

ASX Announcement
(ASX:RAN)

31 January 2020

Appendix 4C December 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 31 December 2019.

CAPITAL MANAGEMENT

During December 2019 the Company successfully completed a conditional placement ("Placement") which was approved by shareholders at an Extraordinary General Meeting held on 6 January 2020. In addition the Company concluded a share purchase plan (SPP) which was oversubscribed and consequently, in accordance with the terms and conditions of the SPP, the Company scaled back the allotment of new shares under the SPP to A\$0.9 million on a pro-rata basis across all eligible SPP applicants and has returned monies to eligible SPP applicants.

The total amount raised under the Placement completed in December 2019 was A\$1.5m and the SPP A\$0.9million a total of approximately A\$2.4 million.

The new shares under the SPP and Placement were issued on 14 January 2020, with holding statements were despatched on 15 January 2020.

BOARD CHANGES AND ORGANISATIONAL IMPROVEMENTS

The Company also appointed two new Executive Directors, Richard Jenkins and Christopher Fong. Richard and Chris are highly qualified and welcome additions to the Board. They are significant shareholders in Range International and bring deep business and finance experience with many connections across multiple industries, including in Indonesia.

Richard and Chris will assume responsibility for a variety of tasks including various head office activities, a solution to the Waste Water Treatment plant, optimising the existing pelletisers, legal and compliance issues both in Australia and Indonesia, and business modelling. Reallocating these responsibilities will provide Stephen Bowhill with more time to strenuously focus on our most important needs of client marketing, building a more effective marketing team, maximising sales and the raw materials procurement business.

BUSINESS AND FINANCIALS SUMMARY

- Cash balance at the end of the December 2019 quarter was US\$569K.
- Cash burn for the quarter (inclusive of forex) was US\$537K compared to the previous quarter of US\$536K.
- Sales revenue of US\$319K for the quarter compared to prior quarter of US\$519K.
- 15 new name clients were added in the quarter.
- Nestle Indonesia completed its initial 2019 order of 1,500 HD1210L pallets for its factories in Indonesia.
- Efficiencies gained through modifications to wash plant, drying and dry friction processes.

- 21,507 pallets were sold (invoiced following delivery/collection) during the Quarter, down from 32,824 in the previous Quarter.
- There are forward orders of 30,991.
- Closing inventory was 17,764 pallets.

SALES SUMMARY

Sales during the quarter were very disappointing and are a reflection of the long lead time required to test pallets in supply chains and that our sales team remains under-resourced in the main Indonesia market. At the time of writing, we are hiring one new sales staff member, a former employee, for Central Java, and we are trying to recruit 3 new sales staff for our largest market which is Jakarta. We are also adding new pallets to our range.

We are confident that our business is operating in a market that has changed rapidly in our favour over the past 12 months and that our products are being assisted by an unstoppable sustainability tailwind. The circular economy gathers pace with all multi-nationals facing pressure on their primary packaging and their sustainability footprint. We are encouraged that this also extends to pallets within the supply chain, as we have partnered with Danone with its Oriented Poly Propylene plastic label waste, and DynaPack with their factory waste. Re>Pal pallets provide a pathway for soaking up corporate waste rather than the risk of it hitting landfill in Indonesia. We are having active conversations with a range of multinational corporations within Asia about how Re>Pal can uniquely help their environmental footprint.

The senior team at Range is acutely aware of the cash flow pressure that the business faces and the need for speedy execution of our sales and marketing plans.

SALES UPDATE

During the quarter Re>Pal added 15 new name clients as follows below in addition to the existing client relationships we have.

PT. Veolia Service Indonesia	PT. Crestex Indonesia	PT. Ateka Jaya Primantara
PT. Panasonic Life Solutions Manufacturing Indonesia	PT. Sumber Bumi Logistik	PT. Dragon Indonesia Exotic
.Dyna Jewel Oral Care (Dynaplast Group)	PT. Karya Energi Indonesia	CV. Trixie Makmur
PT. Bintang Dagang International	UD. Wulan	CV. Agung Paper
CV. Surya Indah Box	PT. Panca Bersodaraan Sejati	CV. Mulcom Chemical
PT. Omega Mas	PT. Meg Milk Snowbrand Indonesia	

- Veolia is testing the NP1090 pallet for distribution of their PET raw material pellets from its new recycling facility in Pasuruan.
- Panasonic is also now testing a couple of different pallet types in its Indonesian operation.

As with all trials there are no guarantees that they translate to orders. However, these large multinational customers, in addition to the large domestic market players, are looking to the Re>Pal product as they change their buying behaviour to replace unsustainable legacy hardwood pallets with a more sustainable portfolio.

- Nestle Indonesia completed its first purchase of the HD1210L and is looking to replace its existing plastic and wooden pallets with Re>Pal plastic pallets as it drives to reach its 2025 sustainability goals. These pallets are for its warehouse use, similar to the Nestle Philippine business that also uses Re>Pal pallets.
- Thai Union tested this pallet and found that while it satisfied its sustainability objectives it was simply too heavy for the specific operation it was being considered for. However other clients such as Nestle and LF Logistics use the HD and HDL pallets and are happy with them. The HD is a strong range of products, but in certain circumstances these pallets can be too heavy to lift safely with one person if there are manual processes involved.

Re>Pal is engaged with many multi-nationals including the above new names, looking at where Re>Pal can either help in replacing wooden pallets across the prospects' warehouse fleets and also how we can recycle their waste plastics into Re>Pal pallets. Compared to traditional plastic pallets vendors or legacy timber producers, this flexibility of waste input remains one of our unique selling points. There are not only sales cycles to deal with on a new pallet within a logistics network but there are also trials to be done on various concentrations of waste within the Re>Pal pallet and a good deal of experimentation to ensure operational fit with clients' warehouse conditions whilst maintaining quality.

As the code of producer responsibility comes to the fore across Asia, we remain confident that this will generate opportunities for Range to seek additional sales. Re>Pal also offers the Take>Back programme, which credits a client's account with the funds from the raw materials value, less administrative costs, recovered from any end-of-life returned pallets. This helps credit a client's future orders and supports our circular economy ethos.

Our social media presence continues to grow and generate leads. The Danone relationship was a notable feature in the quarter and was the result of a supply chain article about LF Logistics which featured Re>Pal.

Our pipeline of prospects is very strong and during lean sales periods we have manufactured pallets for inventory to ensure that the factory operates as efficiently as possible.

OPERATIONAL UPDATE

Wash plant

A rinsing process stage will be added to the wash plant, at a relatively small capital investment, to improve the quality of the outbound plastic. This commenced in January 2020. An additional dry friction wash plant was added during December 2019, from re-purposed equipment available in the factory and has added to our internal capacity to clean waste plastic internally at a lower cost than purchasing clean plastic externally.

An additional drying stage pre-pelletising is being considered to reduce pellet humidity. This will improve throughput, increase efficiency of the pelletiser and reduce rejects through extrusion into pallets. Like the rinsing process, this is a relatively small capital item.

The factory closed early for scheduled maintenance over the Christmas and New Year holidays in order to minimise outages in what we hope will be a busy start to 2020.

Raw materials

The B3 (hazardous waste) storage area was built during the quarter which entailed a small capital cost. During the quarter we trialled handling HDPE oil bottles which were satisfactorily converted into pallets. Importantly there are corporate sources of these oil bottles available, however, we will also need an accompanying B3 license from the relevant department in Indonesia to process this kind of waste.

A B3 storage area was required to be completed before applying for an import license and had to have been built as a part of our license to operate in the Pasuruan bonded zone. Given the changing landscape for new waste import permits we are considering the best way forward for this.

We are trying to diversify waste sources in order to reduce reliance on any one individual supplier and continually search for lower pricing, and where at all possible partner with our clients for reprocessing their waste. We are extending the reach of where we receive waste from within Indonesia and improving our contracting processes with suppliers with the dual objectives of reducing raw material pricing and improving the quality of the waste received.

These initiatives in combination have the ability to significantly lower our major input cost.

PRODUCT DESIGN PALLET PROGRESS

Range does not offer pooling services (such as Loscam or CHEP offer in various markets), but there are many larger companies that are interested in investigating their own distribution loops where it makes economic sense. For example, this could be between factory and large distribution warehouse and back.

Our current range of pallets is rather limited relative to the vast and variable range of pallets in the market outside of the pooling market. We are trying to shift new pallet mold customers closer to the end of the sales funnel to have several prospects interested in the design we choose as the next pallet.

We were developing plans for the 1300x1100 chemical pallet and we intend to build this at some stage in 2020, however other priorities meant that we have chosen the NSP1210H (was known as NSP1210R in development stage), this is a good logistics pallet. It reuses an obsolete 1210 mold, which saves us ~\$US40,000 instead of using a new mold). This pallet will be an interesting pallet for logistic companies and may potentially be something for closed distribution loops.

The NSP1210H will be completed by ~mid-March 2020 and thereafter we will be developing either the 1300x1100, a 1100x1100 export one-way pallet or a 1200x1200 stacking warehouse pallet. These are all standard dimensions, the variations then are in the height of the pallet which can be client specific, the types of material handling equipment (MHE) the pallet works with and the top and bottom pallet decks and if the pallet needs to rack. All these many variables can cause delays in, or potentially stop, a sales process.

We have very strong credentials in the recycling and circular economy market. Our certification includes the ability for our pallets to work within packaged finished goods or raw materials areas, where we have clients such as Nestle, Unilever OleoChemicals, and Givaudan using our products in their supply chain.

Sincerely

Stephen Bowhill

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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.

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 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")

December 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year-to-date (12 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	378	1,694
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(321)	(1,551)
(c) sales, advertising and marketing costs	(85)	(433)
(d) leased assets	-	-
(e) staff costs	(302)	(1,339)
(f) administration and corporate costs	(246)	(1,024)
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	56	(5)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash (used in) operating activities	(520)	(2,658)

Consolidated statement of cash flows		Current quarter	Year-to-date (12 months)
		US\$'000	US\$'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(19)	(79)
	(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	(19)	(79)
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 (12 months)
		US\$'000	US\$'000
4.	Net (decrease) in cash and cash equivalents for the period	(539)	(2,737)
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,106	3,275
4.2	Net cash (used in) operating activities (item 1.9 above)	(520)	(2,658)
4.3	Net cash (used in) investing activities (item 2.6 above)	(19)	(79)
4.4	Net cash from financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	2	31
4.6	Cash and cash equivalents at end of quarter	569	569

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	569	1,106
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter	569	1,106

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	11
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	1
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	7
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	(576)
9.3	Advertising and marketing	(45)
9.4	Fixed assets	-
9.5	Staff costs	(256)
9.6	Administration and corporate costs	(313)
9.7	Total estimated cash outflows (excludes revenue)	(1,190)

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: 31 January 2020

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.