



ASX Announcement
17 June 2024

Close the Loop delivering on global IT refurbishment opportunities

Highlights:

- **Geographic expansion** – CLG is exploring IT refurbishment expansion opportunities in US, EU and Middle East
- **Growing HP Relationship** – IT refurbishment opportunities have been identified with HP Renew Solutions
- **New Mexico plant** – A new IT refurbishment plant in Mexicali, Mexico, will be opened and running by October 2024
- **Expansion of European print consumables program** – Circular Planet, the multi-vendor print consumable take back program has been expanded into Spain and Portugal and HP Inc has joined the program
- **Second TonerPlas line** – CLG will construct a second TonerPlas line following the awarding of \$2.2m in government funding

Close the Loop Limited (Close the Loop or the Company) (ASX: CLG), the circular economy industry leader, is pleased to inform shareholders and other stakeholders that the Company is in the process of exploring opportunities to expand its footprint and presence in the US, Europe and Middle East. Over the next 12 months, the Company anticipates establishing new facilities in these locations to support its growing operations and better serve our global clients in these regions.

This geographic expansion aligns with the Company's strategic goals and aims to capitalise on the IT renewal and circularity programs that are being rolled out by global original equipment manufacturers ("OEMs"). The planned expansion underlies the Company's commitment to providing enhanced IT refurbishment services and solutions to our valued customers around the globe.

Close the Loop CEO Joe Foster said:

"We are excited about the potential opportunities that lie ahead and are dedicated to ensuring a smooth and successful implementation of this expansion plan. We acknowledge the importance of effectively managing our resources to support our growth objectives without impacting on the FY24 guidance or expected financial results as previously advised to the market. As we move forward, we will diligently leverage our existing working capital and debt facilities to achieve our strategic milestones."

HP Renew Solutions:

- A material broadening and deepening of the relationship with HP Inc has been achieved in FY24, specifically regarding HP Renew Solutions, a new HP business that is less than a year old, that focuses on refurbishing and selling computers and printers.



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- HP Renew Solutions is a global and strategic positioning to insert HP into the refurbishing and resale of the company's returned products. In recent market commentary HP has disclosed that HP Renew Solutions margins are at least as profitable as new PCs and printers, making this a win for HP and the environment.
- Close the Loop is the first provider to be appointed as a HP Platinum Global Certified Renew Partner and earlier this year Close the Loop was awarded the HP Renew Solutions Launch Partner of the Year Award.
- The Award recognises the partnership that ISP Tek Services and HP Inc have formed and the important role it is playing in helping HP to achieve its circularly objectives.
- HP has a publicly stated goal of achieving 75% circularity for its products and packaging by 2030. Considering that HP ships ~40 million PCs every year and that there are ~300 million HP PCs in the market currently, before considering the number of printers, HyperX, Poly and other products HP makes, demonstrates the opportunity for Close the Loop to support HP in achieving this goal.
- The alignment between profitability, circularity and meeting a growing demand from HP's global customer base for certified refurbished products made the decision to pursue a global product takeback programme a strategic priority for the Company.
- Close the Loop's deep and trusted working relationship with HP has positioned the Company to benefit from its strategic focus on certified refurbished products.
- More information regarding HP Renew Solutions can be found [here](#).



HP Renew Solutions recognised Close the Loop with an award for their support with our HP Certified program.

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Refurbishment capacity expansion:

- Close the Loop will open a new facility in Mexicali, Mexico to expand its processing capacity in North America.
- The facility is expected to come online by October 2024.
- The decision to open the new facility follows growth in the volume of printers, monitors and other electronic devices that require refurbishing and resale.
- The new facility will, among other product lines, refurbish consumer and enterprise printers in the US, supporting the OEMs to efficiently return them into the market.
- The decision to open the Mexicali plant is a realisation of the synergies identified when ISP Tek Services was acquired in March 2023 and provides the company with the capacity for future growth.

Circular Planet:

- Close the Loop's Circular Planet initiative is a strategic and coordinated industry response to assist the OEMs achieve their sustainability and product circularity goals, whilst anticipating new upcoming EU legislation aimed at reducing the waste generated from those products.
- Circular Planet is a multi-vendor print consumable take back program in Europe and the Company is proud to announce that it has been expanded into Spain and Portugal in June 2024.
- The decision to expand the program into new European geographies follows the success of Circular Planet in Germany, UK, Belgium, Netherlands and Luxembourg.
- The addition of HP Inc, in May 2024, was a boost to the program with the OEM joining the founding participants Brother, Fujifilm, Konica Minolta, Lexmark, Oki, Printronix, Ricoh, Sharp, Toshiba and Xerox.
- Since Circular Planet's inception in November 2023, 40% of the 1.3 million cartridges collected have been returned to their OEMs for re-use in their European factories. Other cartridges, not suitable for resale, are stripped and components recovered or recycled so that no material goes to landfill.
- On average every person living in the EU buys, uses and discards the equivalent of one print cartridge each year with 370 million units sold annually, highlighting the opportunity to grow the program.
- Close the Loop is in ongoing discussions with several OEMs and hopes to announce the addition of three additional OEMs to the program before the end of calendar 2024.
- The Company plans to deploy its Circular Planet program in several additional European and Scandinavian regions in the next 12 months.

TonerPlas grant and new plant

- The Company has been awarded up to \$2.2m in government funding that will be used towards the commissioning of a second TonerPlas facility outside of Victoria, to be constructed over the next 12 months.
- In Reservoir, Melbourne, following consultation with regulators regarding some of the challenges experienced in the commissioning of the TonerPlas plant, the Company has resolved to relocate the existing TonerPlas line to a new site in Victoria.
- Relocating the TonerPlas site will mitigate the risk of operating the Company's print consumable line and IT refurbishment operations within the same facility as the TonerPlas line, while at the same



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time allowing the TonerPlas site to be located in a more appropriately zoned industrial area. This will allow the expansion of IT refurbishment over the coming years in Australia.

- The relocation will delay the Company reaching its expected TonerPlas production capacity in FY24, but the impact on EBITDA is less than 1%. Despite the small effect on profitability, the reuse of soft plastic waste is a critical initiative for the Company and the community.

Close the Loop CEO Joe Foster said:

“FY24 has seen Close the Loop focus and refine its growth strategy in the IT refurbishment space. We have an opportunity to expand into new geographies, work deeper into the consumer / business electronic product lifecycle and nurture new OEM relationships. These growth opportunities are a validation and realisation of the ISP Tek Services acquisition and the synergies we expected to flow from the combined businesses.”

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

- ENDS -

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About Close the Loop

With locations across the United States, Australia, South Africa and Europe, Close the Loop collects and repurposes products through takeback programs across its Resource Recovery Division; and provides sustainable packaging products through its Packaging Division, which allow for greater recoverability and recyclability. The Company's overall premise is 'Zero Waste to Landfill'. From recovering a wide range of electronic products, print consumables, cosmetics, plastics, paper and cartons, through to the reusing of toner and post-consumer soft plastics for an asphalt additive, the Company is a global leader in the fast-growing circular economy with a focus on global expansion and sustainability.

Further information: www.ctlgroup.com.au, www.closeheloop.com.au and www.ofpack.com.au

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