

# Case Study: Close the Loop's FY25 Loss Highlights the Danger of Chasing Volume Over Value in ITAD

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## Case Background

Close the Loop Limited (ASX: CLG) is an Australia-headquartered circular economy company with operations across North America and Europe, and services extending into New Zealand. Its Resource Recovery division is central to its IT asset disposition (ITAD) and consumables recycling business. The company expanded into North America in April 2023 through the acquisitions of ISP Tek Services and Captive Trade Corp.

## The Challenge

FY25 results revealed a sharp downturn:

- Revenue fell by 6.7%.
- Gross profit contracted by 26.1%.
- A pre-tax loss of AU \$20.1 million replaced the prior year's profit.

Management attributed the downturn to an “unfavorable product mix” in its North American ITAD operations. This was likely the result of a higher intake of low-value assets. The company also reported a software virus in April 2025, which disrupted processing and reduced sales, though it was deemed non-recurring.

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