
COVID-19 UPDATE

31 March 2020

Pearl Global Limited (ASX: PG1) (Pearl or the Company) advises that the Company is taking appropriate steps to manage and mitigate the impacts of the Covid-19 pandemic on some areas of its business. So far, the impacts on Pearl have been relatively mild despite the heavy restrictions and lockdowns being enforced across Australia. The Company's interpretation of both the federal and state governments' position on our industry, is that it is classified as an essential service being in the waste management sector, and therefore we remain operational. Particular areas affected are highlighted below:

Delay in components from China for the completion of 3rd Thermal Desorption Unit

The Company will be delayed in its expected delivery of its third Thermal Desorption Unit (TDU3) due to 15% of components still awaiting delivery from China. TDU3 has been completed to the point where it is only awaiting these final components. Confirmation of delivery in the third week of April has been received from the manufacturer of the units, and Pearl anticipates completion and commissioning of TDU3 to begin in May 2020.

Tyre retail stores business slowing

The Company remains close to its tyre collection customers, and through discussions, retail tyre store business has slowed. Reduced business for tyre stores means fewer used tyres being disposed. However, Pearl does have a diversified mix of tyre collection customers including commercial and heavy industry customers and carries at least four weeks of supply for tyre processing.

Operations staff instructed to be vigilant and cautious for potential symptoms

The Company has managed its shifts to reduce risk in relation to the health of its workers. Whilst no member of the team has reported any case of Covid-19, Pearl has given a directive to its workforce, that if any person is feeling any light symptoms of a cold or worse, to not present for work. Therefore, an increase in absenteeism has occurred, as workers have taken precautionary measures.

Operations update for the coming quarter

Whilst the Company has achieved five quarters of continued volume growth, Pearl is expecting lower throughput volumes for the current quarter due to the impacts noted above. In addition, shredder operations were interrupted during the quarter and unusually heavy rains caused flooding which also slowed production. Production rates have recovered towards the end of the quarter.

Revenues estimated to remain buoyant

Despite lower production rates noted above and Covid-19 impacts, the Company is expecting to maintain its revenues when comparing the December 2019 quarter to the March 2020 quarter.

Pearl has continued to increase the depth of its sales channels. On the 31st January 2020, the Company announced advanced discussions were being held with a domestic customer for its fuel and carbon products. Pearl anticipates it will be able to provide an update to the market shortly on its status.

Cash position and recent funding

The Company's recently announced an equity raising for \$2.17 million, providing the Company with additional liquidity to help manage through the current Covid-19 impacts.

Pearl remains the only Company licensed and operational in Australia to thermally treat used tyres and create valuable products. Pearl remains in a unique position to capitalise on growth within the industry and we look forward to updating the market on the Company's progress.

Authorised by:

Gary Foster
Chairman

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About Pearl Global Limited

Pearl Global Limited (Pearl) (ASX:PG1) is a revolutionary tyre processing company that applies unique, next-generation thermal desorption technology to cleanly convert tyres into valuable secondary products. Pearl has Australia's first environmental approvals for the thermal treatment of rubber, and is in the process of commissioning its first commercial scale production plant in Stapylton, Queensland.

Pearl's technology is a significant advancement on other methods of processing waste tyres because it has low emissions, no hazardous by-products, requires no chemical intervention and is the only process that meets the standard emissions criteria set by the Australian regulators for this type of technology.