

ASX Announcement
31 January 2023

December 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 31st December 2022.

QUARTER HIGHLIGHTS

- Q4 2022 Revenue increased 6% from Q3 2022 and was a 41% increase compared to 2021's quarterly average.
- Cash inflow for the quarter was US\$27k compared to cash outflow of US\$266k in Q3 2022 and a quarterly average in 2021 of US\$688k.
- The decrease in cash burn was due mainly to a reduction in accounts receivable, the utilization of the Indonesia accounts payable facility and the receipt of the Re>Pal Australia research and development rebate.

OPERATIONAL UPDATE INDONESIA – Q4 2022

- Q4 2022 pallets deliveries were more than 50% down on expectation, resulting in the worst quarter since Q2 2020. The Company notes that clients reported slower business activity, possibly impacted by economic growth concerns, that resulted in reductions or delays to their purchases of pallets. Delivery orders however appear to have returned to expected levels so far in Q1 2023.
- As a result of the delayed delivery requests, production volumes were reduced which resulted in Re>Pal's Gross Margin as percentage of Revenue dropping from 20% in Q3 to negative 6% in Q4 2022.

OPERATIONAL UPDATE AUSTRALIA

- Revenue received for Re>Pal fencing of US\$26k in Q4 2022, slightly below the 2022 quarterly average.
- The lead client has slowed their purchasing programme and the significant new order from a residential developer client has not been received.
- The Range Board is evaluating strategic alternatives with regards to the Cairns business given the Company's cash flow and capital constraints.

INDONESIAN 2018 TAX AUDIT

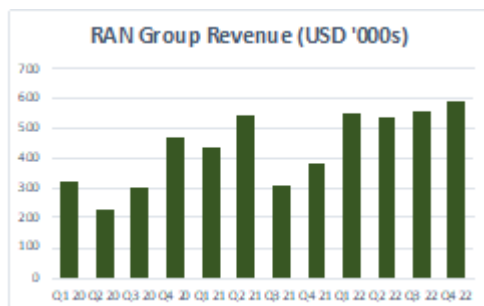
As previously advised in ASX announcements dated 11 January 2023 and 18 January 2023, the Company is expecting the formal assessment of the Indonesian Tax Office (**ITO**) Audit for the Financial Year 2018 of Re>PL Indonesia (**ITO Audit**) by the end of January 2023. The ITO have advised the Company that they believe additional tax, interest and penalties are payable by Re>Pal for withholding tax (**WHT**) and interest of US\$310k and US\$2.967 million for value added tax (**VAT**) on disposals of property, plant and equipment (**PPE**) that was subject to VAT.

The ITO contends that funds raised by Range and subsequently remitted to Re>Pal to fund the Indonesian operations are loans that do not meet the WHT exemption requirements and are subject to withholding tax. Range contends there is no WHT payable as these interest-free loans were subsequently converted to equity and meet the WHT exemption requirements.

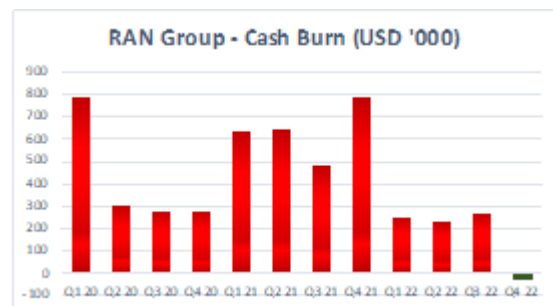
The sales of 540 assets with an aggregate value of US\$16 million without recording any proceeds from the asset sales or paying VAT as alleged by ITO did not occur. Despite our conclusive evidence supporting the facts that the Company retained these fixed assets and continues to use most of the items of equipment (and all of those having substantial value), the ITO is claiming VAT tax payable of US\$2.967 million including interest and penalties. The ITO alleges that the obsolete assets (see RAN 2018 Annual Report, write-off of US\$1.1m) following Re>Pal's 2016 purchase of Enviropallets Bali must have been sold for book value and does not accept that some of the obsolete assets were transported to East Java and are stored in the factory. The current Board and management of Range acknowledge that Re>Pal's accounting practices prior to 2019 were unsatisfactory however resolutely maintain that the Company did not sell these assets and thus did not incur any VAT liability.

The advice received by the Company from specialist tax consultants is that the assessment grossly overstates Re>Pal Indonesia's tax liability. As outlined in the ASX announcement dated 11 January 2023, Range will defend Re>Pal's position in respect of the tax assessment and will pursue all dispute resolution methods, up to and including the filing of court proceedings. The Company intends to lodge an appeal against this assessment within the next few weeks. During the potentially lengthy appeal process, Re>Pal can continue to operate.

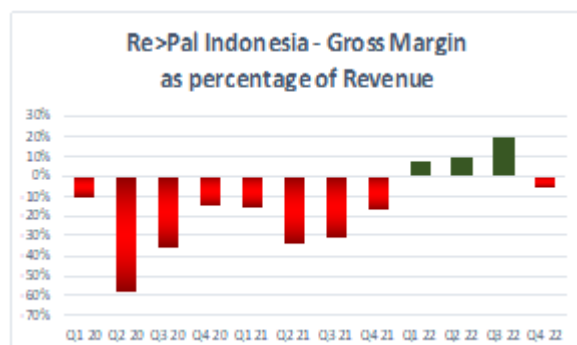
RANGE FINANCIAL SUMMARY



Q4 2022 maintained recent quarterly revenues levels. No significant impact in Q4 from currency movement.

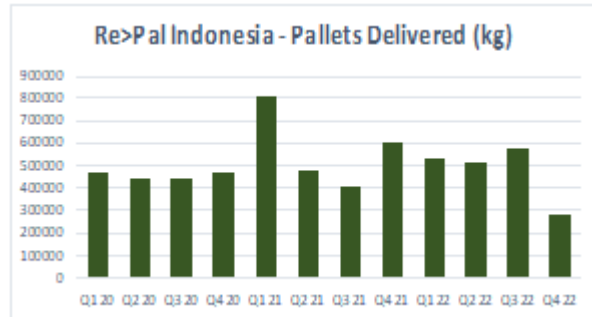


The improvement in Q4 2022 was mainly due to R&D rebate and impact from initial use of liquidity facilities in Indonesia.

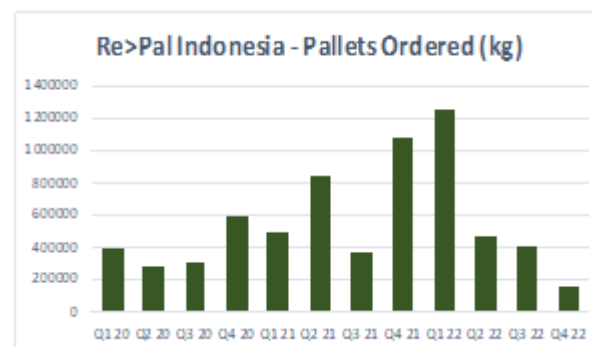
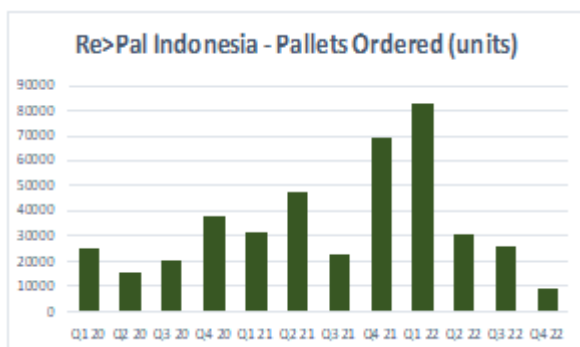


Q4 2022 saw Gross Margin as percentage of Revenue decline due to impact of non-variable production expenses (in particular, labor and electricity) with lower sales orders and lower production levels. The fall in Gross Margin, carried through to Operating Margin.





Pallets delivered (shipped and invoiced) shows the Q4 2022 decline in quarterly pallet sales.



The sales results in Q4 2021 and Q1 2022 included sales orders that were to be manufactured and delivered in future quarters following the receipt of delivery orders from customers. Deliveries for some of the remaining Q4 2021 orders were, in Q4 2022, once again further delayed and pushed out for delivery into Q1 2023.

CORPORATE UPDATE

The Q4 2022 sales results for pallets was disappointing. A key concern is the ongoing challenge of achieving sustained pallet sales growth, winning new customers and broadening our customer base. Despite Range's pallets again successfully passing clients' thorough testing programs, tenders with new prospects seeking to buy large quantities of heavy-duty pallets sales resulted in the postponement of their purchasing decisions.

Range continues to receive positive feedback from customers and potential customers on the quality of Re>Pal pallets and the value and importance of using recovered plastics in manufacturing Re>Pal pallets. While it would be pleasing to have those opinions overcome the procurement selection processes and the order postponements that we have experienced over the past 6 months, the Board believes that there is solid demand for Re>Pal pallets at a competitive price point that delivers an appropriate gross profit to Re>Pal. The Company believe that Range's gross margin can be improved further by reductions in feedstock costs and that there is potential for reductions in freight and manufacturing costs by relocating production.

As previously advised in the Quarterly Activities Report on 26 October 2022, to assist in managing cash flow from sales growth, Re>Pal secured bank financing for our accounts receivable of two large multi-national customers, and also for an accounts payable financing facility in Q4.

The commencement of the ITO Audit, in August 2022, resulted in any capital raising or debt facility (to finance equipment purchases or to fund pallet rentals) being postponed until the outcome of the ITO

Audit, being when the assessment could be quantified. Delays in the conclusion of the ITO Audit, and the resulting high quantum of the issued tax assessment, has significantly affected the Company's liquidity.

Until the tax assessment is positively resolved, it will remain difficult for Range to raise funds to continue the Re>Pal business strategy. As a result, Range and Re>Pal Indonesia will selectively reduce its workforce and implement further expense controls. The Group will need to raise liquidity from selling non-core items (such as our Indonesian factory's CNC machines which make pallet molds) and activities such as Re>Pal's Queensland operation which, although fledgling, is currently a cash drain without an imminent turnaround date. The Board expects that Range will require a short-term debt facility to ensure that it remains solvent. Separately Re>Pal Indonesia needs to autonomously fund its operations. Pallet sales to most clients delivers liquidity in 60+days. Settlement from the sale of sufficient significantly valuable assets may be required to fund the continuation of its operations. Any sale considerations would be subject to regulatory requirements, such as any Listing Rule requirements.

In addition, the Company will carefully consider entering into selected joint ventures for feedstock production that would deliver COGS savings, the sale of our Indonesian factory and relocating the business outside of the Customs-Bonded Zone to a smaller and more economical location. Longer term solutions are predicated on the successful resolution to the ITO Audit, when Range International could consider a capital or debt raising to help settle any negotiated or court determined ITO settlement and provide working capital to advance the Re>Pal business.

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 31 December 2022 is **attached**.

Richard Jenkins
Executive Chairman
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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

22 611 998 200

Quarter ended ("current quarter")

31 December 2022

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	593	2,422
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(305)	(1,755)
(c) advertising and marketing	(15)	(106)
(d) leased assets	-	-
(e) staff costs	(168)	(650)
(f) administration and corporate costs	(92)	(601)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	(7)
1.6 Income taxes paid	(81)	(130)
1.7 Government grants and tax incentives	95	95
1.8 Other (provide details if material)	-	12
1.9 Net cash from / (used in) operating activities	27	(719)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(188)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 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	(1)	(188)

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	73	73
3.6	Repayment of borrowings	(12)	(114)
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	61	(41)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	178	1,245
4.2	Net cash from / (used in) operating activities (item 1.9 above)	27	(719)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(188)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	61	(41)
4.5	Effect of movement in exchange rates on cash held	24	(8)
4.6	Cash and cash equivalents at end of period	289	289

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	178	509
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)	178	509

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. 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)	80	73
7.4	Total financing facilities	80	73
7.5	Unused financing facilities available at quarter end		7
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.		
	Accounts Payable facility, Standard Chartered, 18%, rolling, unsecured		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	27
8.2	Cash and cash equivalents at quarter end (item 4.6)	178
8.3	Unused finance facilities available at quarter end (item 7.5)	7
8.4	Total available funding (item 8.2 + item 8.3)	185
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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>	
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: **31 January 2023**

Authorised by: **By the Board**

(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.