

ASX Announcement

28 February 2023

DELAY IN LODGEMENT OF APPENDIX 4E AND PRELIMINARY FINANCIAL REPORT

Range International Limited (ASX:RAN, **Company** or **Range**), manufacturer of Re>Pal™ ‘zero-waste’, recycled plastic pallets, plastic fencing and retaining wall products advises that there will be a delay in the lodgment of the Appendix 4E and the Preliminary Financial Report for the full year ending 31 December 2022.

Today, Range’s Interim Annual Financial Results for 2022 are due to be released. Unfortunately, they will not be released at this time, primarily because the Company still has essential audit issues to deal with. Both Range’s Australian auditors, LNP Audit and Assurance, and Range’s Indonesian auditors, Moores Rowland, (**Auditors**) are working to complete however many complex issues are at play and are still being resolved.

As of the end of 2022 and the time of writing this release, all companies in the Range Group are solvent, although the cash position is extremely tight. The overarching problem Range faces is the uncertainty surrounding the outcome of the 2018 tax assessment of Re>Pal Indonesia and how it impacts Range’s ability to raise debt or equity if required, or to pursue joint ventures or other strategic opportunities of which there are several possibilities.

AUSTRALIAN OPERATIONS

For Re>Pal Australia, in 2022, the Company pushed hard to gain recognition for our new-to-market recycled plastic fencing product. Re>Pal Australia is yet to receive significant sales traction, and as indicated in previous announcements, the Board is exploring its options with Re>Pal Australia, including the potential sale of the fledgling business currently with its slightly negative cash flow, to extend the Company’s cash position and to support the core Indonesian pallet manufacturing business. The Board does not take such decisions lightly as the Company identifies many opportunities in Australia for recycled plastic. To pursue these opportunities, Range would need a considerably stronger balance sheet and cash position.

INDONESIAN OPERATIONS

For Re>Pal Indonesia, the 2022 Q4 sales performance was below expectations. The less than favorable results were driven by a combination of low levels of new business and the delay of already-held orders/shipments from existing clients, due to their internal business situations. To date, in Q1 2023, Re>Pal Indonesia’s sales and prospects have normalised. The COGS have benefited from the introduction of a new waste plastic source, which in conjunction with retained selling prices of pallets has resulted in a positive gross margin. As volumes rebuild, the COGS will fall further, improving gross profits. Range expects this trend will continue which would result in the Indonesian business being self-funding in 2023, notwithstanding the Indonesian Tax Office (**ITO**) matter, as outlined previously and below in this announcement.

To maximise its 'runway', Range has identified equipment in the Indonesian factory that is surplus to Re>Pal Indonesia's daily operational requirements, and that the Company will endeavor to sell in Q1 2023. This includes the CNC machines which produce and modify the molds. This will not only result in cash from the sale of equipment but will also reduce Range's full-time head count for those workers that maintain and operate that machinery and the entity's energy needs.

Range has introduced a new line of pallets that are lighter and less expensive although not as robust as most of our existing premium product. This new "ECO" range of pallets allows us to compete head-to-head with Range's major local competitor. The ECO range uses a plentiful new source of cheap waste plastic that the Company's staff identified and have tested and developed over the past 6 months. The gross margin on the ECO pallets is more significant than Range's existing range, and so far, market reception has been positive. This pallet will be suitable for many current and new clients that require a lightweight pallet for warehouse use.

Ultimately, the overarching concern for Range and its subsidiaries is the revised tax assessment related to the Re>Pal Indonesia 2018 accounts (announced to the ASX on 3 February 2023), that could give rise to an approximately US\$3.27 million (subject to exchange rates and timing) liability plus penalties if the ITO was to succeed. More than 90% of this assessment relates to VAT that the ITO claims should have been paid on equipment the ITO allege was sold in 2018. The Board believes that this assessment by the ITO is manifestly incorrect and confirms that the equipment in question is still used in the Indonesian factory today. The Company has explained this at length to representatives of the ITO, however they have chosen to pursue this matter, and the Company is forced to defend its position.

The existence and the size of the ITO matter makes it very difficult for the Auditors to opine on the carrying value of our Property, Plant and Equipment (**PP&E**), as should Re>Pal Indonesia's appeal fail, it would have to liquidate a large percentage of the PP&E to pay the tax. On the other hand, if, as the Board anticipates, Re>Pal Indonesia's appeal is successful, a liquidation sale would not be necessary. As such, discussions continue with the Auditors as to the treatment and value of Re>Pal Indonesia's PP&E.

The Board meets and talks regularly to work through your company's strategic and day-to-day challenges and opportunities. The Board believes that the Company is in its best position for success since becoming a publicly-listed company, and the Board will continue to serve the shareholders, while hoping that we can realise Range's potential.

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This announcement has been approved for release by the Chairman 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.