

ASX Announcement

20 May 2026

Strategic Transformation Accelerates with ISP Sale, Debt Reduction and Strong FY27 Outlook

Highlights:

- Sale of ISP Tek Services for US\$10 million
- Repayment of Debt - US\$16 million
- Settlement of convertible notes
- Bank debt refinance activities in progress
- EBITDA Guidance for FY27 in the range of \$14m to \$16m

Close the Loop Limited ("Close the Loop" or the "Company") (ASX: CLG), the circular economy industry leader, is pleased to announce the sale of ISP Tek Services LLC ("ISP"), based in Dallas, Texas, for a total consideration of US\$10.0 million.

The transaction is structured as US\$9 million payable at settlement for the shares of the company, together with a seller note of US\$1 million. The seller note will be paid in four equal quarterly instalments by the ISP purchaser, Ivy Technology Holdings, LLC, with the first instalment payable upon settlement.

The sale represents another significant milestone in the Company's strategic transformation and reflects management's disciplined approach to reshaping the business around its strongest operations and areas of proven capability. While the Company acknowledges that certain businesses were not able to be adequately operated and managed within the existing structure, the lessons learned through this process have enabled a clearer and more focused strategy moving forward.

This transaction allows the Company to sharpen its operational focus on its core Packaging and Resource Recovery divisions, sectors where the business has consistently demonstrated strong performance, operational expertise, and competitive advantage. With strong foundations already established across these divisions, the Company believes it is now better positioned than at any time in the recent past to drive sustainable growth, improve profitability, and deliver long-term value for shareholders.

The proceeds from the transaction, combined with some of its existing cash reserves, will be used to retire approximately US\$16 million of outstanding debt, materially strengthening the Company's balance sheet and reducing ongoing financing costs.

Close the Loop Chairman, Grant Carman, said "Management is highly confident in the future outlook of the business and believes the streamlined operating platform will enable the Company to grow from strength to strength as it executes on the significant opportunities available within its core markets."

Mr Carman said, “the sale of the ISP business marks an important milestone in the Company’s ongoing transformation and clearly demonstrates the meaningful progress achieved in strengthening and repositioning the business. It reflects a disciplined and proactive approach to reshaping the portfolio while ensuring the Company remains focused on its highest-performing and most strategic operations.”

Debt Refinancing

In conjunction with the sale of the ISP business, the Company is in advanced discussions with potential financiers and lenders to refinance the Company’s residual debt facilities of US\$19.5 million.

The refinancing process is expected to reduce the Company’s overall interest rate by approximately 350 to 400 basis points, delivering meaningful annualised savings and improving future cashflow generation.

Management and the Board remain focused on optimising the Company’s capital structure to support long-term shareholder value creation. Further details will be provided once the new facilities are finalised.

Convertible Note

The Company has reached agreement with Sammy and Dania Saloum, the holders of the existing convertible notes, providing further certainty around the Company’s capital structure and future funding profile.

Under the first note agreement relating to the 3-year, 4% interest-bearing convertible note of US\$7.5 million that matured on 28 April 2026, it has been agreed that:

- US\$4,150,000 of the note will convert into CLG shares at 20 cents per share;
- US\$2.5 million will be repaid in cash upon completion of the refinancing process; and
- The remaining principal and interest balance will be repaid over a five-year term as an interest-free loan.

The Company has also reached agreement with the note holders of the second 3-year, 4% interest-bearing convertible note of US\$7.5 million, whereby the principal and accrued interest of US\$900,000 will convert into CLG shares at a conversion price of 37 cents per share.

The issue of shares and revised payment arrangements will be subject to shareholder approval at an Extraordinary General Meeting (“EGM”) to be convened in due course. One of the note holders is a Director of the Company and therefore constitutes a related party transaction under the ASX Listing Rules that requires shareholder approval.

Close the Loop Chairman, Grant Carman, said “the Company gratefully acknowledges and sincerely appreciates the continued support and confidence shown by Sammy and Dania Saloum in both the Company and its management team. Their belief in the revised strategy and long-term direction of the business has been invaluable and reflects a shared conviction in the significant opportunity ahead.



With this support and a strengthened strategic focus, the Company is well positioned to deliver improved financial performance in FY27 and beyond, and to unlock meaningful long-term value.

The conversion price of 37 cents reflects the original acquisition price associated with the ISP transaction, while the 20 cent conversion price reflects the Company's original listing price."

FY27 Guidance

The Company's Packaging division has continued to deliver strong operating cashflows and revenue growth across multiple jurisdictions and customer segments.

The core Resource Recovery businesses have also performed strongly, supported by recent Original Equipment Manufacturer ("OEM") contract wins. The full benefit of these new contracts is expected to be realised during the 2027 financial year ("FY27").

As a result of these operational improvements, the Company now expects to generate EBITDA in the range of \$14 million to \$16 million for FY27.

Close the Loop Chairman, Grant Carman, said "the Company has embarked on a structured program to review and align its cost base with its revenue and profitability profile, further enhancing operational efficiency and supporting a stronger, more sustainable platform for future growth."

"We are also progressing several AI-driven process improvement initiatives across the organisation that are expected to deliver increased efficiencies and profitability in FY27 and beyond. The company will become AI-powered, shifting from manual execution to strategic, AI-augmented workflows. This will enable employees to focus on high-value strategy and creativity, while using proprietary data to build a distinct competitive advantage through customised, intelligent systems," said Mr Carman.

Outlook

Following the completion of the ISP divestment, the retirement of a substantial portion of debt and the restructuring of the Company's convertible notes, Close the Loop is positioned with a significantly strengthened balance sheet, improved cashflow profile and a simplified operating structure focused on its highest-performing businesses.

The Company is confident in the outlook for FY27 being well positioned to capitalise on growth opportunities within the global circular economy and sustainable packaging sectors. Importantly, the Company has learned from past challenges and will continue to sharpen its execution, leveraging its core strengths to deliver consistent performance, cash flows and sustainable growth.

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

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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 Australia, Europe, South Africa and the United States, Close the Loop create innovative products and sustainable 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 print consumables and cosmetics, through-to the reusing of toner and post-consumer soft plastics for an asphalt additive, the Group is focused on the future, sustainability and the circular economy. The Company is a global leader in the fast-growing circular economy.

Further information: www.closeheloop.com