

12 June 2025

## **FY25 Financial Performance Update**

Close the Loop Limited ("Close the Loop" or the "Company") (ASX: CLG), the circular economy industry leader, has today provided a business update for 2H25 year-to-date ending April 2025.

### **Highlights:**

- Revenue for 2H25 remains in line with 1H25 (~\$99m)
- EBITDA for 2H25 is expected to be ~50% lower than 1H25
- EBITDA has been impacted by continued underperformance of the refurbishment and ITAD operations in North America
- Underperformance in the refurbishment and ITAD operations in North America has been compounded by the delays in the Mexicali operations commencing. Positively, the Mexicali operation is now fully operational and early production and performance is positive and in line with management expectations
- The Company is in the process of appointing a new Chief Executive Officer for its North American refurbishment and ITAD operations
- Notwithstanding the challenges being navigated, the Company continues to see long term growth opportunities in the refurbishment and ITAD markets, particularly in North America.
- The packaging businesses in Australia and South Africa have performed well, and combined, they are on track to deliver single digit earnings growth
- The cardboard recycling business in Laverton, Melbourne has been shut down and management is reviewing other operations that are non-core and/or unprofitable

**Close the Loop Limited ("Close the Loop" or the "Company")**, the circular economy industry leader, has today provided a business update for the second half of the 2025 financial year (2H25), covering the year-to-date period ending April 2025.

### **Financial Performance**

Revenue for 2H25 has remained steady and broadly in line with the first half of the financial year (1H25), at approximately \$99 million. However, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) for 2H25 is expected to be approximately 50% lower than 1H25.

The reduction in earnings is primarily attributed to underperformance in the Company's refurbishment and IT asset disposition (ITAD) operations in North America. The poor performance in the refurbishment business (Close the Loop Renewed Solutions) has been exacerbated by a software virus in April 2025 along with a range of other production challenges. New processing controls have been implemented to prevent this occurring again and the event is considered non-recurring, but the virus caused significant processing delays, inefficiencies and reduced sales in this business.



These processing issues have arisen as the Company transitions into a much broader and more complex ITAD space. This shift has not only been more labour-intensive but has also required the Company to significantly upskill its resource base. We expect these issues to be resolved over the coming months and are confident that the Company will be well-positioned to benefit from the larger market opportunities ahead.

### **Operational Developments – North America**

In response to the challenges experienced in the North American refurbishment and ITAD segment, the Company has identified and is expected to appoint a new Chief Executive Officer, with effect from 1 July 2025, for its North American refurbishment and ITAD operations. This leadership change is aimed at stabilising performance and driving growth in what remains a strategically important geography for the business.

The Mexicali plant continues to ramp up its production capabilities. As of June, two printer refurbishment lines are fully operational, and a new line focused on computing and gaming accessories has also been brought online. The Company expects a laptop refurbishment line to be operational before the end of the financial year. These additions are expected to enhance throughput and help reduce elevated inventory levels across the North American network.

### **Packaging and Recycling**

The Company's packaging businesses in both Australia and South Africa have performed well and are on track to deliver single-digit earnings growth for the year. These divisions continue to demonstrate solid operational execution and margin stability.

Conversely, the cardboard recycling facility in Laverton, Melbourne has been shut down as part of management's ongoing review of non-core and/or unprofitable operations. This decision reflects the Company's focus on optimising its portfolio and concentrating resources on higher-value, scalable business units.

### **TonerPlas Operations and Government Grants**

Close the Loop has notified both the New South Wales and Queensland governments that it does not intend to proceed with the construction of new TonerPlas plants in those states in the near term. As part of this decision, the Company will return grant funding previously received from the NSW Government. Despite this, the Company continues to accept post-consumer soft plastic from across Australia and supply TonerPlas material manufactured in its Victorian facility to meet national demand.

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 the United States, Australia, South Africa and Europe, Close the Loop collects and refurbishes products such as laptops, printers, teleconferencing equipment and gaming devices; and provides sustainable packaging, which allow for greater recoverability and recyclability. The Company's overall goal is 'Zero Waste to Landfill'. From recovering a wide range of electronic products, through to print consumables, cosmetics, and plastics, and 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.closeheloop.com](http://www.closeheloop.com)

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