

ASX Announcement
(ASX:RAN)

30 October 2019

Appendix 4C September Quarter 2019

Range International Limited ('Range' or 'Company'), manufacturer of Re>Pal™ 'zero-waste', recycled plastic pallets, presents its Appendix 4C for the quarter ended 30 September 2019.

HIGHLIGHTS

- Cash balance at the end of the September 2019 quarter was US\$1.1m
- Cash burn for the quarter (inclusive of forex) was US\$536k compared to the previous quarter of US\$621K
- Sales revenue of US\$519K for the quarter compared to prior quarter of US\$357K
- The in-house wash plant, which currently consists of two raw material wash lines became operational during September. Approximately 484 tonnes of plastic were processed during September 2019 through the wash plant
- Optimising the price of dirty plastic pricing is a key focus following the washing process as well as maximising throughput and quality. Range continues to work on raw material initiatives with new potential partners to add supply at lower pricing
- Range signed a memorandum of understanding with Danone Aqua during the quarter to convert its Oriented Poly Propylene plastic label waste into pallets. Danone-AQUA placed a small order for the warehouse pallets and will further examine the feasibility of using Re>Pal pallets across its other business units in Indonesia
- DHL Global Forwarding in the Philippines became a client for export pallets and regular, but small orders from export and regular pallets are expected
- At the time of writing Nestle Indonesia has placed a purchase order for 50 HD1210L pallets with anti-slip devices to conclude its final testing within the Nestle facilities in Karawang and Kejayan. Nestle Indonesia is looking to replace wooden pallets with Re>Pal plastic pallets. This order in itself may be in the order of 10,000 pallets spread over 4 years, as the warehouses transition. If the final Nestle test is successful this is a strong vindication of the product's quality and sustainability fit to Nestle's goals. This trial has been ongoing for 12 months which gives an indication of sales lead times that are being managed
- Nestle Thailand has similarly purchased 10 HD1210L pallets for their testing and Nestle Philippines has reordered pallets for the warehouse in their Cabuyao factory, work continues with other Nestle sites for further traction in sales with Nestle in the Philippines
- Eight new name clients were added in the quarter

OPERATIONAL UPDATE

With two internal wash plant lines now operational, a third washing line is being reviewed for tie-in (mostly using existing equipment). Maximising output from the wash plant is key to ensure the in-house asset is leveraged as much as possible whilst also being able to bring in suppliers that have consistent quality and pricing. Two wash plant lines became fully operational in September and volume increased substantially in September to 32T/ day. The net dry plastic price achieved via the in-house wash plant in this quarter was higher than anticipated due to the losses from dirt removal being higher than

expected. Range is looking for better partnerships, including with Governments/Provinces/Cities to reduce its waste pricing which is vital to a stable finished goods price. Range is partnering with companies such as Danone, to process their free waste plastics, though its use may be restricted to pallets for that particular company. The ideal client is one with high demand for pallets and a high volume of processed plastic waste, such that it only needs pelletising or extruding rather than pre-processing/washing.

At the time of writing, Re>Pal is progressing through the import license application process, this may enable Range to access plastics overseas and import into Indonesia. Currently the license is dependent on Range having a storage license for any hazardous waste, which is a condition of operating the business in Indonesia, and this storage license needs to be granted before the import license can be processed.

Throughput levels of the pelletizer increased during the month however the throughput remains significantly below the levels expected as scoped by the suppliers of the equipment when purchased. The Company continues to review production design processes and procedures to increase the quantity of the wash plant to test the limits of the pelletizer. Discussions with the supplier have been put on hold pending internal review on our best next steps to re-engage and review with our supplier on the pelletiser optimisation and deliver the best outcome for the Company.

The nature of savings is difficult to forecast as the net plastic recovered from the wash plant depends on the level of contamination on the raw material. Suppliers are trialled and those that provide poor quality waste are terminated, Range is reviewing its contract's with local suppliers and are seeking to get closer to sources of plastics and purchase more granularly by plastic type.

FINANCIALS

32,834 pallets were sold (invoiced following delivery/collection) during the Quarter up from 22,829 in the previous Quarter.

There is currently a backlog of orders of 15,352 pallets and forward orders of 15,425.

Sales Revenue of US\$519k was recorded, closing stock was 7,520 pallets.

Closing cash on hand at 30 September 2019 was US\$1.1m.

In October 2019, due to improvements in rostering and production processes, 12,000-14,000pallets are estimated to be produced, with subsequent delivery and invoicing to be scheduled with clients.

SALES UPDATE

Sales Renewals

During the quarter we have added new name clients as follows below on top of existing client relationships.

PT Tirta Investama (Danone)	PT Kokoh Bangun Mandiri	PT Kawanishi Warehouse Indonesia
PT Synergy Product Solution	PT Panca Bersaodaraan Abadi	PT Megmilk Snowbrand Indonesia
DHL Global Forwarding Philippines	Universal Harvester Philippines	

Range is in trials with several clients and remains in trials at the time of writing with Thai Union in Thailand. Thai Union continues to test the pallet in its warehouses outside of Bangkok, and management awaits feedback on whether the anti-slip devices installed in the revised HD1210L

function according to Thai Union's needs. Importantly we are waiting to hear whether the procedures of Thai Union can be amended to accommodate the HD1210L pallet, which is slightly heavier than their current pallet in use and if this pallet specification will work for their loading demands of their fork-lifts. The lifting specification is at the outer edge of the HD1210L's of their current specifications. All Re>Pal pallets are designed to ISO standard which should provide a safety tolerance to mitigate this restriction, but only live testing in the Thai Union environment will provide a conclusion. The key issue is the heavier weight of this warehouse pallet, and while this was known prior to the trial commencement by the procurement and supply chain staff, the key influencers are the warehouse staff who use it in their daily operations and who will provide the final decision.

The Unilever OleoChemical relationship remains in place to the end of 2019 for our NP1090 export pallet and a further purchase order for 8,000NP pallets was received in July.

Pallet progress

Design simulation was completed during the quarter for new potential pallet sizes. A new potential Re>Pal 1300x1100x150 pallet is likely for the chemical distribution sector in Indonesia. This pallet stacks to 3000kg and lifts to 1500kg. Range is working with a prospective client on this design for distributing bags of chemicals.

Range continues to focus on sales of its current pallet portfolio and also considers that other sizes are required to attract new prospects. Given the variety of pallet sizes required across many industries, including chemicals, bottling, food and export; these are prioritised according to the pallet's general demand for its size, and one or two larger prospects who are engaged to test and to ideally then purchase. Range has in-house CNC capability to cut molds, and we believe it is currently preferable to manufacture these in-house to control costs, design, quality and intellectual property.

2018

Stabilise:

- Restructuring staff following FTI
- Procurement and raw material processes tightened
- Raw material suppliers changed
- Client collections tightened
- All costs and contracts examined
- Overseas offices closed or significantly downsized.
- Pricing of pallets increased
- Social marketing/web/ news restarted after 18 months, Branding tightened, differentiate between Re>Pal and Range
- Joined industry associations are joined (IABC, ADUPI, IBCSD)
- CRM and reporting engine started

2019

Optimise:

- Right people for growth phase;
- Right size factory staff, and shift patterns.
- Headcount freeze; reduce manager: staff ratio
- New raw material sourcing, handling control, rec's & wash plant expansion
- Efficiency of equipment and electricity: pelletiser throughput
- Optimise equipment configuration in factory
- Partnering on MNC's **free** waste; build marketing story of waste into pallets for circular economy with larger MNC's
- Reduce waste cost significantly to ensure competitiveness
- Import license for post-factory waste, establishes a maximum price for raw materials
- Raw material dashboard to be established

2019 - 2020

Grow:

- Sales growth with large MNC's regionally is key.
- Target is building a portfolio of Multi-National companies and large domestic warehouse MNC's with focus on sustainability
- Focus on large Indonesia/ regional exporting companies (exporters of pallets for annual volume)
- Marketing/ social media at relevant events (IABC annual meeting Bali, Logistic Exhibition Jakarta (Oct 19), Plastics Jakarta Nov 19)
- Recruit high performance Indonesia sales staff, tertiary qualified, CEO level enabled
- Develop partnerships with better resellers
- Develop strong local Indonesian Board
- Develop new products in collaboration with MNC's, new partnerships, companies wanting to use Re>Pal plastic
- Examine 'mini-plant's' overseas if viable/ licensing IP

Sincerely

Stephen Bowhill

Chief Executive Officer

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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.

Media: media@rangeinternational.com

Investor Relations: investors@rangeinternational.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

RANGE INTERNATIONAL LIMITED

ABN

22611998200

Quarter ended ("current quarter")

September 2019

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	512	1,316
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(339)	(1,230)
(c) sales, advertising and marketing costs	(105)	(348)
(d) leased assets	-	-
(e) staff costs	(414)	(1,037)
(f) administration and corporate costs	(166)	(778)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(34)	(61)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash (used in) operating activities	(546)	(2,138)

Consolidated statement of cash flows		Current quarter	Year-to-date (9 months)
		US\$'000	US\$'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(60)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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 (used in) investing activities	-	(60)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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 financing activities	-	-

Consolidated statement of cash flows		Current quarter	Year-to-date (9 months)
		US\$'000	US\$'000
4.	Net (decrease) in cash and cash equivalents for the period	(546)	(2,198)
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,643	3,275
4.2	Net cash (used in) operating activities (item 1.9 above)	(546)	(2,138)
4.3	Net cash (used in) investing activities (item 2.6 above)	-	(60)
4.4	Net cash from financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	9	29
4.6	Cash and cash equivalents at end of quarter	1,106	1,106

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	1,106	1,642
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter	1,106	1,642

6.	Payments to directors of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	33
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1	Directors remuneration.	

7.	Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1	Aggregate amount of payments to these parties included in item 1.2	11
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
7.1 Payments to associate entity of Director.		

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	US\$'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	(521)
9.3	Advertising and marketing	(122)
9.4	Fixed assets	-
9.5	Staff costs	(390)
9.6	Administration and corporate costs	(282)
9.7	Total estimated cash outflows (excludes revenue)	(1,315)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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.



Sign here: _____

Date: 30 October 2019

Company Secretary

Print name: Kim Bradley-Ware

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.