either generally or in particular cases, reject any application, or (subject to the terms of any guaranteed allocations referred to in this Prospectus) allocate to any Applicant fewer Shares than applied for.

8.13 ASX listing, registers and holding statement

(A) APPLICATION TO ASX FOR LISTING AND QUOTATION OF SHARES

The Company will apply within 7 days of the Prospectus Date to be admitted to the Official List of ASX and will seek quotation of the Shares on ASX under the code '**CLG**'.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List of ASX is not to be taken as an indication of the merits of the Company or the Shares offered for subscription or sale.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by it from time to time.

If permission is not granted for the official quotation of the Shares on ASX within 3 months after the Prospectus Date (or any later date permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

(B) CHESS AND ISSUER SPONSORED HOLDINGS

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of an investor who is a participant in CHESS or an investor sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer-sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a security holder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the security holder's Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister.

The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

(C) SELLING SHARES ON-MARKET

It is expected that the dispatch of the holding statements will occur on or about 29 November 2021 and that trading on ASX will commence on or about 30 November 2021. It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk.

To the maximum extent permitted by law, the Company, SaleCo, the Directors, the Proposed Directors, the directors of SaleCo, the Selling Shareholders, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, whether you obtained details of your holding statement from the Offer Information Line or otherwise.

8.14 Tax implications of investing in Close the Loop

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in Close the Loop.

A general overview of the Australian taxation implications of investing in Close the Loop is set out in Section 9.18. The information in that Section is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

9. Additional Information

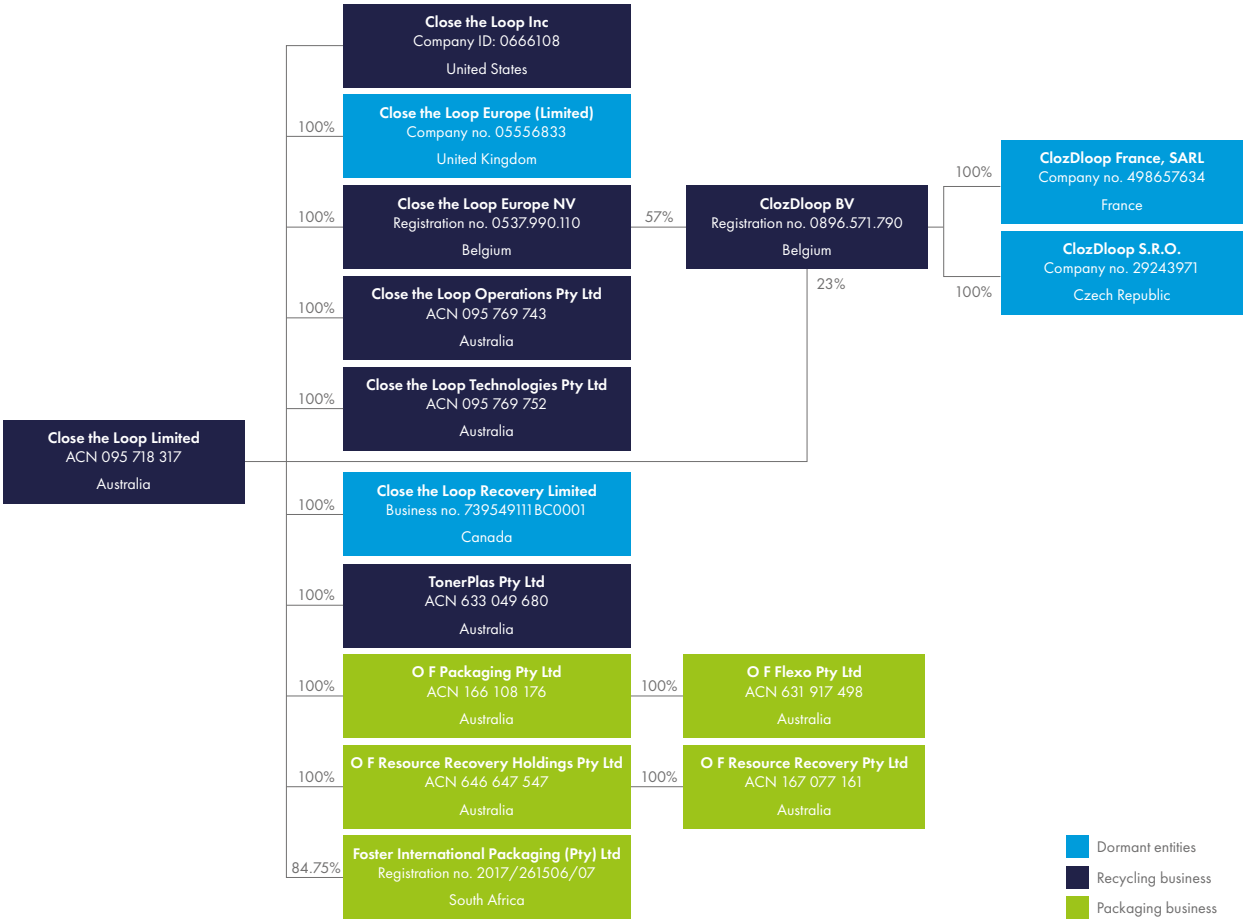
9. Additional Information

9.1 Corporate status

The Company was incorporated in Victoria on 25 January 2001 as an Australian public company limited by shares.

9.2 Corporate structure

An overview of the corporate structure of the Close the Loop Group following completion of the Merger and upon Listing is set out as follows:



Notes:

1 **Close the Loop Inc** is a company incorporated in Delaware, USA in 2007 upon the commencement of Close the Loop's greenfield operations in the US.

2 **Close the Loop (Europe) Limited** was incorporated in the UK in 2005 upon commencement of the Close the Loop Group's greenfield operations in Europe. Subsequent to the acquisition of ClozDloop BV (CdL), the Group's legacy European operations were transferred into and now operate through CdL. This entity is currently dormant.

3 **Close the Loop Europe NV** is the European holding company (registered in Belgium) of a direct interest in approximately 57% of ClozDloop BV (CdL), with an additional 23% held by the Company itself. This entity does not otherwise undertake any trading entities under its own name.

4 **ClozDloop BV** was established in 2008 by An Magerman and Gerrit Ouwens, to provide recycling services to OEMs based in Europe. Since 2016, the Close the Loop Group has had an interest in CdL (initially 60% which increased to 80% in December 2017).

5 **ClozDloop France, SARL** and **ClozDloop S.R.O.** are wholly-owned subsidiaries of CdL and have no operating activities. These entities are currently dormant.

6 **Close the Loop Operations Pty Ltd** was historically the main employment and contracting entity within the Close the Loop group. From around 2014, the operations of the business were progressively transferred to the Company. From 1 July 2019, Close the Loop Operations Pty Ltd again became the main employment and contracting entity within the Close the Loop Group in Australia.

7 **Close the Loop Technologies Pty Ltd** is the technology arm of the Close the Loop Group and is responsible for undertaking patent and trademark activities.

8 **Close the Loop Recovery Limited** is a company incorporated in Canada although this entity is currently dormant given the Group's operations are undertaken through Close the Loop Inc (the US-registered group entity).

9 **TonerPlas Pty Ltd** is an Australian trading entity that sells TonerPlas®, a patented asphalt additive made from soft plastics and waste toner powder.

10 **O F Packaging Pty Ltd** provides medium to large volume offshore gravure print production services.

11 **O F Flexo Pty Ltd** provides flexographic printing and bag converting services.

12 **O F Resource Recovery Holdings Pty Ltd** (and its wholly-owned subsidiary, **O F Resource Recovery Pty Ltd**) provide resource recovery, recycling, reuse and waste services.

13 **Foster International Packaging (Pty) Ltd** is a company incorporated in South Africa, which provides gravure print packaging services to African markets.

9.3 Company tax status

The Company and its subsidiaries are subject to tax at the relevant corporate tax rates in the jurisdictions in which they operate. The financial year of the Company will end on 30 June annually.

9.4 Capital structure

As at the Prospectus Date, the Company has on issue fully paid ordinary shares (**Shares**) and options to acquire Shares (**Options**).

In order to give effect to the Merger, 100% of the consideration payable by the Company under the Acquisition Agreements is payable to the OFP Group Vendors via the issue of Shares following completion of the Offer.

The following table sets out the Company's current capital structure as at the Prospectus Date and what is indicatively expected to be the Company's capital structure upon Listing:

			UPON LISTING			
	AS AT THE PROSPECTUS DATE		MINIMUM SUBSCRIPTION[1]		MAXIMUM SUBSCRIPTION[1]	
	Securities	%	Securities	%	Securities	%
Shares held by existing Company shareholders[2]	98,200,018	99.62%	95,196,815	28.78%	95,196,815	27.94%
Total Shares held by OFP Group Vendors	–	–	150,978,361	45.65%	150,978,361	44.31%
New Shares offered under the Offer	–	–	50,000,000	15.12%	60,000,000	17.61%
New bonus Shares to be issued by Close the Loop to its existing Shareholders[3]	–	–	4,516,302	1.37%	4,516,302	1.33%
New Shares to be issued to the Pre-IPO Investors	–	–	9,190,000	2.78%	9,190,000	2.70%
New Shares to be issued upon conversion of the CtL Convertible Notes	–	–	9,500,000	2.87%	9,500,000	2.79%
Total number of Shares (undiluted)	**98,200,018**	**99.62%**	**319,381,478**	**96.56%**	**329,381,478**	**96.67%**
Existing employee Options[4]	375,000	0.38%	375,000	0.11%	375,000	0.11%
Joint Lead Manager Options[5]	–	–	6,000,000	1.81%	6,000,000	1.76%
KMP Options[5]	–	–	5,000,000	1.51%	5,000,000	1.47%
Total number of Securities (fully diluted)	**98,575,018**	**100.00%**	**330,756,478**	**100%**	**340,756,478**	**100%**

Notes:

1 Assumes no OFP Group Vendor or existing Shareholder is issued Shares under the Offer.

2 3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of an outstanding debt of his to Close the Loop).

3 These are new, bonus Shares to be issued by Close the Loop to its Shareholders between the Prospectus Date and completion of the Offer, approximately on a pro rata 53-for-1000 basis, to ensure the relativities agreed between Close the Loop and the O F Packaging Group in relation to the Merger are maintained. The record date for this bonus Share issue is expected to be on or around 1 November 2021. The allocation of these bonus Shares is not reflected in other rows of the above table. For the avoidance of doubt, this excludes the additional pool of 6,229,594 existing Shares representing Shares which were forfeited historically under the Company's Employee Share Plan, which are to be transferred by Close the Loop to its Shareholders approximately on a pro rata 72-for-1000 basis between the Prospectus Date and completion of the Offer (at the same time as the new, bonus Shares described above are issued).

4 Reflects Options held by 2 non-management employees (one former and one current), whose terms of issue are set out in Section 9.8(b).

5 Out of the money at the time of the Offer.

The Company's free float at the time of Listing will be not less than 20%.

9.5 Substantial holders

As the Prospectus Date, the Company has more than 400 Shareholders and no individual shareholder has control of the Company. Only one person is expected to hold an interest in 5% or more of the Shares on issue as at the Prospectus Date:

NAME	SHARES NUMBER	%
CtL Nominees Pty Ltd	28,516,331	29.0%
Giuseppe De Simone	9,174,004	9.3%
Stephen Morriss	5,363,203	5.5%

CtL Nominees Pty Ltd is expected to undertake an in-specie distribution prior to completion of the Offer. There are approximately 18 unique shareholders in that entity, none of whom are expected to be a substantial holder of the Company in their own right at the Prospectus Date. In the event that an in-specie distribution is not entered into prior to completion of the Offer, CtL Nominees Pty Ltd will enter into a voluntary escrow arrangement for a period of 12 months from the date of Listing prior to completion of the Offer.

As at the Prospectus Date, Mr De Simone holds his interests in the Shares directly through his associated entity Strategic Technology Investments Corporation Pty Ltd. At the time of Listing, Giuseppe De Simone will also have a relevant interest in 4,500,000 new Shares issued to him personally (as to 1,253,890 Shares) and De Simone Nominees Pty Ltd (as to 3,246,110 Shares) as part of the conversion of the CtL Convertible Notes (as described in Section 9.10(c)), which is due to occur upon successful completion of the Offer.

3,003,203 Shares held by Stephen Morriss are the subject of a proposed share buy-back contemplated by Close the Loop. Subject to Shareholder approval being received at the Close the Loop annual general meeting scheduled for 29 October 2021, these Shares will be cancelled, reducing Stephen Morris' shareholding by 3,003,203 (and leading to the discharge of an outstanding debt of his to Close the Loop for $750,800.75).

Based on the information known as at the Prospectus Date, upon Listing, only the following persons will have an interest in 5% or more of the Shares on issue:

NAME	SHARES NUMBER	% MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Joe Foster[1]	63,876,295	19.99%	19.39%
Brendan Yee[2]	63,876,295	19.99%	19.39%
Lawrence Jaffe[3]	63,433,537	19.86%	19.26%

Notes:

1 Joe will have a relevant interest in Shares held by Foster Packaging Holdings Pty Ltd which will be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

2 Brendan will have a relevant interest in Shares held by Omniverse Holdings Pty Ltd and Brendan Yee Pty Ltd as trustee for the Brendan Yee Family Trust, which will each be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

3 Lawrence will have a relevant interest in Shares held by Omniverse Holdings Pty Ltd and RPM Worldwide Group Pty Ltd, which will be issued Shares by Close the Loop in connection with the consideration payable to the OFP Group Vendors for the Merger.

9.6 Control implications of the Offer and of the Merger

The Directors do not expect any Shareholder to control Close the Loop on completion of the Offer, however the collective shareholding of the OFP Group Vendors may be enough to control Close the Loop.

On completion of the Offer, Joe Foster is expected to have a relevant interest in up to approximately 19.99% of the Shares on issue (based on meeting the Minimum Subscription), which may in circumstances be substantial enough to significantly influence, or in some cases determine, the outcome of a Shareholder resolution in general meeting or the outcome of a change of control transaction involving Close the Loop as a target, particularly if Joe Foster and Lawrence Jaffe (who are not associates) vote in the same way on a particular resolution.

Similarly, Lawrence Jaffe's expected relevant interest in up to approximately 19.86% of the Shares on issue on completion of the Offer (based on meeting the Minimum Subscription) may in circumstances be substantial enough to significantly influence, or in some cases determine, the outcome of a Shareholder resolution in general meeting or the outcome of a change of control transaction involving Close the Loop as a target, particularly if Lawrence Jaffe and Joe Foster (who are not associates) vote in the same way on a particular resolution.

Brendan Yee and Lawrence Jaffe each have a relevant interest in the Shares held by Omniverse Holdings Pty Ltd, which is expected to hold 62,990,780 Shares (or up to approximately 19.72% of the Shares on issue based on meeting the Minimum Subscription). Brendan and Lawrence are associates. Darren Brits also has an interest (but not a relevant interest) in Omniverse Holdings Pty Ltd. Darren is not associated with Brendan or Lawrence.

As noted above, Joe Foster is not associated with Lawrence Jaffe and Brendan Yee. However, if Joe voted on a particular resolution in the same way as Lawrence and Brendan, then that could give rise to them effectively having control of Close the Loop, as a collective group of Shareholders, particularly given their collective voting power would be almost 40%.

9.7 Constitution and rights attaching to Shares

(A) INTRODUCTION

The rights and liabilities attaching to ownership of Shares are detailed in the Constitution and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive and is qualified by the full terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List of ASX.

(B) VOTING AT A GENERAL MEETING

At a general meeting of the Company, subject to the Corporations Act, the Constitution and any rights or restrictions attached to Shares, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares). The chairman of the meeting is entitled to a casting vote.

In addition, the Directors may determine that any general meeting or class meeting, a Shareholder who is entitled to attend or vote on a resolution at that meeting is entitled to a "direct vote" in respect of that resolution. A "direct vote" includes a vote delivered to the Company by post, fax or other electronic means approved by the Directors.

(C) MEETINGS OF SHAREHOLDERS

Each Shareholder is entitled to receive notice of and attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

The Company must give Shareholders at least 28 days' written notice of a general meeting.

(D) DIVIDENDS

Subject to the Corporations Act, the Constitution and the terms of issue or rights of any shares with special rights to dividends, the Board may from time to time determine that a dividend is payable, fix the amount of the dividend, the timing of payment of the dividend and method of payment of the dividend. A dividend may only be paid in accordance with the Corporations Act.

(E) TRANSFER OF SHARES

Subject to the Constitution and the ASX Listing Rules, Shares may be transferred by:

(i) a proper transfer effected in accordance with the ASX Settlement Operating Rules; or

(ii) any other method required or permitted by the Corporations Act and ASX.

The Board:

(iii) may, if the ASX Listing Rules permit the Company to do so; and

(iv) must, if the ASX Listing Rules require the Company to do so (or if the transfer is in breach of the ASX Listing Rules or any "Restriction Agreement"),

request that the relevant clearing and settlement facility operator apply a holding lock to prevent a transfer of Shares through CHESS or the relevant subregister, or otherwise refuse to register a transfer of Shares.

(F) ISSUE OF FURTHER SHARES

Subject to the Corporations Act, the ASX Listing Rules and any rights and restrictions attached to Shares, the Board has full discretion to issue, allot and cancel or otherwise dispose of Shares, grant options over unissued Shares and settle the manner in which fractions of a Share are to be dealt with.

(G) WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution of Shareholders, divide among Shareholders in kind the whole or any part of the Company's property, set the value of that property that the liquidator considers fair and determine how the division is to be carried out between Shareholders or different classes of shareholders.

(H) NON-MARKETABLE PARCELS

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel by following the procedures set out in the Constitution.

(I) SHARE BUY-BACKS

Subject to the Corporations Act and the ASX Listing Rules, the Company may buy back Shares in itself on terms and at times determined by the Board.

(J) VARIATION OF CLASS RIGHTS

At present, the Company's only class of shares on issue are Shares. Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different class of shares, the rights attaching to any class of shares may only be varied or cancelled by a special resolution of Shareholders and:

(i) with the consent in writing of the holders of three quarters of the issued shares included in that class; or

(ii) by a special resolution passed at a separate meeting of the holders of those shares.

In either case, if members in a class do not all agree to the variation or cancellation of their rights (or a modification of the Company's Constitution to allow their rights to be varied and cancelled), under the Corporations Act members with at least 10% of the votes in that class of shares may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation, cancellation or modification.

(K) CONVERSION OR REDUCTION OF SHARE CAPITAL

Under the Corporations Act, the Company may convert all or any of its Shares into a larger or smaller number of shares by resolution passed at a general meeting.

The Company may reduce its share capital in any way permissible by the Corporations Act.

(L) PREFERENCE SHARES

Subject to the Corporations Act and the ASX Listing Rules, the Company may issue preference shares including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible to Shares. The rights attaching to preference shares are those set out in the Constitution, unless other rights have been approved by special resolution of the Company.

(M) DIVIDEND REINVESTMENT PLANS

Subject to the ASX Listing Rules, the Constitution authorises the Directors, on any terms and conditions they think fit, to establish a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares).

(N) DIRECTORS – APPOINTMENT AND REMOVAL

Unless otherwise determined by the Company in general meeting, under the Constitution, the Company must have at least 3 Directors, and a maximum of 9 directors. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the managing director) may hold office for more than three years or past the third annual general meeting following their appointment without re-election. The Directors may also appoint a Director to fill a casual vacancy on the Board or as an addition to the existing Directors. Such a Director (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

(O) DIRECTORS – VOTING

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

(P) INDEMNITIES

The Company, to the maximum extent permitted by law, may indemnify any current or former Director (including alternative directors), secretary or officer, of the Company or its subsidiaries against any liability incurred by that person in that capacity, including certain legal costs.

The Company may enter into and pay premiums on a contract insuring any current or former Director (including alternative directors), secretary or officer, of the Company or its subsidiaries against any liability incurred by that person in that capacity, including legal costs, unless prohibited by law.

Under the Constitution, the Company may provide indemnification and may obtain insurance for each director, or officer, of the Company or its subsidiaries during their period of office and for a certain period after the person ceases to be a Director, or officer, of the Company or its subsidiaries.

The Company has entered into deeds of access, indemnity and insurance with each Director. These are summarised in Section 7.6.

(Q) POWERS AND DUTIES OF DIRECTORS

The Board is responsible for overseeing the proper management of the business of the Company, and may exercise all powers and do all things that are not required by law or by the Constitution to be exercised by the Company in general meeting.

(R) AMENDMENTS

The Constitution can only be amended by special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

9.8 Employee incentive plans

The Company has in place the following employee incentive plans, which are summarised below:

- the Employee Share Plan (**ESP**); and
- the Employee Share and Option Plan (**ESOP**).

(A) EMPLOYEE SHARE PLAN (ESP)

Under the Company's ESP, Shares may be granted by the Company to certain Directors and other selected members of the Close the Loop management team in accordance with their remuneration and incentive arrangements.

As at the Prospectus Date, there are 3,060,000 Shares on issue that have been granted to a total of 3 former officers and employees in total under the ESP with certain borrowing arrangements attached. Employees may be offered Shares funded by way of an interest-free loan and are eligible to retain these Shares once the interest-free loan is repaid. Otherwise these Shares are forfeited by the relevant employee and are transferred to the Company. These Shares carry full voting rights.

A summary of the terms of the loan agreements between the Company and certain employees is below:

- *interest:* the loans are interest-free;
- *term:* the loans are for a period of 5 years from the drawdown date;
- *amounts:* the total amounts loaned to employees under the ESP range from $50,000 to $412,000;
- *repayment:* the loans may become due and payable before maturity and within 6 months of certain events, including where an employee ceases to be eligible under the ESP, ceases to be an employee or director of the Company or has not satisfied applicable performance hurdles under the loan agreement; and
- *failure to repay loan:* where an employee has failed to repay the loan in accordance with the terms of the loan agreement, the employee's shares may be subject to a buy-back, forfeiture and cancellation or transfer to a third party in consideration for repayment of the loan.

A general summary of the terms and conditions of the ESP is as follows:

PLAN	EMPLOYEE SHARE PLAN
Type of securities issued under the plan	Shares (i.e. fully paid ordinary shares in Close the Loop).
Eligible participants	Employees and Directors determined by the Board to be eligible to receive plan Shares.
Price of securities issued under the plan	Set out in the individual plan invitation.
Vesting conditions	Performance hurdles and performance periods at the Board's absolute discretion.
Loans to participants	Loans made by the Company for the purpose of purchasing Shares by an eligible person. The entire amount of the loan must be applied towards paying the issue price for the Shares. Loans granted under the plan will be interest free unless otherwise determined by the Board. Cash dividends payable in respect of the Shares are to be applied against the outstanding loan, and similarly the proceeds of the sale of Shares will be applied against the outstanding loan amount. The Board may impose any additional conditions of repayment that it considers appropriate (in its absolute discretion), e.g. salary sacrifice arrangements and repayment upon the participants' employment or for breach of the plan rules.
Restrictions on securities	Generally, holders of plan Shares may not deal with their Shares without Board approval until the loan has been repaid.
Listing	Where Shares are listed on ASX, the Board may determine that the plan Shares will also be listed on ASX.
Number of securities proposed to be issued under this plan	At the Prospectus Date, 3,060,000 Shares are on issue that were granted to employees under this plan. Close the Loop does not intend to issue any further Shares under this plan.

(B) EMPLOYEE SHARE OPTION PLAN (ESOP)

Under the Company's Employee Share Option Plan (**ESOP**), Options have been granted to certain former and current full-time employees. These Options vest and are exercisable (on or before the relevant expiry date) only as and when certain performance based KPIs and targets have been achieved by the respective individual. The Options grant no voting or dividend rights and are not transferable.

The Board set the relevant performance based KPIs, targets (including the performance hurdles on which the Options vest) and any other conditions or terms relating to the vesting or exercise of the Options in the invitation to employees to apply for Options and accordingly, the relevant performance based KPIs, targets and terms vary from employee to employee.

EXPIRY DATE	NUMBER OF OPTIONS	NUMBER OF OPTION HOLDERS UNDER ESOP	EXERCISE PRICE
30 April 2022[1]	375,000	2	$0.20

Notes:

1 These Options are held by one former and one current employee who have the right but not the obligation to exercise. The exercise of these Options is at the discretion of the Option holder and will expire upon the expiry date.

A general summary of the terms and conditions of the ESOP is as follows:

PLAN	EMPLOYEE SHARE OPTION PLAN
Type of securities issued under the plan	Options (i.e. options to acquire fully paid ordinary shares in Close the Loop) issued for nil consideration.
Eligible participants	Employees and Directors only.
Price of securities issued under the plan	The Exercise Price must be paid by the participants to exercise the Options.
Vesting conditions	All existing Options issued under this plan have vested.
Expiry	The Options automatically expire 10 years after their issue date, or such earlier date provided for in a grant letter.
Loans to participants	N/A.
Restrictions on securities	Generally, holders of Options may not deal with their Options without Board approval.
Listing	Options will not be quoted on ASX. Where Shares are listed on ASX, the Board may determine that the Shares issued upon exercise of the Options will also be listed on ASX.
Change of control	If a change of control is proposed to be made in the Company, the Board may in its absolute discretion determine either or both: • all outstanding Options that are not yet able to be exercised will become exercisable at the time or upon the occurrence of an event determined by the Board; and • all Options that are not exercised prior to the time or occurrence of an event determined by the Board, will lapse at that time or upon the occurrence of that event.
Exercise of Options	An Option cannot be exercised unless, at the time of exercise, the Option has not lapsed, each performance hurdle has been achieved and 12 months has passed following the listing of Close the Loop's Shares on ASX.
Number of securities proposed to be issued under this plan	At the Prospectus Date, 375,000 Options remain on issue under this plan. Close the Loop does not intend to issue any further Options under this plan.

9.9 Escrow

(A) MANDATORY ESCROW

ASX will classify certain existing securities on issue as being subject to the restricted securities provisions of the ASX Listing Rules. Close the Loop expects this will include, without limitation, all Shares issued to the OFP Group Vendors in connection with the Merger. Restricted securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX.

Prior to the Company's Shares being admitted to quotation on ASX, the Company will enter into escrow deeds with the recipients of any restricted securities in accordance with Chapter 9 of the ASX Listing Rules, and the Company will announce to ASX full details (quantity and duration) of any securities required to be held in escrow.

During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

ASX has conditionally confirmed the Joint Lead Manager Options issued to the Joint Lead Managers are not likely to be subject to ASX-mandated escrow.

(B) VOLUNTARY ESCROW

The following parties have agreed to enter into voluntary escrow arrangements in relation to all of the Shares they will hold on completion of the Offer:

SHAREHOLDER	SHARES IN ESCROW	% OF TOTAL SHARES HELD BY SHAREHOLDER SUBJECT TO VOLUNTARY ESCROW	APPROXIMATE EXPECTED % OF ALL SHARES ON ISSUE UPON COMPLETION OF THE OFFER SUBJECT TO VOLUNTARY ESCROW[3]	ESCROW PERIOD
Giuseppe De Simone[1]	13,674,004	100%	4.15%	12 months from the date of Listing
Pre-IPO Investors[2]	4,595,000	50%	1.40%	12 months from the date of Listing
Total	**18,269,004**	–	**5.55%**	–

Notes:

1 Giuseppe De Simone has a relevant interest in Shares held by Strategic Technology Investments Corporation Pty Ltd and upon conversion of the CtL Convertible Notes (as described in Section 9.10(c)) at completion of the Offer, will also have a relevant interest in a further 4,500,000 new Shares issued to him personally (as to 1,253,890 Shares) and to his associated entity De Simone Nominees Pty Ltd (as to 3,236,110 Shares).

2 The Pre-IPO Investors have each agreed to enter into voluntary escrow for a period of 12 months for 50% of their Shares from the date of Listing should ASX determine that mandatory escrow does not apply to their Shares.

3 Assumes the Maximum Subscription is achieved and 60,000,000 new Shares are issued under the Offer.

9.10 Material contracts

(A) ACQUISITION AGREEMENTS TO GIVE EFFECT TO THE MERGER

On successful completion of the Offer and Listing, the Company will acquire:

(i) 100% of the share capital in O F Packaging Pty Ltd ACN 166 108 176;

(ii) 100% of the share capital in O F Resource Recovery Holdings Pty Ltd ACN 646 647 547; and

(iii) approximately 85% of the share capital in Foster International Packaging (Pty) Ltd (South African registration no. 2017/261506/07) (**FIP**),

together, the **O F Packaging Group** (the **Merger**).

The rationale for acquiring approximately 85% of shares in FIP (and not 100%) is due to current company ownership laws in place in South Africa relating to Black Economic Empowerment.

The Company has entered into Acquisition Agreements with the shareholders of each of the O F Packaging Group entities. The agreements are cross-conditional and interdependent. Each of the Acquisition Agreements contains terms and conditions that are customary for transactions of this nature and they contain substantially similar terms.

In consideration for acquiring shares in the O F Packaging Group entities, Close the Loop will issue new Shares to the OFP Group Vendors under the various Acquisition Agreements.

TERM	SUMMARY
Consideration	No cash will be paid by Close the Loop and the consideration is purely via the issue of Close the Loop Shares. The issue of 150,978,361 Shares in aggregate as consideration to the OFP Group Vendors for the Merger represents an equivalent purchase price of approximately $37.7 million. The following sets out the agreed allocation of Shares to the OFP Group Vendors:

	EXPECTED SHAREHOLDING IN CLOSE THE LOOP UPON COMPLETION OF THE OFFER		
Shareholder	**Number of Shares to be issued**	**Minimum Subscription**	**Maximum Subscription**
Foster Packaging Holdings Pty Ltd[1]	63,876,295	19.99%	19.39%
RPM Worldwide Group Pty Ltd[2]	442,757	0.14%	0.13%
Omniverse Holdings Pty Ltd[2]	62,990,780	19.72%	19.13%
Ryco Nominees Pty Ltd as trustee for the Brits Family Trust[3]	442,757	0.14%	0.13%
Brendan Yee Pty Ltd as trustee for the Brendan Yee Family Trust	885,515	0.28%	0.27%
Sharlene Patricia Abrahams	1,134,518	0.36%	0.35%
Regan Foster	6,890,363	2.16%	2.10%
Thomas Arthur O'Donoghue	442,757	0.14%	0.13%
1Pitwo Pty Ltd	13,872,618	4.34%	4.21%
TOTAL	**150,978,361**	**47.27%**	**45.84%**

Notes:

1 Proposed Director Joe Foster has a relevant interest in Shares held by Foster Packaging Holdings Pty Ltd.

2 Proposed Director Lawrence Jaffe has a relevant interest in Shares held by each RPM Worldwide Group Pty Ltd and Omniverse Holdings Pty Ltd.

3 Proposed Director Darren Brits has a relevant interest in Shares held by Ryco Nominees Pty Ltd as trustee for the Brits Family Trust. Darren is also a director and shareholder of Omniverse Holdings Pty Ltd although his shareholding does not give rise to a relevant interest.

Adjustments	Not applicable – no working capital or debt adjustments.
Conditions precedent	The Merger is subject to a number of conditions precedent, including satisfactory completion of due diligence, obtaining change of control consents customary for a transaction of this nature, completion of the Offer, the Company obtaining ASX's approval to be admitted to the Official List of ASX, and in the case of OFP, cancelling existing non-ordinary shares on issue.
Board representation	Pursuant to the Acquisition Agreements, the OFP Group Vendors have nominated Joe Foster, Lawrence Jaffe and Darren Brits to the Board, while Close the Loop nominated Marc Lichtenstein to the Board. As part of the Merger, Silvio Salom and Chris Trafford will each resign from the Board subject to and with effect from completion of the Merger.
Warranties, representation and other terms	Each of the OFP Group Vendors has given to Close the Loop warranties and indemnities that are customary for a transaction of this type, including as to the ownership of the shares being acquired, nature and accuracy of the accounts of the business, tax, business records, legal compliance and the accuracy of information provided by the OFP Group Vendors to Close the Loop during its due diligence process.
Restraint	Under the Acquisition Agreements, the OFP Group Vendors will be subject to restraint of trade requirements which will apply for varying durations following the date of settlement and varying geographic limits according to where the relevant O F Packaging Group entity conducts business.
Sunset Date	The Acquisition Agreements have a sunset date of 30 June 2022. That is, termination rights exist if completion of the Merger does not occur by that date.

(B) O F PACK CONVERTIBLE LOAN AGREEMENTS WITH PRE-IPO INVESTORS

O F Packaging Pty Ltd (**O F Pack**) (as borrower) has entered into convertible loan agreements with 41 sophisticated investors (together, the **Pre-IPO Investors**), on identical terms, pursuant to which O F Pack raised $919,000 in aggregate, in order to secure additional working capital in connection with (amongst other things) the Merger (**Convertible Loan Agreements**).

The Pre-IPO Investors provided unsecured loans of varying amounts to O F Pack, with no interest accruing.

Under the terms of the agreement, the loan will convert to shares in Close the Loop on the issuing of shares under the Offer (which is a condition precedent to completion of the Merger). O F Pack is obliged to procure the issue of Shares to each Pre-IPO Investor based on the amount of the loan divided by an agreed issue price of $0.10. Close the Loop has agreed to issue Shares to the Pre-IPO Investors on this basis.

If conversion does not occur for any reason, O F Pack is not obliged to repay the loan. The Convertible Loan Agreements have a sunset date of 30 June 2022.

The obligation to convert each loan to Shares is subject to and conditional upon the investor entering into a restriction agreement for the period determined by ASX or otherwise, 50% of the investor's shares will be subject to voluntary escrow for 12 months from the entity being listed on ASX.

O F Pack has drawn down the full amount of each loan.

If completion of the Offer occurs, then the Company would issue (in aggregate) 9,190,000 new Shares in addition to the new Shares being issued in connection with the Offer.

(C) CONVERTIBLE NOTES ISSUED BY THE COMPANY TO CTL LENDING PTY LTD

On 22 December 2020, the Company agreed to refinance an existing debt owed to Giuseppe De Simone (current substantial holder of the Company) by issuing $500,000 worth of convertible notes (**Notes**), being 10 Notes in total for $50,000 each, to his associated entity, CtL Lending Pty Ltd (**Lending**). Lending holds the Notes on trust for Curricular Technologies Innovation Trust.

The $100,000 principal, plus interest that had accrued to the point of refinancing, was set off against the $500,000 payable by Lending for those 10 Notes.

A convertible note subscription agreement between the Company and Lending dated 22 December 2020 provided:

- that the Company could invite Lending to subscribe for 10 additional Notes, effectively creating a $1,000,000 facility;
- for as long as additional Notes had not been offered to the Lender, then the Company could not issue additional Notes or any other option to subscribe for Shares unless and until the expiration of 14 days after offering those Notes or options to Lending (other than issues of equity instruments by the Company to employees); and
- the price for conversion of the Notes into Shares must be at the lowest price for which Shares are issued during the term of the Notes and for 12 months thereafter (with the Company obliged to take such further action as required at its sole cost to give effect to this commitment). The Directors and the Proposed Directors do not intend to issue Shares at less than the conversion price of $0.10 per Share at any time for the 12-month period following conversion of the Notes into Shares.

The Company and two of its subsidiaries also agreed to grant security interests over their respective property and assets to secure the debt the subject of the Notes.

Under the terms of a converting note deed poll entered into on 22 December 2020:

- interest accrues at a rate of 10% per annum;
- the conversion price is $0.10;
- the Notes can be converted into Shares at any time prior to the maturity date (being 3 years after the date of issue);
- Shares issues on conversion of the Notes rank equally in all respects with all existing Shares on issue at the time of conversion; and
- the Notes are transferrable with the prior written approval of the Company (not to be unreasonably delayed or withheld).

As at the Prospectus Date, the total facility provided by the Lender is $950,000 (equivalent to 19 Notes) (**CtL Convertible Notes**).

The Notes have been converted and 9,500,000 Shares are to be issued by the Company upon the issuing of Shares under the Offer.

Each unit in the Curricular Technology Innovation Trust is entitled to an allocation of 10 Shares on conversion of the CtL Convertible Notes:

HOLDER	UNITS IN THE CURRICULAR TECHNOLOGIES INNOVATION TRUST	SHARES TO BE ISSUED IN CLOSE THE LOOP UPON CONVERSION
CtL Nominees Pty Ltd[1]	200,000	2,000,000
Toll Associates Pty Ltd[2]	200,000	2,000,000
CLCL Pty Ltd[3]	50,000	500,000
Flint Trafford Pty Ltd[3]	50,000	500,000
De Simone Nominees Pty Ltd	324,611	3,246,110
Giuseppe De Simone	125,389	1,253,890
Total	**950,000**	**9,500,000**

Notes:

1 Current Director, Silvio Salom, is considered by Close the Loop to have a relevant interest in Shares held by CtL Nominees Pty Ltd. Silvio has no equity interest in CtL Nominees Pty Ltd or in the Company.

2 Current Director, Greg Toll, has a relevant interest in the Shares to be issued Toll Associates Pty Ltd.

3 Outgoing Director, Chris Trafford, has a relevant interest in the Shares to be issued CLCL Pty Ltd and Flint Trafford Pty Ltd.

4 Giuseppe De Simone (current substantial holder of Close the Loop) has a relevant interest in the Shares to be issued to De Simone Nominees Pty Ltd (as well as the Shares issued to him personally).

(D) JOINT LEAD MANAGERS' MANDATES

Aitken Murray Capital Partners Pty Ltd and Cumulus Wealth Pty Ltd have acted as the Joint Lead Managers for the Offer pursuant to the terms of mandate letters on substantially the same terms dated 27 April 2021 and 28 April 2021 respectively. For their work, the Joint Lead Managers are to receive fees under the terms of their engagement letters amounting to (in aggregate) 5% excluding GST of the gross value of total funds raised by the Joint Lead Managers (including the value of any existing Shares sold), up to $14 million. This excludes any funds raised by D H Flinders Pty Ltd in relation to the Offer. The Joint Lead Managers will receive (in aggregate) 2.5% excluding GST of the gross value of total funds raised by the Joint Lead Managers for any amounts raised by the Joint Lead Managers in excess of $14 million.

The mandate letters also set out the basis for which the Joint Lead Managers will each be issued 3,000,000 Joint Lead Manager Options on Listing at an exercise price representing a 50% premium to the Offer Price and able to be exercised over a 2-year period from the date of Listing.

Under the mandates, for the 12 months following completion of the Offer, both Joint Lead Managers will have a right of first refusal to act as the Company's capital markets adviser, arranger, placement agent or booking running lead manager in connection with any public market equity offer by the Company.

(E) OCEANIC AGENCIES ACQUISITION

O F Packaging Pty Ltd (**O F Pack**) has entered into a share sale and purchase agreement to acquire 100% of the issued share capital of Oceanic Agencies Pty Ltd (**Oceanic**), a Queensland-based provider of packaging and material handling products in the Australian seafood industry.

The Directors and the Proposed Directors expect this acquisition to be earnings accretive for the Close the Loop Group and support the acquisition.

Under the agreed sale terms, O F Pack will pay a purchase price of up to $3,250,000, $2,500,000 of which is payable upfront at settlement. The purchase price is subject to customary adjustments for debt and working capital.

The purchase price includes an earn out component payable to the vendors, for the first year after completion of the acquisition. The earn out payment is equal to Oceanic's EBIT for the 12-month period following completion x 3.4 less $2,500,000 (the amount paid at settlement). The earn out amount is capped at $750,000. For the purposes of the use of funds tables in this Prospectus, the Directors and Proposed Directors have assumed that an earn out amount of $500,000 will be payable.

It is proposed that the Oceanic acquisition will be funded from the proceeds of the Offer.

The two key employees (being the vendors) have agreed to remain employed with the business post-Completion for a minimum period of 12 months to facilitate transition of Oceanic's business and assist with the ongoing success of that business. The vendors have also agreed to extensive non-compete and non-solicitation restrictions for a period of up to 5 years from completion, with the maximum geographic area of Australia and New Zealand.

Each of the Oceanic vendors has given to O F Pack warranties and indemnities that are customary for a transaction of this type, including as to the ownership of the shares being acquired, nature and accuracy of the accounts of the business, tax, business records, legal compliance and the accuracy of information provided by the Oceanic vendors to O F Pack during its due diligence process.

The Oceanic acquisition is subject to no material adverse change occurring in the Oceanic business prior to completion.

Completion of the Oceanic acquisition is expected to occur in December 2021, following completion of the Offer and the Merger.

The Oceanic acquisition is not conditional on completion of the Offer, completion of the Merger or Listing, nor is the Offer conditional on completion of the Oceanic acquisition.

An extract of the audited financial accounts of Oceanic for FY21 is set out below.

Statement of Profit & Loss – Oceanic Agencies Pty Ltd (FY21)

	FY21 ($)
Sale of Goods	5,237,713
Cost of Sales	(4,090,804)
Gross Profit	1,146,909
Other Income	142,480
Total Expenses	(525,201)
Profit before tax	**764,188**

Statement of Financial Position – Oceanic Agencies Pty Ltd (30 June 2021)

	FY21 ($)
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	1,460,656
Trade and other receivables	121,714
Inventories	226,389
Current tax receivable	725
Other assets	189,543
TOTAL CURRENT ASSETS	1,999,027
NON-CURRENT ASSETS	
Trade and other receivables	5,915
Property, plant and equipment	152,627
Other assets	562
TOTAL NON-CURRENT ASSETS	159,104
TOTAL ASSETS	2,158,131
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	281,441
Customer deposits	154,817
Borrowings	177,304
Current tax liabilities	98,931
TOTAL CURRENT LIABILITIES	712,493
NON-CURRENT LIABILITIES	
Financial liabilities	135,272
TOTAL NON-CURRENT LIABILITIES	135,272
TOTAL LIABILITIES	847,765
NET ASSETS	1,310,366
EQUITY	
Issued capital	20
Retained earnings	1,310,346
TOTAL EQUITY	1,310,366

(F) CLOZDLOOP BV (CDL) SHAREHOLDERS AGREEMENT

As depicted in the corporate structure diagram in Section 9.2, the Company and one of its wholly-owned subsidiaries, Close the Loop Europe NV, are shareholders in a Belgian-registered company, ClozDloop BV (**CdL**), which conducts the Company's European trading operations.

The Company holds approximately 23% of the shares in CdL, while its subsidiary Close the Loop Europe NV (also a company registered in Belgium) owns approximately 57% of the shares. The remaining approximately 20% is held by interests associated with a current CdL employee (being its European Sales Director). The employee is also a member of CdL's board due to their shareholding, but otherwise has no involvement in the Company itself. The other directors are Marc Lichtenstein (current Joint CEO and company secretary of Close the Loop), Greg Toll (the Company's chair) and Tom Ogonek (current Joint CEO of Close the Loop).

Pursuant to the CdL call option dated 7 October 2016 and subsequent relevant amendments to the call option in the CdL shareholders agreement dated 16 October 2017:

- The Company has a call option over the balance of CdL's shares in order to acquire 100% of CdL.
- As at the Prospectus Date, the call option is exercisable at any time in consideration for either Close the Loop shares, cash or a mixture of both (as determined by the vendor).
- If cash, the amount is calculated based on 5.5 x EBIT of CdL for the 12 months preceding the purchase on a debt free/cash free basis (i.e. less any debt). If the consideration is taken in the form of Shares, these will be valued at market value (on a 90-day average) less a 10% discount.
- If the call option is exercised within 5 years of the shareholders agreement (i.e. before 16 October 2022), the minimum payment for the balance of CdL's shares is to be no less than €700,000.
- As at the Prospectus Date, the Company has contributed €1,200,000 in debt, and as at 30 June 2021, its US-registered subsidiary Close the Loop Inc had contributed $US3,812,859 of a $US4 million facility.

The Board has no present intention of acquiring the balance of the CdL shares before 16 October 2022 given it is not in the best interests of its Shareholders to do so.

9.11 Joint Lead Manager Options

Each Joint Lead Manager will be issued options to subscribe for Shares (**Options**) on the following terms (**Joint Lead Manager Options**) upon successful completion of the Offer.

The terms of issue of the Joint Lead Manager Options are as follows:

Number of Joint Lead Manager Options:	Cumulus Wealth Pty Ltd will be issued 3,000,000 Options. Aitken Murray Capital Partners Pty Ltd will be issued 3,000,000 Options.
Exercise Price:	The Exercise Price for each Joint Lead Manager Option is $0.30.
Terms of the securities:	Each Joint Lead Manager Option is exercisable at any time during the period from the date of its issue until 5:00pm (Melbourne time) on the date that is 2 years from the date of Listing (**Exercise Period**). Each Joint Lead Manager Option will automatically lapse if it is not exercised by the end of the Exercise Period. The Joint Lead Manager Options will not be quoted on ASX.
Entitlement:	Upon payment of the Exercise Price, each Joint Lead Manager Option entitles the registered owner of a Joint Lead Manager Option (Option Holder) to subscribe for one fully paid Share.

Manner of exercise of Joint Lead Manager Options:	The Joint Lead Manager Options may be exercised by notice in writing to the Company (**Notice of Exercise of Options**) for each Option being exercised. The minimum number of Joint Lead Manager Options that may be exercised at any one time is the lesser of 100,000 or the total number of Joint Lead Manager Options held by the holder. Any Option Exercise Form for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. The Notice of Exercise of Options by the Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed. An exercise of a Joint Lead Manager Option is only effective when the Company has received the full amount of the relevant Exercise Price in cleared funds.
Ranking of Shares:	Shares issued on the exercise of the Joint Lead Manager Options will rank equally with all existing Shares on and from the date of issue in respect of all entitlement offers, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.
Timing and issue of Shares:	Within 5 Business Days after receipt of an Option Exercise Form given in accordance with these terms and conditions and payment of the applicable Exercise Price for each Option being exercised, the Company will allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Option Exercise Form and for which cleared funds have been received by the Company.
Quotation of Shares:	If admitted to the Official List of ASX at the time, the Company will apply to ASX for official quotation of the Shares issued upon the exercise of the Options.
Transferability:	Subject to the restriction below and any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws, with consent from the Company, the Joint Lead Manager Options are not transferrable (other than to a related entity of the Option Holder).
Participation:	An Option Holder is not entitled to: (a) notice of, or to vote or attend at, a meeting of the Shareholders; (b) receive dividends declared by the Company; or (c) participate in any new issues of securities offered to Shareholders during the term of the Joint Lead Manager Options, unless and until the Options are exercised and the Holder holds Shares.
Adjustment for reorganisation	If there is any reconstruction of the issued share capital of the Company, the rights of the Option Holder will be varied to comply with the ASX Listing Rules (if applicable) that apply to the reconstruction at the time of the reconstruction.

9.12 KMP Options

Each of Lawrence Jaffe, Marc Lichtenstein and Tom Ogonek will be issued Options on the following terms (**KMP Options**) upon successful completion of the Offer.

The terms of issue of the KMP Options are as follows:

Number of KMP Options:	Lawrence Jaffe will be issued 3,000,000 Options for nil consideration. Marc Lichtenstein will be issued 1,000,000 Options for nil consideration. Tom Ogonek will be issued 1,000,000 Options for nil consideration.
Exercise Price:	The Exercise Price for each KMP Option is $0.30.
Terms of the securities:	Each KMP Option is exercisable at any time during the period from the date of its issue until 5:00pm (Melbourne time) on the date that is 2 years from the date of Listing (**Exercise Period**). Each KMP Option will automatically lapse if it is not exercised by the end of the Exercise Period. The KMP Options will not be listed on ASX.
Entitlement:	Upon payment of the Exercise Price, each KMP Option entitles the registered owner of a KMP Option (**Option Holder**) to subscribe for one fully paid Share.
Manner of exercise of KMP Options:	The KMP Options may be exercised by notice in writing to the Company (**Notice of Exercise of Options**) for each Option being exercised. The minimum number of KMP Options that may be exercised at any one time is the lesser of 100,000 or the total number of KMP Options held by the holder. Any Option Exercise Form for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. The Notice of Exercise of Options by the Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed. An exercise of a KMP Option is only effective when the Company has received the full amount of the relevant Exercise Price in cleared funds.
Ranking of Shares:	Shares issued on the exercise of the KMP Options will rank equally with all existing Shares on and from the date of issue in respect of all entitlement offers, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.
Timing and issue of Shares:	Within 5 Business Days after receipt of an Option Exercise Form given in accordance with these terms and conditions and payment of the applicable Exercise Price for each Option being exercised, the Company will allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Option Exercise Form and for which cleared funds have been received by the Company.
Quotation of Shares:	If admitted to the Official List of ASX at the time, the Company will apply to ASX for official quotation of the Shares issued upon the exercise of the Options.
Transferability:	Subject to the restriction below and any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws, with consent from the Company, the KMP Options are not transferrable (other than to a related entity of the Option Holder).

Participation:	An Option Holder is not entitled to: (a) notice of, or to vote or attend at, a meeting of the Shareholders; (b) receive dividends declared by the Company; or (c) participate in any new issues of securities offered to Shareholders during the term of the KMP Options, unless and until the Options are exercised and the Holder holds Shares.
Adjustment for reorganisation	If there is any reconstruction of the issued share capital of the Company, the rights of the Option Holder will be varied to comply with the ASX Listing Rules (if applicable) that apply to the reconstruction at the time of the reconstruction.

9.13 Key employment agreements

The Company has entered into the following key employment agreements:

(A) JOE FOSTER

Position	Group Chief Executive Officer
Term	Ongoing
Remuneration	$308,251 per annum plus superannuation guarantee contributions
Other entitlements	• Life insurance premiums are to be paid by Close the Loop. Upon the commencement of his employment, this amount will be equal to $15,096. • Eligible to receive short-term incentive of up to 50% of the base remuneration in respect of each financial year based on achievement of KPIs. • Eligible to participate in long-term incentive scheme such as a performance rights plan.
Notice period	The Company or Joe can terminate the agreement by giving 6 months' notice in writing to the other party.
Termination	The Company may summarily terminate the agreement at any time if Joe engages in fraud of other serious misconduct, commits a serious breach of the agreement, disobeys a lawful and reasonable direction of the Company, fails to meet eligibility requirements or is guilty of any offence precluding or inhibiting the further performance of his duties.
Restraints	Express cascading restraints for a period of 6 and 3 months after termination of employment.

(B) MARC LICHTENSTEIN

Position	Chief Financial Officer
Term	Ongoing
Remuneration	$350,000 per annum plus superannuation guarantee contributions
Other entitlements	• Eligible to participate in any employee incentive scheme. • Eligible to receive short-term incentive of up to 50% of the base remuneration in respect of each financial year based on achievement of KPIs. • Eligible to participate in long-term incentive scheme such as a performance rights plan.
Notice period	The Company or Marc can terminate the agreement by giving 6 months' notice in writing to the other party.
Termination	The Company may summarily terminate the agreement at any time if Marc engages in fraud of other serious misconduct, commits a serious breach of the agreement, disobeys a lawful and reasonable direction of the Company, fails to meet eligibility requirements or is guilty of any offence precluding or inhibiting the further performance of his duties.
Restraints	Express cascading restraints for a period of 6 and 3 months after termination of employment.

(C) TOM OGONEK

Position	Chief Executive Officer – Close the Loop USA
Term	Ongoing
Remuneration	$US250,000 per annum + 401K retirement plan with matching contributions of up to 3% of the base remuneration and a 50% match for contributions between 3% and 5% of the base remuneration.
Other entitlements	• Eligible to participate in any employee incentive scheme. • Eligible to receive short-term incentive of up to 50% of the base remuneration in respect of each financial year based on achievement of KPIs. • Eligible to participate in long-term incentive scheme such as a performance rights plan.
Notice period	The Company or Tom can terminate the agreement by giving 6 months' notice in writing to the other party.
Termination	The Company may summarily terminate the agreement at any time if Tom engages in fraud of other serious misconduct, commits a serious breach of the agreement, disobeys a lawful and reasonable direction of the Company, fails to meet eligibility requirements or is guilty of any offence precluding or inhibiting the further performance of his duties.
Restraints	Express restraints for a period of 6 months after termination of employment.

(D) LAWRENCE JAFFE

Position	Chief Commercial Officer
Term	Ongoing
Remuneration	$192,323 per annum plus superannuation guarantee contributions
Other entitlements	• Life insurance premiums are also to be paid by Close the Loop. Upon the commencement of his employment, this amount will be equal to $10,631. • Eligible to receive short-term incentive of up to 50% of the base remuneration in respect of each financial year based on achievement of KPIs. • For any new entity or new business sourced or identified directly by Lawrence, which is successfully acquired by Close the Loop, Lawrence is entitled to: – A salary increase of 1.5% of the acquisition price (with his salary capped at $300,000 per annum plus superannuation); and – A one-off bonus payment equivalent to 1.5% of the acquisition price, subject to the Board approving that acquisition. • Eligible to participate in long-term incentive scheme such as a performance rights plan.
Notice period	The Company or Lawrence can terminate the agreement by giving 6 months' notice in writing to the other party.
Termination	The Company may summarily terminate the agreement at any time if Lawrence engages in fraud of other serious misconduct, commits a serious breach of the agreement, disobeys a lawful and reasonable direction of the Company, fails to meet eligibility requirements or is guilty of any offence precluding or inhibiting the further performance of his duties.
Restraints	Express cascading restraints for a period of 6 and 3 months after termination of employment.

(E) DARREN BRITS

Position	Chief Operating Officer
Term	Ongoing
Remuneration	$239,605 per annum plus superannuation guarantee contributions
Other entitlements	• Life insurance premiums are also to be paid by Close the Loop. Upon the commencement of his employment, this amount will be equal to $3,950. • Eligible to receive short-term incentive of up to 50% of the base remuneration in respect of each financial year based on achievement of KPIs. • Eligible to participate in long-term incentive scheme such as a performance rights plan.
Notice period	The Company or Darren can terminate the agreement by giving 6 months' notice in writing to the other party.
Termination	The Company may summarily terminate the agreement at any time if Darren engages in fraud of other serious misconduct, commits a serious breach of the agreement, disobeys a lawful and reasonable direction of the Company, fails to meet eligibility requirements or is guilty of any offence precluding or inhibiting the further performance of his duties.
Restraints	Express cascading restraints for a period of 6 and 3 months after termination of employment.

9.14 ASIC relief

Neither Close the Loop nor SaleCo has sought any exemptions, modifications or relief from ASIC in relation to the Offer.

9.15 ASX waivers

ASX has provided conditional, in-principle advice to the Company indicating that, at the date such advice was given and based only on the information provided to ASX:

(a) it can see no reason why, post-Listing, the Company would be required to satisfy the quarterly reporting requirements by ASX (Appendix 4C) in ASX Listing Rules 4.7B or 4.7C;

(b) it is likely to confirm that the terms of issue of the Joint Lead Manager Options (as set out in Section 9.11) are appropriate and equitable for the purposes of ASX Listing Rules 6.1 and 12.5; and

(c) it can see no reason why any of the Joint Lead Manager Options to be issued to the Joint Lead Managers would be subject to escrow.

The Company also intends to also seek confirmations from ASX with respect to the following matters:

(d) To confirm the terms of issue of the KMP Options (5,000,000 in aggregate) with an exercise price of $0.30 per Option and an expiry date of 2 years on issue are appropriate and equitable for the purposes of Listing Rules 6.1 and 12.5.

(e) To confirm that voluntary escrow for a period of 12 months after Listing is sufficient for the Shares to be issued pursuant to the O F Pack Convertible Loan Agreements with Pre-IPO Investors.

(f) To confirm that voluntary escrow for a period of 12 months after Listing is sufficient for the issue of Shares pursuant to the CtL Convertible Notes held by CtL Lending (other than those held by the shareholders of CtL Nominees Pty Ltd, assuming the in-specie distribution is undertaken prior to completion of the Offer).

(g) To confirm that the terms of issue of Shares to the Pre-IPO Investors (pursuant to the Convertible Loan Agreements) for $0.10 per Share are acceptable.

(h) To confirm that the terms of issue of Shares in respect of the CtL Convertible Notes, which have a conversion price of $0.10 per Note, are acceptable.

9.16 Interests of named persons

Set out below are the benefits that have been or have been agreed to be given to Directors, Proposed Directors, persons named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, promoters of the Company and underwriters (but not sub-underwriters) to the Offer or a financial services licensee named in the Prospectus as a financial services licensee involved in the Offer (together, **Prescribed Persons**).

Except as set out below or elsewhere in this Prospectus, no Prescribed Person holds, or during the last two years has held, any interests in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with the Company's formation or the promotion;

(c) any property acquired or proposed to be acquired by the Company in connection with the Offer; or

(d) the Offer.

In addition, except as set out below or elsewhere in this Prospectus, no benefit of any kind, (whether in cash, Shares or otherwise) have been paid or agreed to be paid to:

(e) a Director or Proposed Director to induce them to become, or to qualify as, a Director; or

(f) a Prescribed Person for services provided by them in connection with the formation or promotion of the Company or the Offer.

Thomson Geer has acted as the Australian legal advisers to the Company for the purposes of the Offer. For this work, Thomson Geer is to receive fees amounting to approximately $250,000 excluding GST and disbursements for these services up until the Prospectus Date. Further amounts may be paid to Thomson Geer for other work in accordance with normal time-based charges.

Nexia Melbourne Corporate Pty Ltd has prepared the Investigating Accountant's Report in Section 5 and undertaken financial due diligence services in relation to the Offer. For this work, Nexia Melbourne Corporate Pty Ltd is to receive fees amounting to approximately $150,000 excluding GST and disbursements. Further amounts may be paid to Nexia Melbourne Corporate Pty Ltd for other work in accordance with normal time-based charges.

Cumulus Wealth and Aitken Murray Capital Partners Pty Ltd have acted as the Joint Lead Managers for the Offer. For this work, the Joint Lead Managers are to receive fees under the terms of their engagement letters amounting to (in aggregate) 5% excluding GST of the gross value of total funds raised by the Joint Lead Managers in relation to the Offer (including the value of any existing Shares sold), up to $14 million. This excludes any funds raised by D H Flinders Pty Ltd in relation to the Offer. The Joint Lead Managers will receive (in aggregate) 2.5% excluding GST of the gross value of total funds raised by the Joint Lead Managers for any amounts raised by the Joint Lead Managers in excess of $14 million. The Joint Lead Managers will also be issued the Joint Lead Manager Options upon successful completion of the Offer, on the terms and conditions set out in Section 9.11.

Similar to the fee arrangement with the Joint Lead Managers set out above, D H Flinders Pty Ltd (**D H Flinders**) has also entered into an arrangement with the Company, pursuant to which D H Flinders will receive fees equivalent to 5% excluding GST of the gross value of total funds raised by D H Flinders in relation to the Offer.

Smithers has prepared the market report which has been included in Section 3. The Company has paid or agreed to pay an amount of $30,000 (excluding disbursements and GST) in respect of the market report up until the Prospectus Date.

These amounts, and other costs of the Offer will be paid by Close the Loop out of funds raised under the Offer or available cash. Further information on the use of proceeds of the Offer and payment of costs of the Offer are set out in Section 8.5.

9.17 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by Australian laws and laws in other countries in which the Company operates that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.17 contains a general description of these laws.

(A) CORPORATIONS ACT

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company, either themselves or through an associate.

(B) *FOREIGN ACQUISITIONS AND TAKEOVERS ACT 1975* (CTH) (FATA)

Generally, the FATA applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company itself will be a "foreign person" for the purposes of the FATA.

Where an acquisition of a Substantial Interest or an Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Government's Foreign Investment Policy (**FATA Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, in accordance with the FATA Policy, acquisitions of a direct investment in an Australian company by foreign Governments and their related entities should be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the FATA Policy, a 'direct investment' will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target investment.

9.18 Australian taxation considerations

The following comments provide a general summary of the Australian income tax, capital gains tax (**CGT**), GST and stamp duty issues for Shareholders who acquire Shares under the Offer.

The categories of Shareholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their Shares on capital account.

This summary does not consider the consequences for Shareholders who are insurance companies, banks, Shareholders that hold their shares on revenue account or carry on a business of trading in shares, Shareholders who acquired Shares in connection with an employee share scheme, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who are subject to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force at the time of the Offer (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each Shareholder's specific circumstances, Shareholders should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are Australian tax resident).

(A) DISPOSAL OF SHARES – AUSTRALIAN TAX RESIDENT SHAREHOLDERS

The disposal of a Share by a Shareholder should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the Shareholder is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been satisfied. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

If the Shareholder who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the Shareholder realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate shares).

(B) DIVIDENDS – AUSTRALIAN TAX RESIDENT SHAREHOLDERS

(i) Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends should constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend. If the Shareholder satisfies the 'qualified person' rules (refer to further comments below), the Shareholder should also include any franking credit attached to the dividend in their assessable income. However, such a Shareholder should be entitled to a tax offset equal to the franking credit. The tax offset can be applied to reduce the income tax payable on the Shareholder's taxable income. Where the tax offset exceeds the income tax payable on the Shareholder's taxable income in an income year, the Shareholder should be entitled to a tax refund equal to the amount of the excess.

Where a dividend is unfranked, the Shareholder should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

(ii) Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income, subject to satisfaction of the qualified person rules. A tax offset should then be allowed up to the amount of the franking credit on the dividend.

An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. This allows the corporate Shareholder to pass on the benefit of the franking credits to its own Shareholder(s) on the payment of dividends.

Where franking credits received by a corporate Shareholder exceed the income tax payable by that Shareholder, the excess cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

(iii) Trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include dividend in their assessable income in determining the net income of the trust or partnership. Subject to satisfaction of the qualified person rules, such Shareholders should also include any franking credit attached to the dividend in their net income. As a result, a relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the Shareholder.

Notably, as the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, it is recommended that Shareholders seek independent advice on the tax consequences arising in these circumstances.

(iv) Qualified person rules

The benefit of franking credits can be denied where a Shareholder does not satisfy the qualified person rules, in which case the Shareholder should not be required to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to satisfy the qualified person rules, a Shareholder must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule requires a Shareholder to hold the Shares continuously 'at risk' for not less than 45 days in the period beginning the day after the day on which the Shareholder acquires the Shares, and ending on the 45th day after the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be satisfied provided that the Share have been held 'at risk' for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be held 'at risk' to the extent that no material 'positions' are adopted in relation to the Shares which may have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative arrangements, or agreements to sell the Shares).

Under the related payment rule, a different testing period applies where the Shareholder or an associate of the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where a Shareholder or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the Shareholder to have held the Shares at risk for the continuous period of 45 days not including the date of acquisition or disposal during a window which commences on the 45th day before, and ends on the 45th day after the day the Shares become ex-dividend. Practically, the related payment rule should not impact Shareholders who do not pass the benefit of the dividend to another person. Shareholders should obtain their own tax advice to determine if the related payment rule applies in the context of their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual Shareholder may satisfy the qualified person rules on an alternative basis, provided that the Shareholder satisfies the small holding exemption. This exemption should generally be satisfied where the Shareholder is entitled to total franking credits (from all sources) of no more than $5,000 in the relevant year of income.

As indicated above, the qualified person rules can be particularly complex for distributions received by a Shareholder directly or indirectly (for example, via an interposed trust). It is recommended that Shareholders in such situations seek independent taxation advice.

(v) Dividend washing rules

Dividend washing rules can apply in certain cases, such that no tax offset is available (nor is an amount required to be included in assessable income in relation to an attached franking credit) for a dividend received on Shares. Broadly, the rules can apply where Shareholders seek to obtain additional franking benefits by disposing of Shares ex-dividend and re-purchasing a substantially equivalent parcel of Shares cum-dividend on a special market.

Shareholders should seek independent tax advice regarding the dividend washing rules, and consider the impact of these rules, having regard to their own personal circumstances.

(C) AUSTRALIAN GST

Shareholders should not be liable for GST from acquiring or disposing of any Shares. Shareholders may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by Shareholders in this respect.

(D) AUSTRALIAN STAMP DUTY

No stamp duty should be payable by Shareholders on the acquisition of Shares. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares whilst the Company remains listed.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

(E) TAX FILE NUMBER (TFN)

Australian tax resident Shareholders may, if they choose, notify the Company of their TFN, Australian Business Number (**ABN**) or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, pursuant to the TFN withholding rules, tax should automatically be deducted at the highest marginal rate, including where relevant, the Medicare levy, from unfranked dividends and/or other applicable distributions. However, Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of the tax deducted in their income tax returns.

Shareholders who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by the Company with respect to unfranked dividends or other relevant distributions paid to such Shareholders, irrespective of whether those Shareholders have notified the Company of their TFN or ABN.

9.19 Litigation and claims

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company or any of its subsidiaries is directly or indirectly concerned and which is likely to have a material adverse impact on the business or financial position of the Company.

9.20 Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be offered are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional advisor. The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

9.21 Consents

Each of the parties listed below in this Section 9.21 is a consenting party and, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for, any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties named in the table below has consented to being named in this Prospectus in the form and context in which it is named and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

CAPACITY IN RELATION TO THE COMPANY	CONSENTING PARTY
Australian legal adviser	Thomson Geer
Investigating Accountant	Nexia Melbourne Corporate Pty Ltd
Close the Loop's auditor	BDO Audit Pty Ltd
O F Packaging Group's auditor	Nexia Melbourne Audit Pty Ltd
Share Registry	Computershare Investor Services Pty Limited
Joint Lead Managers	Cumulus Wealth Pty Ltd & Aitken Murray Capital Partners Pty Ltd
Issuer of the Industry Market Report	Smithers

To the maximum extent permitted by law, each of the parties named in this Section 9.21:

(a) states that it has not authorised or caused the issue of this Prospectus;

(b) is not taken to have made, or purported to have made, any representation or warranty in relation to the Company either express or implied or any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section 9.21; and

(c) expressly disclaims and takes no responsibility for any part of this Prospectus other than as referred to in this Prospectus as having been made by such party.

9.22 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company.

Based on the Maximum Subscription being achieved, the estimated expenses of the Offer, which have been paid or are payable by the Company are as follows:

EXPENSES OF THE OFFER	AMOUNT EXCL GST
Legal fees relating to the Offer	$250,000
Investigating Accountant's Report and financial due diligence	$150,000
Independent Market Report	$30,000
ASIC and ASX fees	$120,000
Investor relations	$120,000
Joint Lead Manager fees	$600,000
Other miscellaneous costs (including design and printing costs)	$30,000
TOTAL (excluding GST)	**$1,300,000**
TOTAL (including GST)	**$1,430,000**

9.23 Supplementary information

A supplementary prospectus will be issued if the Company becomes aware of any of the following between the issue of this Prospectus and the date the Shares are quoted:

(a) a material statement in this Prospectus is misleading or deceptive;

(b) there is a material omission from this Prospectus;

(c) there has been a significant change affecting a matter included in this Prospectus; or

(d) a significant new circumstance has arisen and it would have been required to be included in this Prospectus.

9.24 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours free of charge at the registered office of the Company for a period of not less than 12 months from the Prospectus Date:

(a) each Director's and Proposed Director's consent for the lodgement of this Prospectus;

(b) the Constitution; and

(c) the consents referred to in Section 9.21.

9.25 Privacy

Close the Loop, SaleCo, the Share Registry on their behalf, and the Joint Lead Managers may collect, hold, use and disclose personal information provided by investors to allow them to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that Close the Loop will need to collect your personal information (for example, your name, address and details of the securities that you hold). Under the Corporations Act some of this information must be included in the Company's securities register, which will be accessible by the public.

Close the Loop and SaleCo will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not provide the information requested in the Application Form, Close the Loop, SaleCo and the Share Registry may not be able to process your Application.

Close the Loop, SaleCo and the Share Registry may also share your personal information with agents and service providers of Close the Loop or others who provide services on its behalf, some of which may be located outside of Australia where personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

By completing an Application Form, or by providing personal information to Close the Loop, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and Close the Loop's Privacy Policy. Close the Loop aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry (whose details are disclosed in Section 12) if any of the details you have provided change.

The information contained in the Shareholder register must remain there even if that person ceases to be a Shareholder. Information contained in the Shareholder register is also used to facilitate dividend payments and corporate communications (including Close the Loop's financial results and annual reports and other information that Close the Loop may wish to communicate to its Shareholders) and compliance by Close the Loop with legal and regulatory requirements. An Applicant has a right to gain access to the information that Close the Loop and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory.

For more details on how Close the Loop collects, stores, uses and discloses your information, please read Close the Loop's Privacy Policy located at www.ctlgroup.com.au/investors. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

9.26 Working capital

The Board believes that the Company's current cash reserves plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives for a period of at least 12 months following completion of the Offer.

9.27 Governing law

This Prospectus and (unless otherwise specially stated) the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in Victoria, and (unless otherwise specially stated) each applicant and bidder submits to the exclusive jurisdiction of the courts of Victoria.

10. Significant Accounting Policies

10. Significant Accounting Policies

(a) Adoption of new and revised accounting standards

The aggregated Close the Loop Group has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance, or cash flow of the aggregated Close the Loop Group.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies have been adopted in the preparation of the Financial Information are as follows:

(b) Going concern

The financial statements have been prepared on the going concern basis, which assumes the Close the Loop Group will have sufficient cash to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

(c) Basis for aggregation

The aggregated financial statements include the financial position and performance of the entities within the Close the Loop Group.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the aggregated Group have been eliminated in full for the purpose of these financial statements.

Consistent accounting policies are employed by each sub-group in the preparation and presentation of the financial report.

(d) Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transaction and balances

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group companies

The financial results and position of foreign operations whose functional currency is different from the aggregated Close the Loop Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the aggregated Close the Loop Group's foreign currency translation reserve in the aggregated statement of financial position. These differences are recognised in the aggregated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(e) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise, subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

(g) Cash flow hedges

Cash flow hedges are used to cover the consolidated group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(h) Financial instruments

Financial instruments are recognised initially on the date that the aggregated Close the Loop Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

FINANCIAL ASSETS

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

CLASSIFICATION

On initial recognition, the aggregated Close the Loop Group classifies its financial assets into the following categories.

Financial assets at:

- amortised cost
- fair value through profit or loss – FVTPL
- fair value through other comprehensive income – equity instrument (FVOCI – equity)
- fair value through other comprehensive income – debt investments (FVOCI – debt)

Financial assets are not reclassified subsequent to their initial recognition unless the aggregated Close the Loop Group changes its business model for managing financial assets.

AMORTISED COST

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The aggregated Close the Loop Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the aggregated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The aggregated Close the Loop Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the aggregated Close the Loop Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the aggregated Close the Loop Group's historical experience and informed credit assessment and including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the aggregated Close the Loop Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

TRADE RECEIVABLES AND CONTRACT ASSETS

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The aggregated Close the Loop Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the aggregated Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost.

FINANCIAL ASSETS

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

FINANCIAL LIABILITIES

The aggregated Close the Loop Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the aggregated Close the Loop Group comprise trade payables, bank and other loans and lease liabilities.

(i) Intangible Assets

GOODWILL

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired in a business combination.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is not amortised but is tested for impairment annually and is allocated to the aggregated Close the Loop Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

PATENTS AND TRADEMARKS

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 1 to 20 years.

INTANGIBLE ASSETS

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Revenue and other income

REVENUE FROM CONTRACTS WITH CUSTOMERS

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the aggregated Close the Loop Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

(i) Identify the contract with the customer.

(ii) Identify the performance obligations.

(iii) Determine the transaction price.

(iv) Allocate the transaction price to the performance obligations.

(v) Recognise revenue as and when control of the performance obligations is transferred.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the aggregated Close the Loop Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

SPECIFIC REVENUE STREAMS

The revenue recognition policies for the principal revenue streams of the aggregated Close the Loop Group are:

Sale of goods

Revenue from the collection of cartridges and tone bottles is recognised upon invoicing to the original equipment manufacturer ("**OEM**"). OEMs are invoiced once used cartridges and toner bottles have been processed by the Company in preparation for recycling. The Close the Loop Group invoices the OEM based on the number of units collected for recycling.

Revenue from the sale of recycled waste streams and paper collections is recognised when customers are invoiced.

Sale of packaging materials

Revenue and other income

Specific revenue streams

For sales of packaging and related goods to the customer, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Close the Loop Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days (dependent on specific customers), which is consistent with market practice.

Historically returns are very minimal and therefore no refund liability will be recognised at the point of sale. The Close the Loop Group uses its accumulated experience to estimate the number of returns. It is considered highly probable that there will be no significant returns.

Government Grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Other income

Other income is recognised on an accruals basis when the aggregated Close the Loop Group is entitled to it.

(k) Income Tax

The tax expense recognised in the aggregated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

Income Tax:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

- Temporary differences related to investment in subsidiaries, associates, and jointly controlled entities to the extent that the Close the Loop Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(l) Goods and services tax (GST)

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the aggregated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) Inventories

Inventories represent mainly packaging materials, consumables, and processed toner. Inventories are measured at the lower of cost and net realisable value. This method is in line with the requirement of the AASB 102 which comply with IAS 2.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) and transport, handling, and other costs directly attributable to the acquisition of materials and services.

INVENTORIES

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of equipment and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

(n) Property, plant, and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

PLANT AND EQUIPMENT

Plant and equipment are measured using the cost model.

DEPRECIATION

Property, plant, and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the aggregated Close the Loop Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

FIXED ASSET CLASS	DEPRECIATION RATE
Plant and Equipment	10% to 25%
Furniture, Fixtures and Fittings	16%
Motor Vehicles	20%
Office Equipment	16%
Computer Equipment	15% to 33%
Leasehold improvements	10%

At the end of each annual reporting period, the depreciation method, useful life, and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period the aggregated Close the Loop Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the aggregated statement of cash flows and are presented within current liabilities on the aggregated statement of financial position.

(p) Leases

At the inception of a contract, the aggregated Close the Loop Group assesses whether a lease exists – i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The aggregated Close the Loop Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The aggregated Close the Loop Group has the right to direct the use of the asset i.e., decision making rights in relation to changing how and for what purpose the asset is used

LESSEE ACCOUNTING

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the aggregated Close the Loop Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the aggregated Close the Loop Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Leases aggregated Close the Loop Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the aggregated Close the Loop Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

EXCEPTIONS TO LEASE ACCOUNTING

The aggregated Close the Loop Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The aggregated Close the Loop Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(q) Employee benefits

Provision is made for the aggregated Close the Loop Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(r) Provisions

Provisions are recognised when the aggregated Close the Loop Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the aggregated statement of profit or loss and other comprehensive income.

11. Glossary

11. Glossary

TERM	DESCRIPTION
$ or **AUD**	Australian dollars unless stated otherwise
€ or **EUR**	European dollars
$m	Dollars rounded to the nearest 0.1 million
$US or **USD**	United States dollars
AAS	Australian Accounting Standards
AASB	The Australian Accounting Standards Board
Acquisition Agreements	The share sale agreements between the Company and the sellers of the O F Packaging Group entities
Applicant	A person who submits an Application Form
Application	A valid application for Securities pursuant to this Prospectus
Application Form	The relevant application form for an Offer provided with a copy of this Prospectus
Application Monies	Amount of funds accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investment Commission
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
ASX Principles	The ASX Corporate Governance Principles and Recommendations (4th edition)
Australian Accounting Standards	The Australian Accounting Standards or other relevant pronouncements issued by AASB
Board	The board of Directors of the Company, from time to time
Business Day	A day on which (a) ASX is open for trading in securities; and (b) banks are open for general banking business in Melbourne.
Cartridge	A printer or waste toner cartridge
CGT	Capital gains tax
Chairman	The chairman of the Board
CHESS	The Clearing House Electronic Subregister System operated in accordance with the Corporations Act
Close the Loop or **Company**	Close the Loop Ltd ACN 095 718 317 and as the context requires, its subsidiaries (which, where applicable, includes the O F Packaging Group)
Close the Loop Group or **Group**	The combined group of Close the Loop (including its subsidiaries) and the O F Packaging Group post-Merger
Close the Loop USA	Close the Loop's US operations
Closing Date	The expected date on which the Offer is to close, being Friday, 19 November 2021
ClozDloop or **CdL**	ClozDloop BV, a company incorporated in Belgium, which is 80% owned by the Close the Loop Group as at the Prospectus Date
Constitution	The constitution of the Company from time to time
Convertible Loan Agreements	The convertible loan agreements between O F Pack and the Pre-IPO Investors as described in Section 9.10(b)

11. Glossary Continued

TERM	DESCRIPTION
Corporations Act	*Corporations Act 2001* (Cth)
CtL Nominees	CtL Nominees Pty Ltd ACN 127 722 570
Director	A director of the Company
Downer EDI	Downer EDI Limited ACN 003 872 848 and as the context requires, its subsidiaries
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Enterprise Value	The sum of the market capitalisation of the Company at the Offer Price less pro forma net cash as at 30 June 2022 plus minority interest
ESP	The existing employee share plan as described in Section 9.8(a)
ESOP	The existing employee share option plan as described in Section 9.8(b)
Executive Director	An executive director of the Company, as appointed from time to time
Existing Shareholders	The Shareholders as at the Prospectus Date
Existing Shares	The 98,200,018 Shares on issue as at the Prospectus Date
Expiry Date	The date on which this Prospectus expires, being the day which is 13 months after the Prospectus Date
Exposure Period	The 7-day period after the Prospectus Date, which may be extended for up to an additional 7 days by ASIC, during which time an Application must not be accepted
Financial Information	Has the meaning given in Section 4
Forecast Financial Information	Has the meaning given in Section 4
FIP	Foster International Packaging (Pty) Ltd (registration no, 2017/261506/07), being a company incorporated under the laws of South Africa, which offers gravure print packaging services to African markets
FY20	The financial year ended 30 June 2020
FY21	The financial year ended 30 June 2021
FY22	The financial year ending 30 June 2022
GST	Has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and includes goods and services tax
HIN	Holder identification number
Historical Financial Information	Has the meaning given in Section 4
IFRS	The International Financial Reporting Standards
Independent Market Report	The industry market report prepared by Smithers, as set out in Section 3
Investigating Accountant	Nexia Melbourne Corporate Pty Ltd ACN 141 242 275
IP	Intellectual property
IPO	Initial public offer

TERM	DESCRIPTION
ISO 14001	The standard for an Environmental Management System issued by the International Organisation for Standardisation
Joint Lead Manager Options	Options exercisable at $0.30 each and expiring 2 years from the date of Listing, to be granted to the Joint Lead Managers on the terms and conditions set out in Section 9.11
Joint Lead Managers	Aitken Murray Capital Partners Pty Ltd ACN 169 972 436 and Cumulus Wealth Pty Ltd ACN 634 297 279.
KMP Options	Options issued to Lawrence Jaffe (3,000,000), Marc Lichtenstein (1,000,000) and Tom Ogonek (1,000,000) for nil monetary consideration, exercisable at $0.30 each and expiring 2 years from the date of Listing, on the terms and conditions set out in Section 9.12
KPI	Key performance indicator
Listing	Admission of the Company to the official list of the ASX and official quotation of the Shares on the ASX being granted
Listing Rules	The listing rules of ASX
Merger	The acquisition of the portfolio of businesses which the Company has agreed to acquire prior to Listing, the key details of which are outlined in Sections 9.10(a)
Maximum Subscription	The raising of $12,000,000 pursuant to the Offer
Minimum Subscription	The raising of $10,000,000 pursuant to the Offer
Non-Executive Director	A non-executive Director, as appointed from time to time
North America	United States of America and Canada
Notes	Convertible notes
NPAT	Net profit after tax
Oceanic	Oceanic Agencies Pty Ltd ACN 136 117 158
OEM	Original equipment manufacturer of print and print equipment (including toner and printer cartridges)
O F Flexo	O F Flexo Pty Ltd ACN 631 917 498, a wholly-owned subsidiary of O F Pack which provides flexographic printing and bag converting services
O F Pack	O F Packaging Pty Ltd ACN 166 108 176
O F Packaging Group	O F Pack, O F Resource Recovery and FIP, and their respective subsidiaries
OFP Group Vendors	Each of the following vendors in connection with the Merger: (a) Foster Packaging Holdings Pty Ltd; (b) RPM Worldwide Group Pty Ltd; (c) Omniverse Holdings Pty Ltd; (d) Ryco Nominees Pty Ltd as trustee for the Brits Family Trust; (e) Brendan Yee Pty Ltd as trustee for the Brendan Yee Family Trust; (f) Sharlene Patricia Abrahams; (g) Regan Foster; (h) Thomas Arthur O'Donoghue; and (i) 1Pitwo Pty Ltd

11. Glossary Continued

TERM	DESCRIPTION
O F Resource Recovery	O F Resource Recovery Holdings Pty Ltd ACN 646 647 547 and its subsidiary O F Resource Recovery Pty Ltd ACN 167 077 161, which provide resource recovery, recycling, reuse and waste services
Offer	The offer of Shares under this Prospectus at the Offer Price
Offer Period	The period from the date the Offer opens until the date the Offer closes
Offer Price	$0.20 per Share
Official List of ASX	The official list of entities that ASX has admitted and not removed
OH&S	Occupational health and safety
Opening Date	The expected date on which the Offer is to open, being Monday, 1 November 2021
Option	An option to acquire a Share
PBT	Profit before tax
Pre-IPO Investors	The 41 investors who loaned in aggregate $919,000 in order to provide additional working capital to O F Pack in connection with (amongst other things) the Merger
Proposed Directors	Joe Foster, Lawrence Jaffe, Darren Brits and Grant Carman
Prospectus	This document
Prospectus Date	The date of this Prospectus
Restricted Securities	Has the meaning given to that term in the ASX Listing Rules
SaleCo	CtL Sale Co Limited ACN 654 258 072
Section	A section of this Prospectus
Securities	Any securities, including Shares and Options, issued or granted by the Company
Selling Shareholders	The holders of Shares at the Prospectus Date who are intending to sell all of their existing shareholdings (following completion of the Merger)
Shareholder	Holder of one or more Shares from time to time
Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277
Shares	Fully paid ordinary shares in the capital of the Company
US Person	Has the meaning given to that term in Rule 902 under the US Securities Act
US Securities Act	The *United States Securities Act of 1933*, as amended
ZAR	South African rands

12. Authorisation

12. Authorisation

The Directors and the Proposed Directors state that they have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors and the Proposed Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than Directors or the Proposed Directors, the Directors and the Proposed Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in the Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors' or Proposed Directors' knowledge, before any issue or transfer of Shares pursuant to this Prospectus.

Each Director, Proposed Director and SaleCo director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of
Close the Loop Limited

Name: Greg Toll
Capacity: Director

Date: 22 October 2021

Signed for and on behalf of
CtL Sale Co Limited

Name: Greg Toll
Capacity: Director

Date: 22 October 2021

Corporate Directory

Existing Directors

Greg Toll, Non-Executive Chairman

Marc Lichtenstein, Executive Director

Chris Trafford, Non-Executive Director (will resign subject to and with effect from completion of the Merger)

Silvio Salom, Non-Executive Director (will resign subject to and with effect from completion of the Merger)

Proposed Directors

Grant Carman, Non-Executive Director (appointed subject to and with effect from completion of the Merger)

Joe Foster, Executive Director (appointed subject to and with effect from completion of the Merger)

Darren Brits, Executive Director (appointed subject to and with effect from completion of the Merger)

Lawrence Jaffe, Executive Director (appointed subject to and with effect from completion of the Merger)

Company Secretary

Marc Lichtenstein

Joint Lead Managers

AITKEN MURRAY CAPITAL PARTNERS PTY LTD

52 Victoria Street
Paddington NSW 2021

CUMULUS WEALTH PTY LTD

Level 7, 330 Collins Street
Melbourne VIC 3000

Investigating Accountant

NEXIA MELBOURNE CORPORATE PTY LTD

12/31 Queen Street
Melbourne VIC 3000

Share registry

COMPUTERSHARE INVESTOR SERVICES PTY LIMITED

Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Company's registered office

CLOSE THE LOOP LIMITED

208 Hume Highway
Somerton VIC 3062

Telephone: 1800 242 473
Email: info@closetheloop.com.au

Company websites

www.ctlgroup.com.au
www.closetheloop.com.au
www.ofpack.com.au

Offer website

www.ctlgroup.com.au/investors

ASX code

CLG

Australian Legal Adviser

THOMSON GEER

Level 39, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Close the Loop's auditor

BDO AUDIT PTY LTD

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008

O F Packaging Group auditor

NEXIA MELBOURNE AUDIT PTY LTD

12/31 Queen Street
Melbourne VIC 3000

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Close the Loop
GROUP

Create - Recover - Reuse