

ASX Announcement

29 July 2022

JUNE 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 30th June 2022.

QUARTER HIGHLIGHTS

Revenue increased 7% against the previous quarter and 27% compared to 2021 quarterly average, despite the lower sales performance in May driven by the annual Ramadan holidays in Indonesia.

- Indonesian invoiced sales price per kg increased 10% compared to Q1 2022 and was up 25% compared to the 2021 quarterly average. We continue to improve revenue performance and average selling price of \$1.10 per kg is being maintained.
- Indonesian raw material purchase prices for the quarter remained unchanged from the previous quarter, however prices remain at a 38% reduction to the 2021 quarterly average, with additional reductions expected in coming quarters.
- Cash burn from operating activities for the quarter was USD \$228k (versus USD \$252k in Q1 2022) with the improvement due to improved sales and accounts receivable. Overall, there was an increase in burn-rate for Q2 (compared to Q1) due to equipment and repairs (USD \$89k), financing costs (USD \$74k) and currency movements (USD \$52k). Compared to the 2021 quarterly average (USD \$687k), the \$443k Q2 2022 maintained recent improvements.
- EBITDA, while still negative (USD \$361k for the quarter), improved by 28% against the 2021 average. We expect the Indonesian business to continue its improving trajectory and to move to positive EBITDA in FY22.

OPERATIONAL UPDATE - INDONESIA

- The business in Indonesia continues to be gross margin positive. Non-production overheads remained stable compared to Q1 2022 despite additional employment costs associated with annual Ramadan Holidays.
- The recovery of industrial waste plastics from a variety of sources has continued to increase in percentage and in volume (kg's) terms. This waste has been cleaner than many existing sources. This is driving the improvement in lower material, labour and electrical costs per kg as well as diversifying sources.
- The supply of PolyAl material resumed in Q2 although quantities to date have been lower than projected, however 70 tons were received in July and we expect similar volumes throughout Q3 and beyond.
- Demand for our heavier large capacity pallets remains strong and we have received initial orders from major multi-national and Indonesian businesses. Monthly orders for these pallets are expected to continue to increase.
- Demand for the lightweight pallet export shipping range continues with some pallet design improvements under review by existing and potential customers.
- Bonus pay month in April and frequent public holidays during May impacted the Quarter's performance relative to Q1 2022.

Overall, the Indonesian business has shown further improvements over the quarter with improved market penetration combined with the trend to higher prices per kg, reductions in non-production overheads and improved efficiencies delivering lower material and energy costs per kg. EBITDA and Gross Margin in Indonesia continued to improve over the quarter and we anticipate this to continue. The demand for recycled plastic pallets remains strong, and we continue to focus on alternate sourcing of raw materials to improve efficiency.

OPERATIONAL UPDATE - AUSTRALIA

- Inflation and supply chain issues have impacted our Australian operations with significant increases to energy and feedstock costs and delays and costs of equipment parts.
- Revenue received for Re>Pal fencing was down 35% to US\$26k in Q2, 2022.
- Production was down due to diesel generator issues that have now been resolved.
- Assessments of alternative feedstocks continue with the aim of reducing COGS.
- Our lead client continues to roll out Re>Pal fencing in accordance with their resort production plans.

RANGE FINANCIAL SUMMARY

Receipts from customers:

REVENUE (USD '000)			
	2020	2021	2022
Q1	334	450	588
Q2	224	570	634
Q3	306	307	
Q4	474	496	
TOTAL	1,338	1,823	

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	30,636	463,279
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		

Back orders total \$1.7 million. In June Re>Pal's order pipeline received initial orders from major international brands for significant quantities of our new HDX pallets. The orders are for regular monthly deliveries into 2023. The new HDX pallets have been well received and Re>Pal expects to produce 4000 units per month commencing in August 2022.

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	33,818	517,480
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		

CORPORATE UPDATE

Management has continued its focus on reducing corporate overheads as the Company continues towards a positive quarterly EBITDA in FY22. BDO Australia, Singapore and Indonesia have resigned as Range International's auditor and we have appointed a Sydney firm, LNP Audit and Assurance, for Range International Australia and Moore Rowland in Indonesia and Singapore. LNP Audit and Assurance's appointment is subject to Shareholder approval, which will be sought at the 2022 Annual General Meeting.

Projected Capex for the remainder of 2022 is anticipated to be less than \$200K and will be tightly focused on volume improvement and sales growth. Projected Capex for Q3-4 2022 include:

- Wash-Plant design and efficiencies to further lower materials costs
- An additional pallet welder
- Changes to existing molds and new molds

The Indonesia Tax Office have notified the Company of their intention to conduct a prior year tax audit for 2018.

As foreshadowed in our previous Quarterly Activities Report, 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 Q3 more cost effective and strategic types of capital injections (such as debt).

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 Appendix 4C were nil, as the Directors do not receive any cash Director fees. The Company's Appendix 4C for the quarter ended 30 June 2022 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")

30/06/2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	634	1,222
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(475)	(954)
(c) advertising and marketing	(32)	(75)
(d) leased assets	-	-
(e) staff costs	(157)	(284)
(f) administration and corporate costs	(170)	(347)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(2)	(7)
1.6 Income taxes paid	(27)	(36)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(228)	(480)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(89)	(142)
(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)	-	-
2.6	Net cash from / (used in) investing activities	(89)	(142)

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	(74)	(96)
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	(74)	(96)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	952	1,245
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(228)	(480)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(89)	(142)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(74)	(96)
4.5	Effect of movement in exchange rates on cash held	(52)	(18)
4.6	Cash and cash equivalents at end of period	509	509

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	509	952
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)	509	952

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 <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)	(228)
8.2	Cash and cash equivalents at quarter end (item 4.6)	509
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	509
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	2.2
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: 29 July 2022

Authorised by: The Board of Directors
(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.