

**ASX Announcement**  
(ASX:RAN)

30<sup>th</sup> July 2020

**Appendix 4C June Quarter 2020**

Range International Limited ('Range' or 'Company'), manufacturer of Re>Pal™ 'zero-waste', recycled plastic pallets, presents its Appendix 4C for the quarter ended 30 June 2020.

**RE>PAL WINS COCA-COLA BEVERAGES PHILIPPINES, COVID-19 UPDATE AND ORGANISATIONAL IMPROVEMENTS**

The Company is delighted that, at the time of writing, Coca-Cola Beverages Philippines has placed an order for 304 heavy duty warehouse pallets (HD1210L). This is with a view to live test at their site throughout the rest of 2020. Although this order in itself is not material for the Company, if successful it is likely that Re>Pal will be included on their tender panel for 2021.

The Company is in final discussions with several other large Fast-Moving Consumer Goods (FMCG) companies in Indonesia to start their potential transition to Re>Pal's 100% recycled plastic pallets. Lead times on deals, without Covid-19, for transitioning away from timber to a Re>Pal pallet (for pallet sizes we have) are very long and in some cases up to 2 years in length. Broadly, the process is that a Multinational Corporation (MNC) within the sales cycle will conduct smaller tests and then place a larger 'live trial' order before any scale/ ongoing orders. Depending upon the scope of use of the Company's pallets, a live trial order could be several hundred pallets for a warehouse, or may be several thousand pallets, if the pallets are used in goods distribution. There is no single buying process. Shareholders can expect that the sales operation is trying to maximise sales opportunities; while processing prospect feedback to improve the chances of success in the future; and improving the intelligence of the pipeline and data in the CRM.

Covid-19 has affected the Company's sales pipeline and our clients' and prospects' business volumes and therefore their priorities. As a part of the sales drive and our unique value proposition, the Company has spent many hours testing MNCs waste streams to see how these can integrate into the Re>Pal pallets as a part of the prospect's sustainability programme. Given the Extended Producer Responsibility (EPR) programmes in Indonesia we are hopeful that through 2020 and 2021 this will be a big driver of new leads and clients. We see that the TetraPak PolyAl waste stream has definite merit for use in our pallets for certain deals as it has more strength than regular reused plastics.

At the time of writing the Company's factory is unaffected by Covid-19, though the Company has seen the effects of the pandemic on the overall business slowdown which has affected the already long sales cycles. During the June 2020 quarter, the Company reduced the cost base and shifts worked as we shuttered the factory for 2 weeks during Ramadan and the trucking ban. This is always a slow and unproductive period. The overall level of pallets sold, delivered and invoiced is well below the level management was expecting. While the pipeline remains healthy, all deals have moved out due to Covid-19.

Against this backdrop of weaker than expected performance, the Board has appointed Ankura Consulting, a global advisory group, to assist it in finding suitable partnerships to assist the business including global investors, supply chain and distribution channel partners. Ankura is currently in contact with a broad section of parties that both Range and Ankura have identified. By September 2020, following the initial target contact, we will assess the likely need for additional capital in the

context of what Ankura and Range have been able to progress. Shareholders will be kept fully informed of relevant developments.

Through the June quarter, BioSystems from Bali has been working on the Wastewater Treatment Plant (WWTP), together with Re>Pal, to identify areas for improvement in the processing of wastewater. Based on the existing results and subject to final testing feedback from BioSystems, the Company has uncovered several areas of improvement without the need for any significant additional capital. It is anticipated that the WWTP will be fully functioning in the next quarter.

The wash plant in the factory has suffered several outages in the June quarter caused by equipment failure and poor design of the initial layout. The Company has mitigating plans in place to ensure continued production as we aim to see sales improve throughout this and the next quarter, and a fully functioning wash plant is important to continue in-house raw material processing.

During the June 2020 quarter, the pelletising process in the factory also suffered several outages. The Company has been in contact with the manufacturer regarding maximising throughput. We are tightening our maintenance regimes and we will invest limited new capital (20kEUR) to bring the pelletising output to a basic level of production. Any outage is disappointing to management and the Board and we are doing our best to limit these and have alternative solutions in place to continue production.

During the quarter we let one of the recently hired new sales executives go for non-performance. We remain with one sales person in each of West, Central and East Java, active resellers in Indonesia, Thailand and New Zealand and a direct sales person in the Philippines.

## **BUSINESS AND FINANCIALS SUMMARY**

- Cash balance at the end of the June 2020 quarter was US\$1,041K.
- Cash burn for the quarter (inclusive of forex) was US\$299K compared to the previous quarter of US\$786K.
- Sales revenue of US\$280K for the quarter compared to prior quarter of US\$287K.
- 7 new name clients were added in the quarter (8 previous quarter)
- Efficiencies gained through modifications to wash plant, drying and dry friction processes have resulted in a further 15% decrease in raw materials pricing.
- 24,507 pallets were sold (invoiced following delivery/collection) during the quarter, up from 22,189 in the previous quarter.
- There are forward orders for 2020 of 33,231 pallets.
- There is no back-log of old orders awaiting production.
- As at 30 June 2020, inventory was 9,888 pallets.
- For the purpose of ASX Listing Rule 4.7C.1, expenditure on activities during the quarter was US\$648K, which comprised operating expenditure US\$610K, investing expenditure US\$32K and financing expenditure US\$6K.
- For the purposes of ASX Listing Rule 4.7C.3, the Company paid US\$18k for Director remuneration for the quarter ended 30 June 2020.

## **SALES UPDATE**

During the quarter, Re>Pal added 7 new name clients as set out below and at the time of writing we have added an additional 4 new name clients as set out below in addition to the Company's existing client relationships:

New name clients in the June quarter:

- LOGISTIC WORLDWIDE EXPRESS & GLOBAL FORWARDING INC (PHILIPPINES)
- PT CAHAYA MAS PRATAMA
- PT REALFOOD WINTA ASIA
- JULIUS LINUS/MAKMUR EXPRESS ABADI
- PT WILMAR NABATI INDONESIA
- CV CHANDRA MAKMUR
- PT IMTA SUKSES ABADI

As of the time of writing we have added an additional 4 new name clients since the end of the June 2020 quarter:

- COCA COLA BEVERAGES PHILIPPINES INC
- ENTREGO
- PT BARLOW TYRIE INDONESIA
- FATKUR ROHMAN/SUMBER REJEKI

We are delighted to receive the Purchase Order (PO) from Coca-Cola Beverages Philippines Inc, for a container of HD1210L pallets (304) as this is for a live trial of the Re>Pal pallets. We are aiming to be on their accredited supplier list for their pallet tender in 2021. Also, in the Philippines we are in the process of receiving a PO from an existing food manufacturing client for a new order of 2,500 pallets which is in total of HD1210 for a new factory using Re>Pal. This shows that they are keen to pursue their sustainability drive. Finally, in the Philippines we have received an order for 3,150 NP pallets for the online fulfillment operation Entrego which is an exciting order as the lead time for this new name client was short.

We have been trialing with one very large MNC in the Indonesia FMCG market, and trialing their packaging waste into the Re>Pal pallet for use within Indonesia. We do anticipate a Purchase Order for 10,000 HD1210L as part of the start of their live testing across their network in Indonesia, though there is no formal confirmation of this as yet. This pallet will include one Radio Frequency Identification (RFID) tag. These pallets will also integrate certain types of waste packaging including multi-layer plastics and Re>Pal will maximise the percentage of waste that can be incorporated based on our waste testing. Shareholders will know that Re>Pal has previously tested RFID integration into the Re>Pal pallet which was successful in our limited trial at the factory.

The prospect in New Zealand mentioned in the last 4C is trialling the HD1210L and we anticipate feedback in this coming quarter, though it is unlikely that any major sales for the standard pallet will eventuate. There is also a requirement for custom pallets from this same prospect, but this will take longer than the standard pallet discussion and as these pallets are non-standard/ customised sizing, they are currently behind the priority of the standard pallets discussed below in the product design section.

We have many smaller prospect trials at any given point in time and currently have around 10 prospects engaged in trialling pallets. Additionally, Re>Pal has to go through accreditation processes with several of these prospects, and several of these are due to send us waste to trial into pallets. It is

a complex sales process. As continually mentioned to shareholders there are no guarantees of sales closing. The Board, management and the sales team are evaluating feedback from clients and trying to maximise the chances of success and deals closing.

## **OPERATIONAL UPDATE**

- Yanie Lee was appointed as Chief Operating Officer during the June 2020 quarter. In a recent reorganisation, we are pleased to say that Yanie Lee is in the process of a transition to a more operationally focused role from her current finance focus and will transition to oversee operations. Yanie is Australian-Indonesian and is currently based in Sydney. Yanie currently reports to Stephen Bowhill.
- To help Yanie delegate more financial responsibilities the Company has recruited Mintoro Sun, based from Pasuruan/ Surabaya as Senior Financial Controller. This recruitment should enable us to continue to move finance costs from Australia to Indonesia and maximise cost reductions.
- A new production head has been appointed from an existing Re>Pal resource, to oversee both wash plant and production line processing following a trial of this person which saw an increase in the production operator's productivity.
- A new project and improvement position has been created, from an existing Re>Pal resource, in an attempt to resolve various mechanical/ engineering issues and ensure better ongoing maintenance and implement solutions proactively.
- The STI payment structure for Managing Director Stephen Bowhill has been varied. The Board (excluding Mr Bowhill) will determine and pay a discretionary cash bonus to Mr Bowhill, calculated periodically based on number of pallets sold. For the avoidance of doubt, this new STI structure replaces the structure previously announced on 14 April 2020.

## **Wash plant, raw materials and operations**

- WWTP chemical trials by BioSystems, testing 2 out of 3 had been carried out pending results; internally all pipes and tanks had been cleaned and fixed, the whole WWTP system is running. Further trials in collaboration with BioSystems are in progress.
- The original design of the wash plant has caused operational issues and downtime. It is not material capex for a small re-design that can increase efficiency and reliability.
- The wash plant has an additional line available in the factory, but no equipment available and that would require significant capex. This may be considered, but only on the basis of extended sales orders and a forecast that the existing wash plant requires expansion.
- Centrifugal rinsing had been completed in one of the washing lines with noticeable improvement in cleanliness, similar work is currently being carried out on another wash line.
- A magnetic trap has been ordered for the dry washing line to improve separation of metal objects from waste streams, this is not a material capex.
- The truck scales are now in operation; this sees a more efficient scalable raw material handling process for larger deliveries. This was an existing project held over from prior management.
- TetraPak's PolyAl recycled material has been tested in NP and NSP pallets and does not generally require anti-slip devices compared to the heavier HD and HDL pallets which do require these devices as standard when made from the PolyAl; due to the different pallet designs. Requirement for anti-slip would be determined as per other trials and suitability to client's Standard Operating Procedures (SOP) and the goods required to be stored or transported on the pallet.
- During the quarter, the pelletiser encountered increasing and frequent blockage issues from melted plastic materials. We have been in contact with the pelletiser manufacturer and we have made ongoing setting adjustments and normal production has resumed. It is noted that there is significant previously unknown wear and tear in the pelletiser and the manufacturer recommendations on maintenance improvements has been sought. A capital spend of EUR20k is likely required to replace worn equipment and ensure pelletising can be maximised.

- We are reviewing the requirement for the additional pellet cooling stage, post-pelletising, as we increase potential storage of our pellet as a WIP material inventory. It should be noted that we are not intending to build up high levels of finished goods or raw materials inventory (to protect against downtime issues or supply issues) and we are manufacturing pellet and pallet inventory to match sales orders.

## **PRODUCT DESIGN PALLET PROGRESS**

Subject to availability of capital, the availability of the Computer Numerical Control (CNC) machine internally and price/ availability of outsourced CNC's, the Company is keen to start the development of the pallets mentioned below. It is anticipated that development on at least one of these pallets will commence by 1<sup>st</sup> October 2020 and development time is up to 6 months for one mold. Capital cost for a mold is approximately A\$50,000-\$100,000 depending if insourced within the factory or outsourced to a suitable manufacturer within Indonesia.

- 1311 (1300mmx1100mm) – as mentioned in last quarterly report – for the chemical sector in Indonesia as it transitions away from wood as this sector often supports the food and beverages industry. There is substantial demand in this sector for a Re>Pal pallet and the pallet design is commercially suitable.
- 1111 (1100mmx1100mm) – an export racking pallet with a cross-board design. Unfortunately, the NP1090 and NSP1090 that Re>Pal existing mold inventory are not suitable due to the 1090 dimension not being a pallet standard for ubiquitous use, and the nesting design causes some issues for more general usage. There is substantial demand for this sized pallet. We still require commercial feedback from the SEAsian MNC, we are discussing whether these pallets, with that design, are commercially viable for them to consider replacing their extensive timber network with Re>Pal.
- 1212 – (1200mmx1200mm) - a racking pallet for the food sector. This is in demand across the food sector (along with our existing 1200mmx1000mm sizes) as they transitions to plastics. The 1212 pallet has a variety of different demands for racking load and we need to select one that will be as general purpose as possible and commercially attractive to large food prospects. This work is still in progress.
- HD1210L – should Re>Pal receive the PO for 10,000HDL from the large FMCG company (PO anticipated in August 2020) we *may* need to scale in 2021 the production of the HD1210L subject to the live testing results in the prospect's network within Indonesia. We will then need to manufacture an additional 1-2 molds depending on potential order flow and the client's timing requirements for transitioning from wood to Re>Pal plastic.

The Company has seen delays on freeing up of our internal CNC machine due to NSP1210H amendments needed during its acceptance testing, developing new anti-slip devices for the HD and HDL pallets and leg changes to the HDL to give clients the option of a 160mm height rather than the standard 150mm. Some of these amendments relate to the purchase order from Coca Cola Beverages Philippines for the HD1210L and do also give us some more opportunities to win deals. We anticipate starting the CP1311 or one of the other pallets above during September 2020 subject to capital and the Ankura review.



Sincerely,

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**This announcement has been authorised for release by the Board of the Company.**



**About Range International:**

Range is a manufacturer of plastic pallets. Our ThermoFusion™ technology allows Range to make 'zero waste', 100% recycled and recyclable plastic. Range currently has production lines operating in its East Java factory in Indonesia and sells its pallets under the brand Re>Pal™, supplying pallets into Indonesia and across Asia/ globally.

**Forward looking statements:**

This announcement may contain forward looking statements which may be identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Range International Limited or its Directors and management, and could cause Range International Limited's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Range International Limited

**ABN**

22611998200

**Quarter ended ("current quarter")**

30/06/2020

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	224	586
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(142)	(488)
(c) advertising and marketing	(56)	(164)
(d) leased assets	-	-
(e) staff costs	(209)	(491)
(f) administration and corporate costs	(203)	(436)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	(7)
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(386)</b>	<b>(1,018)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(32)	(41)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(32)</b>	<b>(41)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,599
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6)	(48)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(6)</b>	<b>1,551</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,340	569
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(386)	(1,018)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(32)	(41)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (6 months) \$US'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	1,551
4.5	Effect of movement in exchange rates on cash held	125	(20)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,041</b>	<b>1,041</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	1,041	1,340
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,041</b>	<b>1,340</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$US'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	18
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note to Item 6.1: The amount of US\$18k was payment of Director remuneration for the quarter ended 30 June 2020.*

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(386)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,041
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,041
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2020

Authorised by: **By the Board**

(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.