

ASX Announcement

(ASX: RAN)

27th January 2021

Appendix 4C December 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 31 December 2020.

DECEMBER QUARTER 2020 HIGHLIGHTS

- Sales revenue (income earned) of US\$523K for the quarter, an increase of US\$191K compared to prior quarter and the largest revenue quarter in over two years.
- Year to date ('YTD') Operating cash burn down by 40% from 2019 cash burn.
- Total cash burn for the quarter (inclusive of forex) was US\$277K compared to the previous quarter of US\$274K.
- YTD Gross loss decreased by 50% from 2019.
- Water quality in the Waste-Water Treatment Plant ('WWTP') is significantly improved arising in the production of odour free pallets.
- Covid-19 conditions in Indonesia continue to considerably hamper the speed of decision making of both our existing clients and new prospects.
- Cash balance at the end of the December 2020 quarter was US\$490K.
- Subsequent to the quarter end, as announced on 19 January 2021, Re>Pal is collaborating with Unilever Indonesia to provide new RP1210L pallets, subject to their satisfactory testing. Delivery is anticipated to start from April 2021 for 3-4 months on 1 line of production for 3 shifts per day.
- New rental business model starting in Q1 2021 to spur growth.

Pallets sold per quarter

	Q1	Q2	Q3	Q4	YTD
2020	25,053	15,881	21,181	38,116	100,231
2019	48,178	18,835	35,236	21,366	123,615
2018	46,732	51,115	21,818	23,401	143,066

As shown in the table above, pallet sales increased considerably in the December 2020 quarter compared to both the prior quarter (September 2020) and the prior corresponding period (December 2019).

2020 was a difficult year for sales due to Covid-19, but overall sales pricing is stronger than 2018, though conditions remain difficult. We hope to maintain margin improvement through efficiency and see sales pricing improve later in 2020. We are of course focused on improving sales volume too.

Revenue per quarter (US\$'000)

	Q1	Q2	Q3	Q4	YTD
2020	287	280	333	523	1,422
2019	461	357	519	319	1,655
2018	559	353	367	376	1,655

Cash Burn per quarter (US\$'000)

	Q1	Q2	Q3	Q4	YTD
2020	786	299	274	277	1,637
2019	1,011	621	536	537	2,706
2018	3,032	1,644	929	776	6,381

Cash burn is reducing vs. prior years and the Company remains vigilant to do all things necessary to reduce costs further with focus on electricity costs, fresh water, sludge removal and raw materials.

Gross Loss % per quarter

	Q1	Q2	Q3	Q4	YTD
2020	-5%	-36%	-7%	-5%	-12%
2019	-15%	-22%	-21%	-18%	-19%
2018	-35%	-72%	-72%	-104%	-67%

Gross Loss per quarter (US\$'000)

	Q1	Q2	Q3	Q4	YTD
2020	(15)	(101)	(24)	(24)	(164)
2019	(70)	(78)	(107)	(58)	(314)
2018	(198)	(254)	(264)	(390)	(1,106)

The Company anticipates further improvements in Gross Profit where there is continued efficiency trends in the factory, and factor in small price improvements into the finished goods pricing while being able to maintain a recovery in sales through the difficulties of Covid-19.

SALES UPDATE

In 2021 Q1 Re>Pal will start a Rental business "EasyPay". This will be started initially with selected Indonesian and Philippine companies. The Board recognises that this business model will have a negative impact on working capital but will be more profitable than regular pallet sales over the pallet lifetime and provide a more predictable cash flow. It is in effect a subscription model for pallets and

is easier to sell than a once off, upfront model. We are enthusiastic about EasyPay becoming a spur for Re>Pal's growth in 2021. We will update the market as and when any rental contracts are signed.

During the quarter, the Company added 11 new name clients in addition to the Company's existing client relationships. Since 1 January 2021, the Company has added an additional 3 new clients.

As announced on 19 January 2021, Re>Pal has concluded commercial discussions with Unilever Indonesia Tbk for recycling their waste into pallets. This collaboration is for a new pallet (RP1210L), which commenced a re-molding process converting the existing NSP1210H pallet into the RP1210L. A purchase order is anticipated to be provided upon completion of successful testing by Unilever and their logistics provider, at their discretion. The pallets will be fitted with anti-slip devices, QR code and a Radio Frequency Identification ('RFID') tag for tracking in its warehouses.

As investors would be aware, Re>Pal has an existing relationship with Unilever OleoChemicals (UOI). UOI and Re>Pal has already received an order for 16,576 pallets.

The Company has completed the amendment of a design option for the NP1210 pallet to make this a flat deck pallet with inserts for the nesting holes, and 120mm high. We hope for this to be re-trialled by the prospect, and we will also need confirm we have passed the supplier accreditation.

As detailed in the last quarterly report, accreditation has been successful for a large global beauty company in Indonesia which has a strong sustainability focus. The Company is currently in discussions with this customer to potentially replace 10,000 warehouse timber pallets that suffer from infestation and need to be replaced. This does not necessarily mean that Re>Pal will receive orders from the company at this stage.

Recent trials at a large Indonesia food manufacturing company went well and decision makers in the Jakarta head office have indicated their initial support for Re>Pal's pallet and trials in several locations.

The Company still sees the trend towards plastic pallets from timber continuing and this is a tailwind in the market due to lifetime value of plastic vs. timber and issues such as infestation not affecting plastic. The additional sustainability trend and easier tracking via RFID embedding in plastic are further tailwinds for plastic pallets.

Notwithstanding this, Covid-19 has affected the Company's sales pipeline and our clients' and prospects' business volumes and therefore their own priorities, so sales are unfortunately slower than management had forecast.

- 28,575 pallets were delivered during the quarter, up from 26,648 in the previous quarter.
- There are forward orders for 2021 of 20,786 pallets and there is no back-log of old orders awaiting production.

As of 31 December 2020, inventory was 5,128 pallets.

OPERATIONAL UPDATE

- The waste water treatment plant ('WWTP') process continues to improve and we now use less freshwater through the cleaning system.
- In the quarter we had additional rinsing processes on both lines and cleaned and processed a higher volume of the TetraPak PolyAl helping lower costs.
- This improved rinsing also saw the Company improve the look of the finished goods.
- Continued improvements in factory uptime are helping with utilisation and efficiency, during the quarter we used between 3 and 6 extrusion lines, which again helps with Gross Profit improvements.
- Output has been increased from an average of 12,488kgs per day in December of 2020 to an average of 17,566kgs per day to date in January 2021. With further improvements of 1000-2000kgs per day expected by the end of January 2021, subject to sales orders.
- This increase of almost 50% can attribute to the improvements in the utilisations rates of existing factory equipment and improve materials handling at the factory.

Continued improvements in factory uptime are helping with utilisation and efficiency, during the quarter we used between 3 and 6 extrusion lines, which again helps with Gross Profit improvements.

Sludge removal is awaiting arrival of motor/gear box and will be installed in January 2021 which should further help cash burn reductions.

PRODUCT DESIGN PALLET PROGRESS

As detailed above, the Company is currently modifying the NSP1210H pallet into the RP1210L pallet for the final acceptance Unilever trial process. This modification should complete in April 2021 and testing of the RP1210L pallet will then commence.

As mentioned in the last update, subject to availability of capital, the availability of the Computer Numerical Control (CNC) machine for internal mold development and the price and availability of outsourced CNC's, the Company will start the development of the Chemical Pallet (CP1311) pallet from April 2021.

OTHER INFORMATION

For the purposes of ASX Listing Rule 4.7C.1, expenditure on activities during the quarter was US\$734K, which comprised operating expenditure US\$734K, investing expenditure nil and nil financing expenditure.

For the purposes of ASX Listing Rule 4.7C.3, the Company paid US\$41K for Director remuneration for the quarter ended 31 December 2020.

Sincerely,

Stephen Bowhill

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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 entityRange International Limited (**Company**)**ABN**

22611998200

Quarter ended ("current quarter")

31/12/2020

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	474	1,326
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(450)	(1,058)
(c) advertising and marketing	(66)	(247)
(d) leased assets	-	-
(e) staff costs	(190)	(941)
(f) administration and corporate costs	(48)	(675)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(7)
1.7 Government grants and tax incentives	20	67
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(260)	(1,534)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(44)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 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)	-	-
2.6	Net cash from / (used in) investing activities	-	(44)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,610
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	-	(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)	-	-
3.10	Net cash from / (used in) financing activities	-	1,562

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	767	569
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(260)	(1,534)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(44)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,562
4.5	Effect of movement in exchange rates on cash held	(17)	(63)
4.6	Cash and cash equivalents at end of period	490	490

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	490	767
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	490	767

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	41
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\$41k was payment of Director remuneration for the quarter ended 31 December 2020.

7.	Financing facilities <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>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(261)
8.2	Cash and cash equivalents at quarter end (item 4.6)	489
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	489
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.87
<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: Yes	
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: Yes. As at the date of this Appendix 4C, the Company is in trading halt pending the release of an announcement in relation to a capital raising. The Company anticipates that the capital raising will be successful.	

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: Following completion of the capital raising mentioned in 8.6.2 above, the Company anticipates that it will have sufficient capital to continue its operations and to meet its business objectives

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.

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: **27 January 2021**

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.