



**Sprintex Limited**  
ABN: 38 106 337 599

**ASX: SIX**

**ASX RELEASE**

10 April 2024

## **Sprintex secures A\$3.6 million for expansion of production**

### **Highlights**

- **Sprintex secures A\$3M loan from substantial shareholder, China Automotive Holdings Limited and ¥3M (~A\$0.6M) from additional lenders**
- **Funds to boost expanded production, working capital, securing Sprintex growth and the expected demand for the G-series high speed industrial blower range**
- **Funding agreements demonstrate confidence in Sprintex**
- **Increased production will also assist in increasing margins due to bulk purchasing of all components**
- **Company is targeting to pay back the funds from profits over the loan periods**

Sprintex Limited (ASX: SIX) (**Sprintex** or the **Company**) has successfully negotiated loan facility agreements with China Automotive Holdings Limited, a Hong Kong-based entity (**CAHL**), and two additional lenders (together, the **Lenders**), to secure an aggregate of A\$3,600,000 in funding. The funds will be used to ramp up production due to increased demand from customers as well as general working capital requirements and support ongoing increased operations.

Jay Upton, Sprintex Managing Director said, “The agreements with China Automotive Holdings and the additional lenders mark an important step forward for Sprintex as we bolster our financial position for future growth, both in terms of expected significant increase in revenues and expanding our clean energy range, as this exciting new market takes shape.

“These loan facilities provide us with the flexibility and resources needed to execute our strategic objectives effectively. The funds will enable us to ramp up production of our G-Series high speed industrial blower range.”

“This increased production capacity will also facilitate bulk purchasing power for all necessary components, leading to increased margins.”

### ***CAHL Loan Facility***

The Company has entered into a convertible loan facility agreement with CAHL for A\$3,000,000 (**CAHL Loan**). CAHL is a substantial holder of the Company for the purposes of the Corporations Act 2001 (Cth) and currently holds a relevant interest in Sprintex shares equal to 18.5%.

Sprintex will issue up to 15,000,000 fully paid ordinary shares (**Shares**) to CAHL as consideration for the CAHL Loan.

This issue is structured to ensure compliance with regulatory requirements, maintaining CAHL's relevant interest in Sprintex at or below 19.9%. These shares will be issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

The CAHL Loan is repayable on June 30, 2025, and bears a fixed interest rate of 6% per annum on the outstanding amount. Sprintex can repay the CAHL Loan early, in amounts of no less than A\$250,000.

Under the CAHL Loan facility, the Company must seek approval from shareholder for the CAHL Loan to be convertible into Shares at the election of CAHL. The CAHL Loan will be drawn down in two tranches, comprising:

- A\$1,000,000 which CAHL shall advance to the Company within 10 business days of the execution of the Agreement; and
- A\$2,000,000 which CAHL shall advance to the Company within 5 business days of receipt of Shareholder Approval.

The conversion price will be determined as the higher of a 20% discount to the volume-weighted average price of Shares on the ASX over the 15 trading days preceding conversion, or A\$0.03 per Share.

The timing of the allotment and issue of the Shares on conversion of all or part of the CAHL Loan is subject to the Company's obligations under section 606 of the Corporations Act.

### ***Additional Loan Facilities***

In addition to the CAHL Loan, the Company has entered into further convertible loan facility agreements with other Lenders for an aggregate of ¥3,000,000 (being approximately A\$600,000) (**New Loans**).

The New Loans are repayable on March 31, 2025, and bear a fixed interest rate of 12% per annum on the outstanding amount. Sprintex can repay the New Loans early, in amounts of no less than A\$25,000.

Under the loan facilities, the Company must seek approval from shareholders for the New Loans to be convertible into Shares at the election of the Lenders. The conversion price will be determined as the higher of a 20% discount to the volume-weighted average price of Shares on the ASX over the 15 trading days preceding conversion, or A\$0.03 per Share.

A brokerage fee of 8% is payable to CNW Capital Service Ltd on the New Loans and the Company will issue CNW Capital Service Ltd (or its nominee) 4,000,000 options, exercisable at A\$0.10 on or before 30 June 2025 (**Broker Options**), being 20% of Shares issuable of the convertible notes under the New Loans at the minimum conversion price of A\$0.03, in consideration for facilitating the New Loans. The Broker Options will be issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

Shareholder approval for the convertibility of the loans will be sought at the next general meeting.

The loan facility agreements otherwise encompass standard terms and conditions, including representations and warranties typical for agreements of this nature.



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.