

ASX Announcement

21 November 2024

Chairman's address

Dear Fellow Shareholders,

Welcome to Close the Loop's Annual General Meeting. Since listing on the ASX nearly three years ago, your company has achieved a revenue Compound Annual Growth Rate (CAGR) of 46% and earnings CAGR of 61%; growing revenue from \$71m to \$219m and NPATA from \$6m to \$26m in FY24 (to end June 2024). During this period since listing, the number of shareholders has grown from 825 to over 3,000 today.

While the Board is exceptionally proud of this strong track record of delivery; we must acknowledge the large decline in share price over the past year. With the Board and Management holding ~40% of the Company's shares, we've shared in the pain along with all shareholders.

The transformational acquisition of ISP Tek Services in April 2023 has contributed greatly towards our growth and not only shifted the Company's operational focus towards IT-refurbishment, but also geographically towards North America. IT refurbishment is today our core focus and represents our largest and most immediate growth opportunity.

Having integrated ISP Tek Services and welcomed its Chief Executive Officer, Sammy Saloum, onto the board and as a substantial shareholder, your company has continued with its IT refurbishment expansion plans, which includes geographic expansion into Europe and the Middle East as well as extending its services deeper into the product lifecycle, with a particular focus on IT equipment coming off lease. As a result of this expansion the Company expects to diversify its product mix across several global original equipment manufacturers in the coming years.

The Board believes that along with our flexible packaging business, we have a significant global growth opportunity in IT refurbishment, and that significantly greater revenue and earnings can be captured in the coming years with appropriate investment and focus.

This upside potential for the business has also been recognised by Adamantem Capital which has made a non-binding indicative offer of \$0.27 per share to acquire a controlling stake in the Company, as announced to the market earlier this week (19 November 2024).

Board and management renewal

Recognising the emerging opportunity in IT refurbishment and wanting to more closely align board and management experience and expertise with our future industry focus, the board is today beginning a renewal process. I have decided to resign as Chairman and will step off the board today. Grant Carman, our Non-Executive Director, will become Interim Chairman while the search for an IT knowledgeable ASX-chairman is conducted.



I'd like to extend my thanks to the Board and Management for their support and exceptional delivery since listing and thank shareholders for their ongoing support.

Joe Foster, has resigned as Group CEO and will step off the board. The board extends its sincere thanks to Joe for his valuable leadership and contribution during his tenure as Group CEO and Director, particularly through the ISP Tek Services acquisition and integration. We look forward to Joe's ongoing contributions to the leadership team.

Lawrence Jaffe, the Company's Executive Director and Chief Commercial Officer, will step into the role of Interim Chief Executive Officer. Lawrence, together with the Board, will carefully consider the various options currently on the table and ensure the company navigates its growth into the IT refurbishment industry effectively.

The search for a new Group CEO with deep experience in IT refurbishment and strong OEM relationships has begun. It is envisaged that the Group CEO role will be based in North America and therefore expected that the new Chairman will share the responsibilities of a market-facing role once appointed.

Marc Lichtenstein, an Executive Director and Chief Financial Officer will also step down from the Board. Marc will remain in his role as Chief Financial Officer and Company Secretary.

This Board and Management renewal is an important part of the Company's transition and ongoing evolution as it matures and repositions itself as a global leader in IT refurbishment.

The Board renewal has opened three positions, allowing the Company to build upon its leadership team with the appointment of a new Non-executive Director, Group CEO, and Chairman, which will significantly bolster its IT refurbishment credentials.

Appointment of non-executive director

John Chambers has been appointed as a non-executive director, effective post AGM today. He brings extensive knowledge in technology, having previously held a senior executive role at Telstra. In addition to his corporate expertise, he is currently the Chairman of Moorup Technologies, where he continues to drive innovation in the mobile technology space. With a career that spans both the corporate and startup ecosystems, John has developed a unique blend of skills in technology, sustainability, and innovation, making him a highly respected leader in these sectors.

Non-binding indicative offer

Close the Loop has received an indicative, non-binding proposal from Adamantem Capital to acquire 100% of its shares at \$0.27 per share through a scheme of arrangement. The proposal allows shareholders to choose cash, scrip in the acquiring entity, or a combination, with scrip allocations capped at 45%. The offer represents a 49% premium to the company's 30-day VWAP as of 15 November 2024.

After consulting its advisers, Close the Loop's Board has agreed to progress the proposal, granting Adamantem a 20-business-day exclusivity period, extendable by another 20 business days, to conduct due diligence and negotiate a binding Scheme Implementation Deed (SID). The Directors have stated they intend to recommend the transaction, provided it meets or exceeds \$0.27 per share in cash, no superior proposal emerges, and an independent expert concludes the deal is in shareholders' best interests.

No immediate action is required from shareholders, as the proposal remains conditional and non-binding.

**Debt refinancing**

The Company has received a proposal from a global tier-1 US based bank, having completed its extensive due diligence process to act as the lead cornerstone lender in the syndicated facility. The proposal is for a syndicated facility that would pay down approximately \$60m in existing debt and provide a deferred draw down facility for expansion purposes of approximately \$30m - \$50m. Australian banks have been invited to participate and one of the big four Australian banks has confirmed that it will match and potentially exceed the cornerstone's contribution towards the facility. The process has been paused following the Indicative Proposal received on 19 November 2024.

The board has elected to first fully explore the Adamantem Indicative Proposal, which may include its own funding arrangement, before deciding on refinancing its debt.

The changes indicated above reflect Close the Loop's ongoing focus on strengthening its leadership as the Company continues to grow and expand its operations. The Board remains committed to positioning the Company for continued success in the IT Refurbishment and packaging industry.

We appreciate your ongoing support as we embark on this exciting next chapter for Close the Loop Limited.

Regards,

Greg Toll
Chairman

- ENDS -

For further information, please contact:**Investors/Media**

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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, plastics, paper and cartons, 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