



**Close the Loop GROUP**  
Create - Recover - Reuse



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## **Close the Loop announces strong progress post ISP acquisition and provides FY23 and FY24 guidance**

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### **Highlights:**

- ISP TEK and CTC have delivered over the past six months (to 30 April 2023) US\$7.9m EBITDA, 15% growth compared to the prior corresponding period, demonstrating momentum within the recently acquired business
- Following the acquisition settlement on 28 April 2023, the Group has gained significant inroads with key appointments secured and operational structures evaluated to improve efficiency and synergies
- Close the Loop is expecting to deliver statutory EBITDA of \$22m in FY23 (including a two-month contribution from ISP TEK and CTC)
- For FY24, revenue is forecast to be approximately \$200m, with EBITDA of at least \$43m. The FY24 forecast does not account for previously identified synergies, nor the expansion of contracts and product lines.
- ISP TEK's primary OEM has approved the annual contract rollover, with the partnership now entering its third year.

Close the Loop Limited (**Close the Loop** or the **Company**) (**ASX: CLG**) is pleased to provide an update on its North American operations following the recent acquisitions of ISP TEK and In-Plas Recycling.

### **FY23 and FY24 guidance provides strong platform following ISP TEK acquisition**

The Company is pleased to advise that ISP TEK Services (ISP TEK) and Captive Trade Corporation (CTC) have maintained their growth trajectory, with the past six months delivering US\$7.9m EBITDA, and growth of 15% on the comparison period. ISP TEK is not a run-rate business and therefore its performance is best viewed on a 12-month basis.

The Company is forecasting a statutory EBITDA of \$22m in FY23 (including a two-month contribution from ISP TEK and CTC).<sup>1</sup>

The Company expects revenue to be at least \$200m in FY24, with EBITDA of at least \$43m.<sup>2</sup> The FY24 forecast does not assume the upside to be gained from additional synergies previously identified, nor does it factor in any expansion of contracts and product lines. The Company is committed to providing updates as it gains confidence in its delivery on additional product lines, synergies and advancements from the recent settlement of ISP TEK. The Company will make the necessary investments into the infrastructure that is required to ensure a strong platform for future growth.

Following the acquisition of ISP TEK, Close the Loop has made material progress with the integration of the business into the Group. Experienced finance personnel have been appointed and operational structures are being evaluated to improve overall efficiency.

### **Major OEM approves ISP TEK annual rollover contract**

ISP TEK's predominant original equipment manufacturer (OEM) has approved their annual rollover, with the partnership now entering its third year, including expanded product lines and consistent high levels of service provided by ISP TEK providing further confidence in the long-standing relationship.

<sup>1</sup> The FY23 EBITDA excludes integration and transactional costs.

<sup>2</sup> The FY24 EBITDA excludes integration and transactional costs and is based on an exchange rate of US\$0.70/A\$1.00.

A new facility next to Close the Loop's existing facilities in Hebron, Kentucky to support the ISP TEK business expansion plan has been completed this week, which will allow for the commencement of commercial printer refurbishments. The current ISP TEK facilities have been upgraded to accommodate an increase in the volume of laptops from 1,500 to 2,000 per shift, which will allow it to secure any additional business from its largest OEM.

Prior to settlement of the acquisition, Close the Loop commenced the process to integrate the commercial printers as the Company looked to realise the additional EBITDA which was highlighted in the capital raise announcement.

### **Expansion of product lines through major OEM**

Due to the strength of its relationship with its major OEM, ISP TEK continues to expand its product offering and capabilities, with its product line continuing to expand. In addition to its existing core refurbishing business, ISP TEK, through its unique relationship with its major OEM, continues to have access to inventory through "spot buying", which provides an additional revenue stream which generates strong returns at varying margins.

### **R2v3 certification granted for Close the Loop facilities**

Close the Loop has successfully received R2v3 certification in May 2023, which is the leading standard for electronics repair and recycling. This standard is rigorously audited for quality, safety, and transparency. The Close the Loop US plant is in the process of implementing and or updating ISO 9001 (Environmental), ISO 14001 (Health and Safety) and ISO 45001 (Responsible Recycling), which will improve the efficiencies and ratings among various OEM's.

### **In-Plas Recycling integration well underway**

The integration of Cincinnati-based In-Plas Recycling continues to progress well as new markets are identified through the current CTL US network with rigid packaging used within the plastic space. In-Plas Recycling is a recycler and processor of post-industrial scrap plastics, pellets, regrind and by-products, which enables it to sell a broad range of recovered plastic products on the market.

**Close the Loop's Chief Executive Officer Joe Foster said:** "It remains a very exciting time for the Group as we embark upon this new journey in the US, working towards delivering our strategy within the circular economy as well as being well positioned to deliver our goals within our ESG targets.

"We believe our forecasts demonstrate the strength of the business in what continues to be a growing sector in which we will continue to benefit from tailwinds. We also expect to gain further confidence in the ISP TEK business as we become more familiar with its performance and remain committed to providing updates in the future.

"With the acquisitions of ISP TEK and In-Plas in the US, we are now well positioned to be the leading circular economy company in the world that is delivering the only end-to-end solution."

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

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### **About Close the Loop**

With locations across Australia, Europe and the United States, Close the Loop creates innovative products and packaging that includes recyclable and made-from recycled content, as well as collect, sort, reclaim and reuse resources that would otherwise go to landfill. From recovering a wide range of electronic products, print consumables, eyewear and cosmetics, through to the reusing of toner and post-consumer soft plastics for an asphalt additive, the Company is focused on the future, sustainability and the circular economy.

Well positioned within the circular economy, Close the Loop consists of the merging of two secondary business groups - Close the Loop and O F Pack. The combining of these two entities allows for end-to-end solutions across packaging and consumables to a variety of markets, with advanced innovation in product development, as well as end of life take-back and recovery systems for complex commodities to greatly reduce waste to landfill.

Further information: [www.ctlgroup.com.au](http://www.ctlgroup.com.au), [www.closetheloop.com.au](http://www.closetheloop.com.au) and [www.ofpack.com.au](http://www.ofpack.com.au)