



Sparc Technologies Limited

ACN 009 092 068

Appendix 4E: Preliminary Final Report

for the year ended 30 June 2022

Results for announcement to the market

	2022 \$A	2021 \$A	Percentages Change
Revenues from ordinary activities	-	-	up -
Loss from ordinary activities after tax attributable to the members	(14,201,976)	(5,633,511)	up 251%
Loss for the period attributable to members	(14,201,976)	(5,633,511)	up 251%

Dividends (distributions)

No dividend has been paid during the year ended 30 June 2022

The directors have not proposed a dividend for the year ended 30 June 2022

Net Tangible Assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.41	4.76

Summary of Performance

During the reporting period, net cash used in operating activities was \$4,607,702. Total comprehensive loss attributable to equity holders of the parent company was \$14,201,976.

The loss for the year includes an expense of \$3,767,780 which was due to the Sparc Hydrogen transaction, where the investment in Sparc Hydrogen was valued at 52%. Furthermore, this expense includes 3,000,000 shares issued to the University of Adelaide and Flinders University which have been attributed a fair value of \$1.65 per share, totalling a value of \$4,950,000.

The loss for the year also includes share based payments of \$5,632,902 to directors and employees.

Audit Status

The financial statements contained within this Appendix 4E are in the process of being audited and, as such, the accounts are presented unaudited.

Sparc Technologies Limited
Corporate directory
30 June 2022

Directors	Stephen Hunt Mike Bartels Daniel Eddington Stephanie Moroz
Company secretary	Adrien Wing
Registered office	Sparc Technologies Limited ABN 15 007 702 927 Level 2, 480 Collins Street Melbourne VIC 3000 Email: infor@sparctechnologies.com.au
Principal place of business	51 Rundle Street Kent Town Adelaide SA 5067
Share register	Link Market Services Limited Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000 Phone: 1300 554 474
Auditor	BDO Audit Pty Ltd Level 7 420 King William Street Adelaide SA 5000
Solicitors	HWL Ebsworths Westpac House Level 21 91 King William Street Adelaide, SA 5000
Bankers	NAB Adelaide Office Ground Level 22-28 King William Street Adelaide SA 5000
Stock exchange listing	Sparc Technologies Limited shares are listed on the Australian Securities Exchange (ASX code: SPN)
Website	www.sparctechnologies.com.au
Corporate Governance Statement	www.sparctechnologies.com.au

The directors present this report on the Group (referred to hereafter as the 'Group') consisting of Sparc Technologies Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Consolidated statement of profit or loss and other Comprehensive income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Consolidated Group	
		30 June 2022	30 June 2021
		\$	\$
Revenue			
Other Income	2	610,833	71,958
Expenses			
Research and development		1,969,752	637,124
Professional and consulting fees	12	591,586	377,328
Travel		57,535	39,594
Share based payments	12	5,632,902	1,169,150
Listing expense		28,486	16,083
Employee Expenses		1,896,032	691,122
Recapitalisation expense		-	2,211,123
Depreciation and amortization		172,394	106,908
Interest on lease liabilities		20,465	14,874
Loss on disposal of financial asset		108	-
Net loss on loss of control of subsidiary	8	3,767,780	-
Other expenses		675,769	442,163
(Loss) before income tax expense		(14,201,976)	(5,633,511)
Income tax expense		-	-
(Loss) for the year		(14,201,976)	(5,633,511)
Other comprehensive income		-	-
Total comprehensive loss attributable to equity holders of the parent entity		(14,201,976)	(5,633,511)
Earnings per share for loss attributable to equity holders of the parent entity:			
Basic (cents per share)	3	(18.87)	(10.01)
Diluted (cents per share)	3	(18.87)	(10.01)

Consolidated statement of financial position

AS AT 30 JUNE 2022

		Consolidated Group	
		30 June 2022	30 June 2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	2,135,857	2,933,406
Receivables	5	628,590	220,277
Other		43,676	20,188
TOTAL CURRENT ASSETS		2,808,123	3,173,871
NON-CURRENT ASSETS			
Financial Assets		-	108
Property, Plant and Equipment	6	505,084	356,931
Right of use Assets	7	361,357	453,002
Intangible Assets		102,902	10,938
Investment in Associate	8	669,760	-
Other assets		30,000	30,356
TOTAL NON-CURRENT ASSETS		1,669,103	851,335
TOTAL ASSETS		4,477,226	4,025,206
CURRENT LIABILITIES			
Trade & Other Payables	9	337,340	115,855
Employee Benefits		95,860	28,382
Lease Liability	10	107,951	100,900
TOTAL CURRENT LIABILITIES		541,151	245,137
NON-CURRENT LIABILITIES			
Lease Liability	10	291,068	390,088
TOTAL NON-CURRENT LIABILITIES		291,068	390,088
TOTAL LIABILITIES		832,219	635,225
NET ASSETS		3,645,007	3,389,981
EQUITY			
Issued capital	11	18,138,943	9,345,737
Reserves	12	6,980,419	1,316,623
Accumulated losses		(21,474,355)	(7,272,379)
TOTAL EQUITY		3,645,007	3,389,981

Consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Consolidated Group			
	Contributed equity	Share based payment	Accumulated losses	Total
Balance at 1 July 2020	1,328,639	247,200	(1,638,868)	(63,029)
Shares issued for the reverse acquisition of the Company in the year	4,067,792	-	-	4,067,792
Share based payment expense in the year	-	1,169,150	-	1,169,150
Shares issued, net of transaction costs, in the year	3,669,306	80,273	-	3,749,579
Shares issued to management and advisors in the year	280,000	(180,000)		100,000
Total of transactions with owners	8,017,098	1,069,423	-	9,086,521
(Loss) for the year			(5,633,511)	(5,633,511)
Other comprehensive income for the year				-
Total comprehensive loss for the year	-	-	(5,633,511)	(5,633,511)
Balance as at 30 June 2021	9,345,737	1,316,623	(7,272,379)	3,389,981
Balance as at 1 July 2021	9,345,737	1,316,623	(7,272,379)	3,389,981
Shares issued, net of transaction costs, in the year	2,632,700	-	-	2,632,700
Shares issued on exercise of options	1,090,510	(120,010)	-	970,505
Shares issued in relation to loss of control of subsidiary	4,950,000			4,950,000
Share based payment expense	120,000	5,783,806		5,903,806
Total of transactions with owners	8,793,206	5,663,796	-	14,457,002
(Loss) for the year			(14,201,976)	(14,201,976)
Other comprehensive income for the year				-
Total comprehensive loss for the year	-	-	(14,201,976)	(14,201,976)
Balance as at 30 June 2022	18,138,943	6,980,419	(21,474,355)	3,645,007

Consolidated statement of cash flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Consolidated Group	
	30 June 2022 \$	30 June 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(4,789,757)	(2,360,872)
Interest paid	(20,465)	-
Interest received	308	-
R&D Tax Incentive received	199,751	-
Other Income	2,461	7,900
NET CASH USED IN OPERATING ACTIVITIES	(4,607,702)	(2,352,972)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for intangible assets	(91,964)	(10,938)
Payment for Property, Plant & Equipment	(218,936)	(316,970)
Cash acquired by reverse acquisition	-	1,854,889
Proceeds from loan with associate	620,000	-
Purchase of Financial Assets	-	(179)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	309,100	1,526,802
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,771,200	4,000,000
Share issue costs	(168,004)	(250,419)
Payments for Lease Liabilities	(102,143)	(44,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,501,053	3,705,581
Net (decrease)/increase in cash and cash equivalents	(797,549)	2,879,411
Cash at the beginning of the financial year	2,933,406	53,995
CASH AT THE END OF THE FINANCIAL YEAR	2,135,857	2,933,406

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Appendix 4E preliminary final reporting has been prepared in accordance with ASX listing rules and the recognition and measurement criteria of Australian Accounting Standards and Interpretations.

Basis of Preparation

The Appendix 4E has been prepared on the basis of historical cost. The accounting policies and methods of computation adopted in the preparation of the Appendix 4E are consistent with those adopted and disclosed in the Group's 30 June 2021 annual financial report.

Note 2 Other Income

	Consolidated	
	2022 \$	2021 \$
Interest	308	5,350
Rent	6,000	2,550
Other	-	(71)
R&D Incentive	604,525	64,129
	610,833	71,958

Note 3 Earnings per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2022 \$	2021 \$
Net loss attributable to ordinary equity holders of the parent	(14,201,976)	(5,633,511)
Weighted average number of ordinary shares for basic earnings per share	75,266,509	56,237,661
Effect of dilution		
Share options	-	-
Earnings per share:	<i>Cents</i>	<i>Cents</i>
Basic earnings per share	(18.87)	(10.01)
Diluted earnings per share	(18.87)	(10.01)

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account.

Note 4 Cash and Cash Equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash at bank	2,135,857	2,933,406

Note 5 Trade and Other Receivables

Other Debtors	-	440
R&D Tax Incentive receivable	604,525	199,731
GST Credits	24,085	20,106
	628,610	220,277

Note 6 Property Plant and Equipment

Leasehold improvements at cost	96,615	66,577
Less accumulated depreciation	(20,168)	(3,823)
	76,147	62,754
Plant and Equipment at Cost	521,512	334,484
Less accumulated depreciation	(92,575)	(40,307)
	428,937	294,177
	505,084	356,931

Note 7 Right of Use Asset

Land and Buildings -right-of-use	530,425	520,114
Less Accumulated depreciation	(169,068)	(67,112)
	361,357	453,002

Note 8 Investment in associate

Investment in Sparc Hydrogen Pty Ltd	669,760	-
	669,760	-

In August 2021, the Group established a wholly owned subsidiary, Sparc Hydrogen Pty Ltd. On 3 February 2022 the Group entered into binding agreements with Fortescue Future Industries (FFI) and the University of Adelaide (UoA) forming the Sparc Hydrogen Joint Venture. These agreements introduce FFI and UoA as shareholders of Sparc Hydrogen Pty Ltd, as at 31 December 2021 a wholly owned subsidiary of the Group.

The shareholdings at the conclusion of the transaction and at 30 June 2022 are;

- Sparc Technologies Limited – 52%
- FFI – 20%
- UoA – 28%

FFI has contributed \$1.8m to Sparc Hydrogen Pty Ltd in exchange for a 20% interest. UoA licenses its pre-existing intellectual property in relation to the project in exchange for a 28% interest in Sparc Hydrogen. The Group has issued 3 million shares in Sparc Technologies Limited to UoA (2.721m shares) and Flinders University (279k shares).

Prior to the loss of control, the Group provided funding of \$1.07m to Sparc Hydrogen Pty Ltd. \$450,000 of this funding was converted to equity in Sparc Hydrogen Pty Ltd and the remaining \$620,000 was refunded to the Group.

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As a result of this transaction, the Group has determined it has lost control of its wholly owned subsidiary and now has significant influence. The impact of the loss of control and establishment of the accounting for the investment in the associate is as follows;

	2022
Derecognition of net liabilities of Sparc Hydrogen Pty Ltd	962,460
Fair value of shares issued to UoA and Flinders University ¹	(4,950,000)
Fair value increase of investment in Sparc Hydrogen Pty Ltd ²	219,760
Net (Loss) on control of subsidiary	(3,767,780)

1 Valued at \$1.65 per share being the price at the time the binding agreements were signed.

2 Valued based on 52% of the post-completion net asset value of Sparc Hydrogen Pty Ltd, being \$669,760 less the equity contribution of \$450,000.

Note 9 Trade and Other Payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	253,413	27,334
Other payables	83,927	88,521
	337,340	115,855

Note 10 Lease Liability

Lease Liability - current	107,951	100,900
Lease Liability – non current	291,068	390,088

Note 11 Issued Capital

	30 June 2022		30 June 2021	
	No	\$	No	\$
Balance at beginning of year	70,463,258	9,345,737	29,910,100	1,328,638
Shares issued in GTS to consultants and management	-	-	2,333,334	280,000
	-	-	32,243,434	1,608,638
Exchange of GTS shares for the Company shares	-	-	(32,243,434)	-
The Company shares on issue at date of legal acquisition:				
Shares on issue as at 12 November 2020	-	-	4,067,651,670	-
Consolidation on a 1:200 basis	-	-	(4,047,313,412)	-
Shares on issue as at 12 November post consolidation	-	-	20,338,258	1,608,638
Shares issued for acquisition of GTS	-	-	29,500,000	4,067,792
Shares issued to advisors ¹	187,294	120,000	625,000	125,000
Share placement ²	4,000,000	2,800,000	20,000,000	4,000,000
Shares issued on exercise of options ³	1,685,000	1,090,510	-	-
Shares issued – other	1,000	700	-	-
Shares issued – Sparc Hydrogen transaction ⁴	3,000,000	4,950,000	-	-
Share issue costs	-	(168,004)	-	(455,693)
Balance at end of year	79,336,552	18,138,943	70,463,258	9,345,737

1 Throughout the 2022 financial year 187,294 shares valued at \$120,000 were issued to Westar Capital for the payment of corporate advisory fees.

2 On 27 October 2021, 4,000,000 shares were issued to sophisticated and professional investors at a price of \$0.70 per share, raising \$2,800,000 with issue fees of \$168,004.

3 Options were exercised as following

- On 3 November 2021 325,000 \$0.30 options with an expiry date of 9 August 2023 were converted to 325,000 shares.
- On 24 November 2021 500,000 \$0.60 options with an expiry date of 31 December 2023 were converted to 500,000 shares.
- On 3 December 2021 150,000 \$1.20 options with an expiry date of 5 December 2021 were converted to 150,000 shares.
- On 23 December 2021 100,000 \$0.60 options with an expiry date of 31 December 2023 were converted to 100,000 shares.
- On 4 February 2022 110,000 \$0.30 options with an expiry date of 9 August 2023 were converted to 110,000 shares
- On 4 February 2022 500,000 \$0.60 options with an expiry of 31 December 2023 were converted to 500,000 shares

4. On 3 February 2022, 3,000,000 shares were issued to the University of Adelaide, valued at \$1.65 per share.

Note 12 Reserves

	Consolidated	
	2022	2021
	\$	\$
Option reserve	6,432,789	967,497
Performance share reserve	547,630	349,126
Share based payment reserve	6,980,419	1,316,623

The Share based payment reserve arises on the grant of share options and performance shares to executives, employees, consultants and advisors and upon issue of share options and performance shares to shareholders or buyers. Amounts are transferred out of the share based payment reserve and into accumulated losses when the share options and performance shares expire or lapse.

Movement in share based payment reserve - options

	\$
Balance at beginning of year	778,401
Prior period adjustment – refer note 17	189,096
Revised balance at beginning of year	967,497
Issue of shares to consultants and management ¹	(120,010)
Expense options to consultants	150,904
Issue of options to employees ²	282,400
Issue of options to directors ³	4,568,000
Issue of options to director ⁴	583,998
	6,432,789

1 Throughout the period, 1,685,000 options were exercised for 1,685,000. 1,100,000 of these options had an amount allocated in the share based payment reserve at 10.91c per option. As a result \$120,101 has been reallocated to issued equity. The remaining 585,000 options had no reserve balance.

2 On 7 October 2021 800,000 options with an exercise price of \$1.00 and with an expiry date of 30 September 2025 were issued to employees.

The value of the options was determined based on the Black Scholes model using the following assumptions:

- Dividend yield: nil%
- Expected volatility: 92%
- Risk free interest rate: 0.61%
- Expected life of options (years): 4
- Exercise price: \$1.00
- Grant date share price: \$0.63
- Fair value per option: \$0.353

3 On 7 October 2021 4,000,000 options with an exercise price of \$1.00 and with an expiry date of 30 September 2025 were approved for issue to directors. The shareholders at the Annual General Meeting of Sparc Technologies Ltd on 30 November 2021 approved the issue of the options. The valuation of the options was made on the date of the AGM.

The value of the options was determined based on the Black Scholes model using the following assumptions:

- Dividend yield: nil%
- Expected volatility: 99%
- Risk free interest rate: 1.09%
- Expected life of options (years): 4
- Exercise price: \$1.00
- Grant date share price: \$1.54
- Fair value per option: \$1.142

4 On 2 March 2022 1,000,000 options with an exercise price of \$1.20 and with an expiry date of 28 February 2026 were approved for issue to a director.

The value of the options was determined based on the Black Scholes model using the following assumptions:

- Dividend yield: nil%
- Expected volatility: 104%
- Risk free interest rate: 1.65%
- Expected life of options (years): 4
- Exercise price: \$1.20
- Grant date share price: \$0.88
- Fair value per option: \$0.579

Movement in share based payment reserve - options

	\$
Balance at beginning of half-year	349,126
Expense of performance shares to Directors ¹	198,504
Balance at end of year	<u>547,630</u>

¹ On 12 November 2020 7,000,000 performance shares were issued to Directors with an exercise price of \$nil. The performance shares will convert into ordinary shares on a one-for-one basis upon satisfaction of the following milestones:

- GTS generating annual operating revenue of at least \$3,000,000 from the Graphene Projects or Graphene Technology over an audited financial year; and
- The company achieving a market capitalisation (based on the Company's VWAP) of \$50,000,000 or more.

The value of the performance shares were determined based on the Monte Carlo model using the following assumptions:

- Dividend yield: nil%
- Expected volatility: 80%
- Risk free interest rate: 0.41%
- Expected life of options (years) 5
- Exercise price; \$nil
- Grant date share price: \$0.20
- Fair value per performance share: \$0.14

The expense relating to these performance shares is being expensed over the expected vesting period of five years.

Share Based Payment Expense for the year

	\$
<i>Options</i>	
Expense options to consultants - refer note 4	150,904
Subscription contribution by consultants	(200)
Issue of options to employees ²	282,400
Issue of options to directors ³	4,568,000
Issue of options to director ⁴	583,998
<i>Performance Rights</i>	
Expense of performance shares to Directors ¹	198,504
<i>Shares</i>	
Shares issued to advisors	<u>120,000</u>
	<u>5,903,806</u>
Share Based Payments (employee and directors)	5,632,902
Professional and consulting fees	270,704

Note 13. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
Sparc Operations Limited	Australia	100.00%	100.00%
Mt Garnet Mines NL	Australia	100.00%	100.00%

Note 14 Segment Information

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments.

Note 15 Subsequent Events

No other matters or circumstances that have arisen since the end of the year to the date of this report that have significantly affected or may significantly affect either:

The entity's operations in future financial years;

The results of those operations in future financial years; or The entity's state of affairs in future financial years

Note 16 Contingent Liability

There are currently no contingent liabilities.

Note 17 Adjustment to comparative information

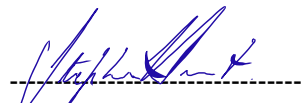
As disclosed in the interim financial statements for the six months ended 31 December 2021, during the preparation of the accounts the Directors identified share based payment arrangements with a corporate adviser that should have been accounted for as part of the 30 June 2021 financial statements. The impact on the reported 30 June 2021 statement of profit or loss and other comprehensive income is as follows (impacted line items only);

	Year ended 30 June 2021 \$	Adjustments	Restated Year ended 30 June 2021
Expenses			
Share based payments	980,054	189,096	1,169,150
Total Operating expenses	5,516,371	189,096	5,705,467
(Loss) before income tax expense	(5,444,415)	(189,096)	(5,633,511)
Income tax expense	-	-	-
(Loss) for the year	(5,444,415)	(189,096)	(5,633,511)
Other comprehensive income			
Total comprehensive loss attributable to equity holders of the parent entity	(5,444,415)	(189,096)	(5,633,511)
Equity			
Issued capital	9,345,737		9,345,737
Reserves	1,127,527	189,096	1,316,623
Accumulated (losses)	(7,083,283)	(189,096)	(7,272,379)
Total Equity	3,389,981	-	3,389,981

On 21 May 2021 2,000,000 options with an exercise price of \$0.35 expiring 1 June 2024 at an issue price of \$0.0001 were granted to consultants. 50% of these were issued upon payment of the issue price and 50% issued upon the attainment of stated KPIs. Accordingly, the expense of the second tranche of options is being taken up progressively over the 12 month mandate period with the expense in six month reporting period being \$86,165.

The value of the options was determined based on the Black Scholes model using the following assumptions:

- Dividend yield: nil%
- Expected volatility: 96%
- Risk free interest rate: 0.10%
- Expected life of options (years): 3
- Exercise price: \$0.35
- Grant date share price: \$0.30
- Fair value per option: \$0.17



Stephen Hunt

Chairman

Adelaide, 31 August 2022