

ASX RELEASE

31 July 2023

Sprintex Quarterly Activities Report and Appendix 4C for the Quarter ended 30 June 2023

Targeting to be cashflow positive over the coming quarters

Quarter Highlights:

- Cash receipts from sales increased 362% compared to the prior year and the cash outflow from operating activities improved 43%
- \$1,000,000 notes convert at 7.5 cents per share
- Delivery commences for ecompressor Hydrogen sHyPs Project
- 27-40% energy saving achieved in efficiency testing on G15 Turbo Blower
- Production to begin on its range of exceptionally efficient e-compressors and industrial blowers, with initial production levels of more the 15,000 units per year which are expected to boost annual revenues.
- Directors incentivised to achieve over \$20m in revenue for the next 12 months.
- Prospectus issued for up to \$2.3 million 4.5c placement and 4c SPP (subsequent to the quarter)

Sprintex Limited (ASX: SIX) (**Sprintex** or the **Company**) is pleased to provide its quarterly activities and cash flow report for the June 2023 quarter.

Activities: Sprintex Commences Delivery to sHyPs Project

On 17 May 2023, the Company advised that it had completed manufacture, testing, and commenced delivery of the initial A\$270,000 e-compressor order for the European €14m sHyPs hydrogen powered cruise liner decarbonisation program (see ASX 11 April 2023).

The program is expected to bring revenue to Sprintex of approximately \$1.5 million for a six-ship trial.

The program is funded by the EU government and includes the re-powering of 6 cruise liners, each with 16 modular hydrogen fuel cell power units of approximately 6mW each for a total of 96mW per ship.



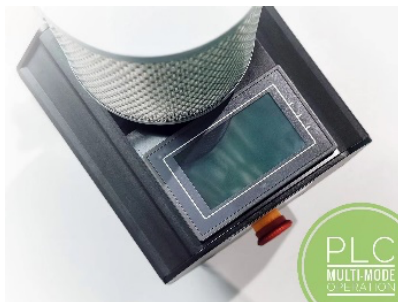
Sprintex S26 ultra high-speed e-compressors

Lighter Smaller Quieter 27-40% Energy Saving Turbo Blowers

On 13 June 2023, the Company advised that it has made significant advances and completed initial energy consumption and wastewater oxygenation efficiency testing on its new G15 self-contained 3kW to 7kW general purpose industrial blower (G15 Turbo Blower) with 'Smart Pulse Aeration' (Sprintex SPA™).

SAE standard testing verified that the G15 Turbo Blower outperforms conventional side-channel style blowers in terms of energy efficiency.

In constant speed operation, the G15 Turbo Blower showcases an impressive 27% energy saving, while incorporating the Sprintex SPA technology yields an even more remarkable 40% energy saving when compared to traditional systems.



PLC Multi-mode



Pulse Aeration Mode



Anti-Surge Control

Smart Pulse Aeration (SPA™) mode allows the integral PLC to vary the air output based on the oxygen content of the water reducing energy wastage and ensuring high efficiency of the process. The Company also lodged a worldwide PCT (patent) application relating to this technology.

Durability of the G15 Turbo Blower is expected to exceed 4 times the lifespan of conventional side channel blowers and has the additional benefits of being 50% lighter, 30% smaller and 10dB quieter than conventional units in the same application.

Corporate:

\$1 million notes convert at 7.5c which was over twice market price on 27 June 2023

On 27 June 2023, the Company advised that directors and holders of convertible notes with a face value of \$1,000,000 have converted their notes into 13,333,333 ordinary shares at 7.5 cents per share in accordance with the terms of the convertible notes, being over twice the closing share price on 26 June 2023 (3.3 cents), representing a 127% premium.

Directors converted \$300,000 of their notes.

Director share purchases

Director Steve Apedaile purchased 348,211 ordinary shares on market in June 2023.

Security Issues and Cessation

During the June Quarter the following movements in securities occurred:

Issued	26/06/2023	13,333,333	Ordinary Shares	Conversion of Convertible notes, class SIXAA
Issued	22/06/2023	6,646,667	Convertible notes with an expiry of 31 January 2024	Each Convertible Note will have a conversion price of A\$0.075 per fully paid ordinary share ("Share") if converted on or before 31 July 2023, or the lower of A\$0.075 per Share and a 10-day VWAP at a 20% discount to the market price for the Company's Shares at the date of the conversion if the Convertible Notes are converted after 31 July 2023, subject to a minimum floor price of A\$0.001
Issued	22/06/2023	34,966,667	Convertible notes with a face value of \$3,121,000 and an expiry of 31 January 2024	
Issued	21/06/2023	12,871,111	Options	Exercise Price: AUD 0.07500000 Expiry Date: 31/12/2024
Ceased	22/06/2023	1,166,667	Class SIXAW Options	Expiry of option or other convertible security without exercise or conversion

Subsequent to the June Quarter

On 11 July 2023, the Company advised that:

- it had received additional new capital funding commitments from current shareholders and the directors, totalling \$1.3 million, to fund purchase of volume production equipment and parts inventory for its recently completed range of exceptionally efficient e-compressors and industrial blowers. Initial production levels of more the 15,000 units per year are expected to boost annual revenues.
- it will conduct a Security Purchase Plan to raise \$500,000 (subsequently increased to \$1,000,000) at an issue price of \$0.04 per share, with a free attaching option with an exercise price of \$0.10 on or before 30 June 2025 for each 2 participating shares.
- as part of the development of the Company's business, the Company closed its Perth based research and development facility.
- its registered office is now located at Suite 6, Level 1, 251 Adelaide Terrace, Perth WA 6000.

On 20 July 2023, the Company issued a Prospectus for:

- a) up to 25,000,000 fully paid ordinary shares (Shares) at an issue price of \$0.04 per Share, together with one free attaching Option for every two Shares issued, exercisable at \$0.10 each on or before 30 June 2025 to Eligible Shareholders under the Company's security purchase plan to raise up to \$1,000,000;

- b) up to 15,069,444 Options to participants in the Placement, on the basis of one Option for every two Shares subscribed for and issued under the Placement, exercisable at \$0.10 each on or before 30 June 2025;
- c) 2,750,000 Options to MMR Corporate Services Pty Ltd (or its nominees) exercisable at \$0.10 each on or before 30 June 2025; and
- d) Up to 25,000,000 Shares and 12,500,000 Options, exercisable at \$0.10 each on or before 30 June 2025 to make up any shortfall under the SPP Offer.

The date of the general meeting to consider the issue of the securities under the Prospectus is proposed to be 28 August 2023.

Expenditure:

The Company's focus continues to be the development and commercialisation of its clean air compressor business.

Expenditure for the Quarter ended 30 June 2023 included:

- Research and development costs of \$257k relate to the development of products and samples (see above commentary for details);
- Product manufacturing and operating expenditure of \$157k incurred in producing products for sale;
- Advertising and marketing expenditure of \$330k related to marketing the Company and its products and services, in particular the attendance at trade shows to showcase the Company's products;
- Remunerations costs of \$147k comprising the costs of all staff employed by the Company. No payments were made to related parties; and
- Administration and corporate costs of \$144k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.

This ASX announcement was authorised for release by the Board of Sprintex Limited.

For further information

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About Sprintex

Sprintex is a clean air compressor engineering, research, product development and manufacturing company, incorporated in Australia in 2003. Sprintex designs and manufactures electric and mechanically driven clean air compressors for use in a wide variety of applications, including:

- combustion engines where Sprintex sells Sprintex® twin screw superchargers, and supercharger systems incorporating the Sprintex® twin screw supercharger, in the automotive



aftermarket and original equipment manufacturer (OEM) market in Australia, Asia, Africa, the Middle East and the United States of America;

- hydrogen fuel cells, which require a constant flow of oxygen rich air; and
- industrial oil-free clean air applications, including wastewater treatment.

Forward Looking Statements

Statements regarding plans with respect to the Sprintex projects and products are forward looking statements. There can be no assurance that the Sprintex plans for its projects or products will proceed as expected and there can be no assurance of future sales.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Sprintex Limited

ABN

38 106 337 599

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	206	1,602
1.2 Payments for		
(a) research and development	(257)	(1,158)
(b) product manufacturing and operating costs	(157)	(935)
(c) advertising and marketing	(330)	(848)
(d) leased assets	(18)	(45)
(e) staff costs	(147)	(764)
(f) administration and corporate costs	(446)	(688)
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	-	-
1.7 Government grants and tax incentives	302	302
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(847)	(2,534)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(243)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'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	-	(243)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	150
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	(143)	(149)
3.5 Proceeds from borrowings	121	3,019
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 / (used in) financing activities	(22)	3,020

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,162	50
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(847)	(2,534)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(243)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(22)	3,020
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	293	293

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 \$A'000	Previous quarter \$A'000
5.1	Bank balances	293	1,162
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)	293	1,162

6.	Payments to related parties of the entity and their associates	Current quarter \$A'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>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(847)
8.2 Cash and cash equivalents at quarter end (item 4.6)	293
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	293
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.3
<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: No. Sprintex has secured sales contracts of e-compressors which are expected to commence generating revenue in the coming quarters.	
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: Yes. Sprintex has secured sales contracts of e-compressors which are expected to commence generating revenue in the coming quarters and subsequent to period end announced \$1.3m had been raised via a placement of shares and also opened a Security Purchase Plan to enable all shareholders to participate.	

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: Yes, refer to the comments in section 8.6.2 above

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.

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.

31 July 2023

Date:

By the Board

Authorised by:
(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.