

ASX Announcement

23 February 2026

1H26 Results Update

Close the Loop Limited ("Close the Loop" or the "Company") (ASX: CLG), the circular economy industry leader, has today released its results for the half year ended 31 December 2025. Key Financial Highlights from the results are compared to the prior corresponding period ("pcp"):

- Revenue of \$92.3m, up 2% from pcp
- Underlying EBITDA of \$9.3m, down 23% from pcp
- Underlying NPATA of \$2.5m, down 61% from pcp
- Operating Cashflow (\$4.9m), down from \$2.5m
- Net debt of \$56.98m up 12% from pcp

Key Highlights:

- **Recycling** – Revenue and EBITDA were lower than the previous corresponding period impacted by lower processing volumes and a product mix shift primarily within the Information Technology Asset Disposition (ITAD) in North America.
- **Packaging** – Delivered a resilient performance as Revenue and EBITDA increased as demand from domestic and international customers remained, underpinned by strong South African and Australian performances.
- **Net Debt** – Increased due to lower operating cashflow. Following a covenant breach in the prior period, banking covenants were reset, with the loan now compliant and reclassified as non-current in the 1H26 accounts.

1H26 Financial Performance

Resource Recovery

During the six-month period, the North American refurbishment and ITAD segment continued to face operational challenges. Lower volumes through the businesses processing facilities were a key reason for the division's lower operational performance compared to the previous corresponding period. However, the performance of the North American refurbishment and ITAD segment performed better than 2H25.

The Mexicali facility continues to ramp, with improved throughput, expanding capacity, and increasing labour efficiency. The transition of key product lines to the Mexicali facility is largely complete, positioning the facility for improved operating leverage as volumes grow.

Due to the lower operational performance and based on the impairment testing of the carrying value of ISP Tek Services' ("ISP") intangible assets at the reporting date, the directors have determined that the carrying value of ISP's intangible assets were overstated. This has resulted in an impairment charge of \$23.2 million being recognised during 1H26.



Packaging

The Company's core packaging businesses delivered a solid performance for the half year, achieving double-digit revenue and EBITDA growth. Performance improved on both previous corresponding period and the second half of FY25, supported by contributions from all four packaging businesses outperforming the prior periods. This was due to expansion within existing Tier-one customer accounts and the addition of new corporate clients.

As part of a strategic review undertaken by management, Alliance Paper Pty Ltd was identified as a non-core business unit. In September 2025, management committed to exiting the thermal paper and rolls business and subsequently accepted an offer to divest the assets as the business was no longer aligned with the Group's core offering. The sale was completed on 27 October 2025.

Additionally, O F Flexo Pty Ltd was also deemed to be a non-core business. On 18 November 2025, management committed to selling the shares of the flexible packaging manufacturing business and accepted an offer from the existing management team. The sale was completed with effect from 31 July 2025.

Geography Commentary

United States

In the US, trading conditions have remained unpredictable, with current tariffs creating uncertainty and contributing to a more subdued business environment. This has adversely impacted Close the Loop's cartridge take-back and plastic recycling businesses, as broader economic uncertainty has reduced the volume of products received from corporate customers. The reduction in volume of the cartridge take-back programs has been more than offset with new original equipment manufacturers ("OEMs") and customers engaging Close the Loop for its services.

Europe

The European business has continued to expand its pan-European multi-vendor collection program, generating strong interest from major print OEMs. The program was initially launched on 1 November 2023 across Benelux, Germany and the United Kingdom.

During the reporting period, the program was further extended into strategically important territories across Europe. At the same time, operations in underperforming regions that were not economically viable were either scaled back or exited.

The European business continues to build momentum, securing new contracts and programs. Regulatory tailwinds and increasing sustainability targets are supporting these growth opportunities. The full financial contribution from the expanded collection program and recent contract wins are expected to be realised in FY27.

South Africa

In South Africa, the business continues to grow, securing new orders from both existing and new customers. Importantly, these additional client wins are being managed and serviced using the existing cost base, demonstrating the business's ability to expand revenue without requiring significant additional operational expenditure. This highlights both the

scalability and efficiency of the South African operations, which we anticipate will support sustainable future growth.

Debt Facilities

Following a covenant breach in FY25, the Group's banking covenants were reset after the financial year end, resulting in the loan being classified as current at 30 June 2025. The Group has complied with all covenants during the current reporting period, and the facility has since been reclassified as non-current in the 1H26 accounts.

Commenting on the company's performance Kesh Nair, CEO of Australia and South Africa, said *"The half under review has been a period of stabilisation and decisive action across the business. Management has focused on resolving several operational and legacy matters while strengthening operational processes and internal controls. These initiatives are improving discipline across the Group and providing greater visibility over performance and future opportunities.*

During 1H26, the Group experienced softer demand, with non-core divisions and discontinued operations generating operating losses that weighed on operating profit for the period. As a result, management is actively progressing a review of the portfolio and continues to assess options to divest assets that are not aligned with the Company's core strategy.

A key priority for the Group is sharpening its focus on its core capabilities, businesses that are cash-generative and strategically aligned with the Company's long-term direction. We are committed to strengthening and investing in these areas, which we believe will enhance financial performance and improve the resilience of the business over time.

While overall Group financial performance in 1H26 was below the prior corresponding period and internal expectations, the Packaging Division continued to demonstrate resilience and remains a strong and stable business within the Group, delivering comparatively improved earnings during the half. We remain confident in the Division's ability to generate solid ongoing performance and underpin the Group's longer-term growth.

Strengthening the balance sheet is also a clear priority. Given the Group's current level of debt, management is focused on reducing leverage through a combination of targeted divestments, operational restructuring and improved cash generation. These actions are expected to position the Company with a more sustainable capital structure to support future organic growth.

Importantly, the actions undertaken during the half have provided a clearer strategic pathway for the Group. As the operational and strategic review progresses, the Company expects to emerge on a stronger and more stable footing, with a simplified portfolio, improved financial resilience and a clearer focus on growth.

With the right people in place, the Board and Management Team are determined to take the steps required to improve the financial performance of the Company."

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For further information, please contact:

Investors/Media

Daniel Ireland, DataIR

E: investors@ctlgroup.com.au

P: +61: 428 607 884

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, gaming devices and print consumables; and provides sustainable packaging, which allow for greater recoverability and recyclability. The Company is a global leader in the fast-growing circular economy with a focus on global expansion and sustainability.

Further information: www.closetheloop.com