

ASX Announcement
29 April 2022

MARCH QUARTER 2022 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 31st March, 2022.

MARCH QUARTER 2022 - HIGHLIGHTS

- Revenue received improved 18.5% over the previous quarter.
- New pallet orders in kgs for the quarter up 17% over the previous record quarter.
- Back orders at the end of the quarter total US \$1.8 million with higher selling price per kg.
- Invoiced price per kg increased 15% compared to 2021 quarterly average.
- Successful deliveries commenced of the new C48 and the HDX 1210 pallets.
- Indonesian Raw Material purchase prices for the quarter reduced by 38% vs quarterly average in 2021.
- Indonesian COGS per kg reduced by 5% compared to quarterly average in 2021
- Cash burn for the quarter reduced to US \$252k compared to the quarterly average in 2021 of US \$687k.

** Note: Kilograms are used in this report in conjunction with pallets. Kilograms offer a better metric to measure the business given our wide variety of pallet weights.*

Driven by the improvements experienced across the business, as summarised above, we are seeing both improvements in bottom line performance and cash burn; EBITDA, while still negative (US \$342k), improved by 34% against the 2021 average. We anticipate this trend to continue as sales increase and costs improve.

OPERATIONAL UPDATE – INDONESIA

- Non-production overheads reduced by 31% over 2021 quarterly average.
- The business in Indonesia is now gross margin positive, and this is anticipated to continue to improve as higher selling prices and lower production costs filter into the monthly numbers for kgs processed and pallets shipped. However, this remains contingent on the continued successful operation of the plant and minimising any future adverse impact from Covid-19 in Indonesia, which continues to reduce.
- Long-term supply contracts have been signed to process waste plastic from industrial sources. This plastic is provided free of charge and volumes of available material are large.
- The new material, while much cheaper, has meant a reduction in total output kgs. We are currently working on a prewash separation process for this material and expect to be able to increase output in Q2.
- Management is looking into new processing methods and equipment for this material to greatly increase output and dramatically lower material, labour and electrical costs per kg.

- Wash line output increased each month during the quarter, although the company remains hopeful this can continue to be improved.
- Supply of PolyAl material from Tetra Pak recycling is scheduled to restart in Q2. This is anticipated to increase output and help reduce costs further. The PolyAl material makes for a good pallet as it is more cost effective and easier to process, and therefore it is projected that output will increase whilst costs are reduced.
- HDX 1210 and C48 pallets are now in production. These pallets offer improved margin over older pallet types with higher selling prices per kg. Both pallets have been well received by customers and we expect increasing orders for these pallet types.
- Pallet welder is now operational on a continuous basis. Increasing sales of welded pallets will require the purchase of another welder (US \$50k).
- The HDX 1311 series Cross Board mold is still in production and delivery has been delayed until June. Mold improvements on the C48 and HDX 1210R meant that our CNC equipment had to be re-purposed during the quarter.
- NP 1111 mold will be ordered in May with delivery expected for June. The business has secured pre-orders of 45,000 pcs for this pallet type. 1100 x1100 is a popular export pallet size and we expect large orders. This pallet is 20% lighter than the existing pallet with the same load capabilities.
- NP 1210 new pallet design is currently under review by management and a decision will be made over the quarter on the production of this mold.
- Electricity prices increased over the quarter as Government subsidies were removed. Management is taking additional energy saving actions and is evaluating a solar power system to reduce this cost moving forward.

Overall, the Indonesian business has shown consistent improvements over the quarter with increasing sales at higher prices per kg, reductions in non-production overheads and improved efficiency with lower material and labour costs per kg.

EBITDA over the quarter was negative (US \$93k) a 65% improvement compared to 2021. We anticipate the business in Indonesia to continue its improving trajectory and to move to a positive EBITDA in FY22.

Recycling practises in Indonesia are improving as the government tightens rules on plastic waste disposal. We are in discussions with large Indonesian manufacturers to process their plastic waste and believe there is potential for the business to become a waste material solutions provider. Plastic waste materials would be provided at zero or negative costs to the business.

The Indonesian economy, like most countries, is currently experiencing high levels of inflation. Some input costs such as transport, are being passed onto customers, others are built into the pallet prices increases. Overall demand remains strong and as mentioned, we are reducing costs from alternate sourcing of raw materials as well as improving efficiency and utilisation.

OPERATIONAL UPDATE – AUSTRALIA

- Revenue received for the fencing product was up 13% to US \$39k in Q1.
- The new slimmer plastic plank profile tool combined with the John Lysaght fixing system has proved to be attractive and fast to assemble combination. In addition, the installed fencing system is price comparable with Colorbond fencing and taking into account the superior product life cycle is less expensive than environmentally unfriendly treated pine fencing.
- Our lead client, Botanica Resorts, is very happy with the new product and continues to roll it out in accordance with their resort production plan.
- The factory has a sizeable under utilised production capacity which we expect will fill as product acceptance grows.

- Once that proof of concept is in place, we will immediately look to install washing and grinding equipment to enable waste collection and processing from the local region or importing from Indonesia, which will more than halve COGS.

RANGE FINANCIAL UPDATE

Receipts from customers (US'000)

	2020	2021	2022
Q1	334	450	588
Q2	224	570	
Q3	306	307	
Q4	474	496	
Total	1,338	1,823	

Refers to funds received from customers-unaudited

Pallets ordered per quarter

	2020		2021		2022	
	Pcs	Kgs	Pcs	Kgs	Pcs	Kgs
Q1	25,153	391,281	31,882	495,958	83,054	1,261,404
Q2	15,577	277,746	47,639	849,428		
Q3	20,059	312,825	23,165	361,264		
Q4	38,078	590,084	69,382	1,075,192		
Total	98,867	1,571,936	172,068	2,781,842		

Refers to confirmed customer pallet orders

Pallets shipped (and invoiced) per quarter:

	2020		2021		2022	
	Pcs	Kgs	Pcs	Kgs	Pcs	Kgs
Q1	22,187	463,940	38,946	814,378	34,080	534,855
Q2	24,507	442,912	26,467	478,335		
Q3	26,648	439,297	24,943	411,189		
Q4	28,575	471,343	36,554	602,956		
Total	101,917	1,817,492	126,910	2,306,859		

Refers to pallets invoiced and shipped ex-works Indonesia

CASHFLOW/CAPEX AND CORPORATE UPDATE

Management has been able to greatly reduce corporate overheads from an average of US \$237k per quarter during 2021 to US \$132k in Q1 22. Further reductions in costs are planned as we move as many corporate overheads to Indonesia as possible where services are significantly cheaper.

As the company moves toward a positive EBITDA in FY22, management does not believe that a current or medium-term equity capital raise is required at this stage. However, to support new sales-related or growth-related strategies e.g. new rental contracts with multinational companies (MNC), new pallet molds (backed by contracts with MNCs), plant expansion to drive down COGS and increase volumes of low cost waste processed, the company may consider in Q2 or Q3, more cost effective and strategic types of capital injections (such as debt).

Projected Capex spend for the remainder of 2022 is tightly focused on volume improvement and sales growth:

- Prewash plant to further lower materials costs- we are repurposing existing equipment while seeking potential funding from materials suppliers who in the interim will provide a machine to improve the removal of dirt from our waste water. It is in our raw materials supplier's interest to help fund the removal of their waste. Given the nature of the plastics industry and that plastic waste removal is now a serious environmental issue for many large MNC's we are seeking funding or co-funding for plant improvements related to the processing of waste plastics.
- US \$50k Second pallet welder.
- New NP 1111 mold will cost US \$45k.
- Completion of the HDX 1311 will cost US \$62k.

Within the next 6 months we anticipate expenditure of less than US \$200k on the above capital improvements that will expand the pallet range and improve the pallet sales price per kg.

Engagement of experienced consultant

The company is pleased to advise that during the quarter, Russell Kennett joined as a consultant to assist the Board and management focus on the following areas:

- Recycled Plastic Credit Schemes
- Government grants
- International JV agreements
- Business strategy

Russell was formerly with State Street in Australia as Managing Director and before that, he was a senior executive in the financial markets group of Macquarie Bank. To support the company's capital management initiatives, the consultant's remuneration will be covered by an entity owned by Executive Chairman of Range, and Range will only be responsible for covering the consultant's out-of-pocket expenses.

ASX ADDITIONAL INFORMATION AND APPENDIX 4C

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C was nil, as the Directors do not receive any cash Director fees.

The Company's Appendix 4C for the quarter ended 31 March 2022 is **attached**.

Richard Jenkins

Executive Chairman

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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")

31/3/2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	588	588
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(479)	(479)
(c) advertising and marketing	(43)	(43)
(d) leased assets	-	-
(e) staff costs	(127)	(127)
(f) administration and corporate costs *	(177)	(177)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	(9)	(9)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(252)	(252)
<p>* 1.2 (f) Payment for administration and corporate costs include a payment of US\$382,000 to the Ministry of Finance Republic of Indonesia in relation to 2017 withholding tax matter.</p>		
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
(c) property, plant and equipment	(53)	(53)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
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	(53)	(53)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(22)	(22)
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	(22)	(22)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,245	1,245
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(252)	(252)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(53)	(53)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(22)	(22)
4.5	Effect of movement in exchange rates on cash held	34	34
4.6	Cash and cash equivalents at end of period	952	952

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	952	1,245
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)	952	1,245

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	-
6.2 Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

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	299	299
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	299	299
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.	
	<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)	(257)
8.2 Cash and cash equivalents at quarter end (item 4.6)	952
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	952
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.70
<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

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.

29 April 2022

Date:

By the Board

Authorised by:
(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.