



Sprintex Limited
ABN: 38 106 337 599

ASX: SIX

ASX RELEASE

30 April 2024

Sprintex Quarterly Activities Report and Appendix 4C for the Quarter ended 31 March 2024

Sprintex Limited (ASX: SIX) (**Sprintex** or the **Company**) is pleased to provide its quarterly activities and cash flow report for the March 2024 quarter.

Jay Upton, Managing Director's Statement

"We're on track with high-speed industrial blower production and have secured substantial orders in the clean energy sector. Our G-Series blower range is gaining traction, especially with CE Mark Certification for EU and EEA sales. We've also secured A\$3.6 million for production expansion, showing strong confidence in Sprintex's future. With ongoing developments like the conversion of convertible notes and a change in our share registry, we're committed to growth and innovation in the clean air compressor industry. Revenue from our customers also doubled during this quarter, as we transition the G Series to production"

Quarter Highlights:

- High Speed Industrial Blower Production Underway on Schedule

Sprintex secures A\$350,000 in orders within its clean energy sector, for product and non-refundable engineering fees as detailed in the Company's ASX announcement of March 18th 2024.

- Receipts from customers doubled during the March quarter.
- Sprintex prioritises the rollout of its G-Series high-speed industrial blower range.
- Sprintex supplied sample e-Compressors to over 15 global clean energy programmes.
- Additional production capability for G-Series to be added to Malaysia facility in 2024.

- Change of Share registry to Automic Pty Ltd

Subsequent to the Quarter Highlights:

- Sprintex secures A\$3.6 million for expansion of production

- 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.

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- CE Mark Certification for G-Series Turbo Blower Range
 - G-Series Turbo Blowers approved for sale in all member countries of the European Union as well as those of the European Economic Area
 - Sprintex well positioned for European G-Series Sales roll-out
 - The Company will exhibit its industrial products at IFAT Expo in Munich, Germany, May 2024

Quarter Activities:

\$350,000 Orders Signal Sprintex's Commitment to Clean Energy

On 18 March 2024, the Company advised that the Company secured A\$350,000 in orders within its clean energy sector for high-speed electric compressors of A\$165,000 and A\$185,000 was secured for Phase 2 Non-Refundable Engineering fees for another project.

Receipts from customers doubled in the March quarter, when compared to the previous two quarters.

The Company is prioritising the rollout of its G-Series high-speed industrial blower range and has supplied sample e-Compressors to over 15 global clean energy programmes.

The G Series, known for its small size, quiet operation, lightweight design, and exceptional efficiency, is attracting significant interest from various sectors including wastewater aeration, aquaculture and fish farming, PCB (electronics) and semiconductor industries, industrial processes, food, and beverage production, and more.

Following canvassing end users at various conferences and events, the Company has introduced another popular size to the G15 range, offering a 7.5kW option. This addition provides higher flow and lower pressure to suit many existing applications.

To meet increasing demand, the Company plans to expand production facilities for the G Series at its wholly owned subsidiary, Sprintex Clean Air (Malaysia) Sdn. Bhd., during the second half of calendar 2024. This expansion aims to provide additional capacity for the Middle East and Indian subcontinent regions.:

Activities subsequent to the March quarter:

Sprintex secures A\$3.6 million for expansion of production.

On 10 April 2024, Sprintex announced the Company had negotiated loan facility agreements with China Automotive Holdings, a HK-based entity (CAHL), and two additional lenders (together, the Lenders), to secure an aggregate of A\$3.6m 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.

The Company is targeting to pay back the funds from profits over the loan periods.

CE Mark Certification for G-Series Turbo Blower Range

On 17 April 2024, Sprintex announced that G-Series Turbo Blowers were approved for sale in all member countries of the European Union as well as those of the European Economic Area. The Company is well positioned for European G-Series Sales roll out and CE Marking was achieved ahead of IFAT Expo in Munich, Germany, May 2024.

Corporate

Half Yearly Report and Accounts

On 29 February 2024, the Company released its Half Yearly Report and Accounts for the half-year ending 31 December 2023. Revenue from ordinary activities were \$1.77m, up 36.56% from the previous year. Basic and Diluted EPS were (0.4) cents compared to (0.5) cents in the previous year.

The net operating cash outflow was \$1.68m compared to an outflow of \$1.02m in the previous corresponding period. No dividend was declared.

Change of Share Registry

On 14 March 2024, the Company advised the change of Share registry to Automic Pty Ltd. Shareholders with any queries in relation to their Sprintex Limited holding are advised to contact Automic at hello@automicgroup.com.au or on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

Expenditure:

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

Expenditure for the Quarter ended 31 March 2024 included:

- Research and development costs of \$248k relate to the development of products and samples (see above commentary for details);
- Product manufacturing and operating expenditure of \$894k incurred in producing products for sale;
- Advertising and marketing expenditure of \$222k related to marketing the Company and its products and services;
- Remunerations costs of \$100k comprising the costs of all staff employed by the Company. No payments were made to related parties; and
- Administration and corporate costs of \$44k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.

Conversion of notes

Conversion of notes with an original face value of \$633k were converted into ordinary shares during the quarter.

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	Quarter ended ("current quarter")	
38 106 337 599	31 March 2024	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	951	1,880
1.2 Payments for		
(a) research and development	(248)	(407)
(b) product manufacturing and operating costs	(894)	(1,278)
(c) advertising and marketing	(222)	(1,232)
(d) leased assets	(9)	(27)
(e) staff costs	(100)	(560)
(f) administration and corporate costs	(44)	(1463)
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	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(566)	(3,070)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(25)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	-	(25)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,509
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	-	(186)
3.5	Proceeds from borrowings	580	1,803
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	580	3,126

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29	19
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(556)	(3,070)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(25)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	580	3,070
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	78	78

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	78	29
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)	78	29

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>		

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.</i>		
<i>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)	(566)
8.2 Cash and cash equivalents at quarter end (item 4.6)	78
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	78
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.1
<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 the Company announced on 10 April 2024 that it has secured \$3.6 million of funding to expand production.	

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.

30 April 2024

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.