RANGE INTERNATIONAL

ASX Announcement
18 January 2023

ITO ASSESSMENT UPDATE

Range International Ltd (ASX: RAN) (**Company** or **Range**) wishes to provide an update in respect of the ITO assessment for the audit of the FY2018 accounts of its Indonesian subsidiary, Re>Pal Indonesia (**Re>Pal**) **(ITO Audit**).

The Company notes its previous commentary on the ITO Audit as announced in the Company's Appendix 4Cs for Q3 2022 and Q4 2022 and announcements dated 4 & 11 January 2023.

Noting that no formal assessment has been received, although expected before the end of January 2023, the Company advises that further to informal discussions and meetings with the ITO, Range is of the understanding that the ITO will assess that additional tax, interest and penalties of approximately US$3.28 million are payable by Re>Pal.

The following update is an explanation of the probable tax assessment expected from the ITO prior to month end and Range's current response to those expected assessments.

WITHHOLDING TAX ON SHAREHOLDER LOANS
The ITO is expected to assess withholding tax (**WHT**), interest and penalties of approximately US$310,000.

The ITO have determined 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 these loans were made interest-free and no withholding tax is payable and that these loans meet the WHT exemption requirements.

Shareholders may recall, as announced on 2 December 2021 to the ASX, that the Company, following advice from its Indonesian taxation advisers and through co-operation with the Directorate General of Taxes to satisfy the tax by December 2021, paid tax of 5.3 billon Indonesian Rupiah (which equated to approximately US$450,000 including interest and penalties) relating to WHT on loans made from Range to Re>Pal for the FY2016, which were identified during the ITO review of FY2017.

TAX ON EMPLOYEE'S SALARIES
The ITO is expected to assess tax payable including interest and penalties of approximately US$3,000 that were not paid as required for the month of February 2018.

The Company does not contest this finding.

VAT ON ALLEDGED SALES OF PROPERTY, PLANT AND EQUIPMENT
The ITO alleges that Re>Pal disposed of property, plant and equipment (**PPE**) in FY2018 that should be subject to value added tax (**VAT**).

The Company advises that these disposals did not take place, and despite the Company's conclusive evidence supporting the facts that Range still holds and uses items of equipment that the ITO claims was disposed of, the ITO continues to claim that VAT of approximately US$2.967 million is payable, including interest and penalties.

The ITO contends that in FY2018, Re>Pal disposed of 540 assets with aggregate value of US$16 million without recording any proceeds from the sold assets or paying VAT and does not accept that:

(i) Re>Pal retained these fixed assets although impairment revaluations resulted in the assignment of new numbers in Re>Pal's asset register; and

(ii) Write-off of approximately US$1.0 million of obsolete assets in FY2018 following Re>Pal's purchase of EnviroPallets Bali in 2016, and its relocation from Bali to East Java, without the required documentation. The ITO does not accept:

   a. that these obsolete assets were not sold (for book value) by Re>Pal; nor
   b. that some of the assets were transported to East Java and are still located in the factory.

The ITO contends that local regulations around disposal and write off, and the normal practice to document impairments, with a Board Circular including the calculations and reasons for the impairment, were not followed by Re>Pal. The ITO contends that correct establishment of the asset register should have been done at the time of transfer of assets as the result of Range's purchase of EnviroPallets in 2016 to the new factory. The ITO further contends that if disposals of such assets were required, they should have been handled in the correct manner under local regulations and customs, and that the assets of Re>Pal did not need to be revalued or impaired and that, if required, any write down could have been done at the consolidated level and should have planned and executed correctly with advice from local experts. The Company contends that it did not sell these assets and thus did not incur any VAT liability.

In respect to the WHT and VAT assessments, Re>Pal's obligation to make any additional payment of tax stemming from the review of the FY2018, or payment of any penalty or interest amount advised by the ITO, will be determined through Indonesia's Objection and Tax Court processes. Range's present intention is that it will defend Re>Pal's position in respect of the ITO's tax assessment notice (and the associated interest claim and any penalties assessed), and will pursue all available dispute resolution methods, up to and including the filing of court proceedings.

The impact of the ITO Audit of FY2018 and the likely assessment of tax, interest and penalties payable has impacted Range's ability to fund its activities in Indonesia and Australia, and therefore resulted in delays of various initiatives to reduce Re>Pal's feedstock and manufacturing costs.

Over recent years, Re>Pal has improved its financial results and is operating close to EBITDA breakeven. However, the continued uncertainty of the Indonesian tax liability of Re>Pal now presents severe challenges for the business and Range.

The Board notes that the information arising from the informal discussions and contained within this announcement is not a formal assessment, and the market will be informed on the outcome of the final assessment when received. Nevertheless, in anticipation of such outcome, the Board is considering its alternatives.

Richard Jenkins
Executive Chairman
richard.jenkins@shellcove.net
+61 417 242 946

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.