

ASX Announcement
28 October 2021

SEPTEMBER QUARTER 2021 ACTIVITIES REPORT
AND APPENDIX 4C

Range International Limited (ASX:RAN) (**Company** or **Range** manufacturer of Re>Pal™ ‘zero-waste’, recycled plastic pallets, plastic fencing and retaining wall products, presents its Quarterly Activities Report and Appendix 4C for the quarter ended 30 September 2021.

SEPTEMBER QUARTER 2021

- Successful completion of fully underwritten rights issue to raise A\$3.6m (before costs).
- Company continues to execute its plan for transitioning through and beyond breakeven in 2022.
- Strict Covid-19 lockdown protocol for Indonesia affected the whole of the Indonesian economy. As a result, due to reasons outside of the Company’s control, many projects were postponed, with material supplies interrupted with restrictions of movement and working from home in place.
- The Indonesia factory remained operational through the quarter.
- Delivery and installation of friction washers. Commissioning and testing ongoing.
- Testing and commissioning of pallet welder underway.
- Whilst pallet orders slowed in Q3 due to the impact of Covid-19, as of the date of this release, pallet sales in Q4 are over 41,000 bringing YTD sales to over 144,000 pallets. The Company anticipates further significant orders through the balance of Q4. Consequently, this is already a major improvement on the 98,867 pallets ordered in FY2020.
- Production for the Botanica lifestyle resort contract commenced in October at the new Far North Queensland factory. New tooling for lighter weight material is to be installed in November.

As of the date of this release, lockdowns due to Covid-19 across Indonesia have slowly started to ease and the Company cautiously expects normal economic conditions to improve over the coming months. Most companies are still enforcing work from home conditions with plans to return to offices in 2022.

Design and testing of the first HDX 1100 series mold has been completed and is now in production. The next HDX mold designs are ongoing and production of HDX 1210 will start shortly.

Raw materials are now starting to be supplied under our agreement with Aalborg and high quality is improving the conversion rate. Supply will increase over the coming quarter providing improved security to our supply chain of waste plastic. A regional alliance with TetraPak for PolyAl waste to be shipped and processed in Indonesia will be trialed in Q4, and discussions re pallets continue. PolyAl waste will be trialed in the Australian entity in the wall/ fencing products.

OPERATIONAL UPDATE – INDONESIA

- New friction washer commissioning and testing is going well. With increased output levels on wash line 2 already achieved. Modification to wash line 1 now underway.
- First samples from the pallet welder commissioning have successfully passed our internal ISO-testing and are now on the way to prospects and customers for their reviews. We hope to see new orders shortly for welded pallets as the pallet welder provides for safer and stronger pallets

(due to the absence of nails). HD1210L will be modified over the next few weeks for use with the pallet welder with amendments for the HD 1210 to follow.

- HDX 1100 series (sizes 1100 x 1100, 1200 x 1100, 1300 x 1100) mold production underway with delivery for the first molds in December.
- C48 mold design completed. Delivery is expected in January 2022, which is on schedule for the first shipment in March 2022 to our new customers including the order for 34,000 pallets (over 2 years) via our reseller.
- The new trucks provided by the Nestle grant are being ordered at the time of writing to improve local collections.
- Improving raw material standards and processes have seen conversion rates dramatically increase in the quarter, minimising downtime, reducing waste and delivering higher volumes through the wash line. Additional new suppliers are now working with Re>Pal and continued throughput and COGS improvements are expected.
- The relationship with Tetra Pak is expanding and we now anticipate to import significant volumes of PolyAl starting in Q4, following testing and checking import licenses into our bonded zone. We also anticipate to also secure improved supply from new recyclers in Indonesia following Tetra Pak's additional help. If successful, this will provide significant savings in COGS.
- Through using PolyAl, Re>Pal is able to produce ranges of coloured pallets which will significantly improve sales opportunities as coloured pallets are often used in warehouses to code goods. At the time of writing, we have received another order for coloured pallets from a major footwear manufacturer in Indonesia and expect additional orders through Q4.

OPERATIONAL UPDATE – AUSTRALIA

- As announced by the Company on 3 August 2021, the Company established an Australian manufacturing operation initially focused on a plastic fencing product made solely from Australian-sourced recycled plastic. In order to accelerate this opportunity, the Company's Executive Chairman provided a A\$400K convertible loan facility on commercial terms.
- During the quarter the operational focus was on installing and commissioning the extrusion line and all the associated equipment.
- Initially, the plant will be powered by a diesel generator with a connection to the electricity grid pending upgrade works by Ergon.
- As announced by the Company on 14 October 2021, the Company commenced production of saleable material from the plant. The Company will initially produce its heavier and thicker planks before switching to a lighter model when a new extruder tool arrives next month. This new tool will enable the production of plastic planks using 40% fewer recycled plastic pellets which should substantially increase the positive margin on the product.

FINANCIAL UPDATE

Receipts from customers (US'000)

	2020	2021
Q1	344	450
Q2	224	570
Q3	306	307
Q4	474	

Refers to funds received from customers-unaudited

Revenue decreased in the quarter due mainly to the ongoing impact of Covid-19 across Indonesia.. Output was affected due to equipment failures on one of the wash lines limiting output, which has now been rectified.

Stricter material quality standards and revised processes slowed deliveries during the quarter, together with supply issues due Covid-19. This work has however shown positive results with conversion rates

for materials now above 50%. With supplier deliveries now matching the factory's requirements, the operation is in a better state as we build the platform for the growth in 2022.

Revenue in Q4 is anticipated to show growth due to:

- Converting pipeline into orders;
- Higher production volumes due to increased raw material availability;
- Final clearance of back orders;
- Producing the final 5,168 pallets for the Unilever Philippines Rental contract ; and
- Increased pallet prices between 8 and 15% depending on pallet type.

Pallets ordered per quarter

	2020	2021
Q1	25,153	31,882
Q2	15,577	47,639
Q3	20,059	23,615
Q4	38,078	

Refers to confirmed customer pallet orders

Sales orders slowed in the Q3 due to serious lockdown and health emergency conditions in Indonesia.

However, as of the date of this release, pallet sales in Q4 are over 41,000 bringing YTD sales to over 144,000 pallets. The Company anticipates further significant orders through the balance of Q4. Consequently, this is already a major improvement on the 98,867 pallets ordered in FY2020. Despite the challenges presented by Covid-19 in Indonesia, the Company considers that this shows substantial progress in the Company's fundamentals of increasing demand for 100% sustainable products in SE Asia, and that the transition from both wooden and virgin plastic pallets to our recycled offerings is underway.

The current sales pipeline remains strong with numerous new name customers in active testing with Re>Pal. The Company's ongoing relationship with Unilever continues to progress, with further orders expected from Unilever Oleochemicals; and with Unilever switching focus to testing our new HDX pallet in 2022. The Company considers that the HDX will match Unilever's requirements and will be a better long-term pallet, both for the customer and for Re>Pal given the improved margins that the HDX brings.

No pallet rental contracts were entered into during Q3. In order to protect the Company's cashflow, the Company plans to target certain limited key account rental contracts over the coming periods, at the same time of rolling out its HDX pallets. HDX pallets are higher margin and easier to make for the Company.

As of the date of this release, total accounts receivable is USD 312k. Most accounts are current, and the Company does not expect issues with collections.

Pallets shipped per quarter

	2020	2021
Q1	22,187	38,946
Q2	24,507	26,467
Q3	26,648	24,943
Q4	28,575	

Refers to pallets invoiced and shipped ex-works Indonesia

Pallets shipped slowed in Q3 as the Company changed to new supply lines by removing certain suppliers that did not meet the Company's quality/ conversion standards. In order to improve efficiency and scalability going forward, the Company has commenced the installation of new washing equipment and re-laid out the factory floorplan.

Deliveries as at the time of writing in Q4 are 8889 pallets with a value of over USD 105,000. Total back orders stand at 66,927 pallets. The Company expects to ship 30,000 of these pallets (from the back orders) in Q4. 2021. This excludes any additional shipments which will arise from new orders during the period.

Shipments in Q3 for the rental contract in the Unilever Philippines were 608pcs of the HD1210 pallet at a cost of USD 29,000 to the business. We are currently shipping 912 HD1210 pallets to Unilever Philippines with the balance of 4,256 pallets due before year end. The total cost to the business will be USD \$263,000 over Q4. Due to Covid-19, the shipping costs per pallet have increased from USD 2 per pallet to USD 4.93 during 2021. Unfortunately, Re>Pal bears this expense, however the Company is pleased to have both Mondelez and Unilever as satisfied customers and to have started the new rental pallets business line. We will use this experience to expand our rental business on improving terms and volumes for the new HDX pallets offering improved financial returns.

In general shipping costs have increased and we are offsetting this through passing on delivery costs or offering our pallets on ex-works terms. On some contracts this has not been possible.

The Company is in the process of clearing all urgent back orders. Once completed, the Company intends to build inventory volumes which will facilitate increased sales for fast moving pallets across the reseller network.

CAPEX SPEND Q3

The business spent USD 28,000 over the quarter. These funds were spent as announced in the ASX provided Shareholder Presentation, market announcements and the Q2 4C.

- Friction Washers: These have been installed and now there only remains a small capex spend to reconfigure wash line 1 with existing wash plant equipment.
- Pallet Welders: The first pallet welder is being tested and installed and so far we have pleasing results. Once completed we will order the second unit for commissioning in 2022 as sales expand.
- The HDX 1100 series material has been purchased and the deck mold is now being machined: The mold can make pallets sized as follows: 1300 x 1100, 1200 x 1100 & 1100 x 1100. This will enable the company to sell to a broader range of new pallets to new customers who use these pallet sizes for a variety of applications.
- The company spent \$253k on the commencing the new Australian operation in Cairns.

PLANNED CAPEX Q4.

As announced in the Shareholder Presentation and the recent market update, we will be ordering the following equipment over the coming weeks.

- C48 mold
- The runner and cross-boards molds for the HDX1100
- The balance of the HDX1100 machining costs.
- The HDX1200 x 1000 mold.

CORPORATE UPDATE

As announced by the Company on 17 September 2021, the Company successfully completed a fully underwritten rights issue which raised A\$3.6m (before costs). Completion of the capital raise which was strongly supported by existing shareholders and Directors of the Company, has allowed the Company to progress its strategy, as it transitions to be both EBIT and cash flow positive in 2022.

ASX ADDITIONAL INFORMATION AND APPENDIX 4C

Net cash outflows from operations were US\$600k in the quarter. Receipts in the quarter were lower than expected at US\$307k. The revenue decrease in the quarter was mainly due to the ongoing impact of Covid-19 causing delays in sales and a reduction in the materials available, also there was some additional downtime due to equipment failures, which have now been rectified.

The material expense items of Product Manufacturing & Operating Costs, Staff Costs and Administration & Corporate Costs, were US\$458k, US\$198k and US\$159k respectively.

The increase in Staff Costs for the quarter reflects timing differences of payment for Social Security costs, outsourced labour costs & additional withholding taxes on salaries.

The increase in Administration and corporate for the quarter is due to costs associated with half year audit and financial statement preparation along with ASX annual listing fees.

Advertising and Marketing costs were US\$81k in the quarter. More than 50% of this amount was the cost of shipping over the last two quarters, plus generating new media content, upgrades the web-site and improved SEO and general marketing activities related to launching Re>Pal Australia. We expect a reduction in the pure marketing costs in Q4.

Directors, being related parties of the Company, were paid remuneration in the amount of US\$34k during Q3.

The Company's Appendix 4C for the quarter ended 30 September 2021 is attached.

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

About Range International:

Range is a manufacturer of plastic pallets, plastic fencing and retaining wall products. 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. Range also has a production line in its Cairns, Australia factory where it makes plastic fencing and retaining wall products.

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")

30/09/2021

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	307	1,327
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(458)	(1,748)
(c) advertising and marketing	(81)	(133)
(d) leased assets	-	-
(e) staff costs	(198)	(522)
(f) administration and corporate costs	(159)	(502)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	(11)	(12)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(600)	(1,588)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(28)	(92)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 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	(28)	(92)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,602	3,989
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	(66)	(147)
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	2,536	3,842

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	676	490
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(600)	(1,588)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(28)	(92)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,536	3,842
4.5	Effect of movement in exchange rates on cash held	12	(56)
4.6	Cash and cash equivalents at end of period	2,596	2,596

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	2,596	676
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)	2,596	676

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	34
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\$34k was payment of Director remuneration for the quarter ended 30 September 2021.

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

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<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	288	253
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	288	253
7.5 Unused financing facilities available at quarter end		35
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.		
<p>The Company's Executive Chairman, Richard Jenkins has provided a convertible loan facility of A\$400,000. Interest is charged at 10% per annum, which is payable in arrears or at conversion. Conversion is at the Company's election, subject to receipt of Shareholder approval, which, if elected, will be sought at the Company's 2022 Annual General Meeting. Conversion price is calculated on a 5 day VWAP immediately before the 2022 Annual General Meeting. Loan term is the date on which the Company holds its 2022 Annual General Meeting of Shareholders. If Shareholder approval is not obtained or not sought, the loan becomes immediately repayable in cash.</p>		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(643)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,596
8.3 Unused finance facilities available at quarter end (item 7.5)	35
8.4 Total available funding (item 8.2 + item 8.3)	2,631
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.09
<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.

28 October 2021

Date:

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.