



# *Sprintex Quarterly Report*

For the Quarter Ended 30 June 2024

31 July 2024



"I am pleased to share that Sprintex has made significant strides in the last quarter. With a current market cap of approximately \$24.55 million, we are targeting substantial growth, aiming to quadruple our market cap within the next 12 months.

The \$3.6 million funding boost has enabled us to ramp up production, transitioning to mass production, which has already started to drive sales. To this end, we are in the process of upgrading our Malaysian facility to significantly increase our industrial blower capacity. These enhancements will allow us to streamline production processes, boost efficiency, and meet the growing demand for our products. By doing so, we aim to ensure that we maintain a competitive edge in the market while delivering consistent quality.

Our collaboration with Mest Water on ammonia-reducing technology is expected to bring substantial revenue this year and highlights our commitment to sustainability. This partnership is a cornerstone of our strategic plan, emphasising the importance of innovative solutions in addressing environmental challenges.

Additionally, appointing Net 0 Enerji as our distributor in Türkiye and securing a strategic partnership with Airtech are pivotal steps toward expanding our market reach.

The CE Mark certification for our G-Series Turbo Blowers opens doors to the European market, further solidifying our growth trajectory.

As the new Executive Chairman, I am excited to lead Sprintex into a future of growth and success, delivering exceptional value to our shareholders. My remuneration is structured to align with our ambitious growth targets, with performance-based incentives tied to achieving market capitalisations of \$100 million by June 2025 and \$250 million by December 2026. These incentives reflect our commitment to exponential growth and enhancing shareholder wealth.

We are on the brink of transforming into a mass production company poised to generate high revenue and profit. The next six months are particularly exciting, and I look forward to sharing our progress with you."

**Steven Apedaile**

**Executive Chairman**



# Quarter Highlights

## » G Series Blowers Exclusivity in Türkiye

- Net 0 Enerji appointed as distributor for Sprintex G Series Blowers in Türkiye.
- 3-year agreement with quarterly minimums and revenue opportunities.
- Complements Net 0 Enerji's energy monitoring and management solutions.

## » Sprintex-Airtech Evaluation Agreement

- Signed with leading US vacuum pump and blower manufacturer, Airtech.
- Private label opportunity with a minimum annual revenue target of A\$5m.
- G-15 units currently being rigorously tested in Germany.

## » Mest Water Collaboration

- Development of custom compressors for ammonia-reducing technology.
- Initial requirement of 360 units to meet Dutch regulations on ammonia emissions.
- Mest Water's ZLD-UP system processes manure, producing clean water and fertilizer.

## » CE Mark Certification for G-Series Blower

- G-Series Turbo Blowers approved for sale in EU and EEA countries.
- Recognised for small size, quiet operation, lightweight design, and efficiency.
- Attracts interest from wastewater aeration, aquaculture, electronics, and food production sectors.

## » Funding for Production Expansion

- Secured A\$3.6 million from China Automotive Holdings and additional lenders.
- Funds to support increased production and general working capital requirements.

## » Record Receipts From Customers

- June Quarter \$860k 2024 being a 417% increase on June 2023 (\$206k)
- Year ending June 2024 total \$2.74M, being a 171% increase on 2023 (\$1.6M)

# Equity and Funding Movements

**During the June 2024 quarter Sprintex had the following equity and funding movements:**

- \$3.63M was raised from loans which, following approval by shareholders were then Convertible Notes, \$3M repayable on or before 30 June 2025 and \$630k (RMB3M) on or before 31 March 2025. The Company intends to repay these notes
- 13,323,572 shares were issued from the conversion of convertible notes with a value of \$176,293 at a 20% discount to 10 day VWAP.
- 32,640,000 shares were issued from the conversion of convertible notes with a value of \$816,000 of convertible notes at \$0.025 per share. Convertible notes with a value of \$275,000 remain to be converted
- Subsequent to quarter end \$297,500 was raised from the exercise of 8,500,000 options at 3.5 cents.

# Expenditure

## *Expenditure for the Quarter ended 30 June 2024 included:*

- Research and development costs of \$384k relate to the development of products and samples (see above commentary for details);
- Product manufacturing and operating expenditure of \$448k incurred in producing products for sale;
- Advertising and marketing expenditure of \$371k related to marketing the Company and its products and services;
- Remunerations costs of \$710k comprising the costs of all staff employed by the Company, including payments of to related parties of \$87k; and
- Administration and corporate costs of \$547k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.

## G Series Blowers Exclusivity in Türkiye



During the last quarter, Sprintex finalised an exclusive distribution agreement with Net 0 Enerji for our G Series Blowers in Türkiye. This partnership is projected to generate over **A\$5.7 million** within the first three years. Net 0 Enerji, a leader in energy-saving hardware solutions, specialises in energy monitoring and management systems, aligning with Sprintex's commitment to energy-efficient solutions.

Additionally, trials have commenced with MAT Global (Izmir, Türkiye), specialists in wastewater treatment, filtration, aquarium and aquaculture design. They are evaluating Sprintex G15 blowers (3.5kW & 4kW) over a 90-day period, with Net 0 Enerji installing energy tracking hardware as part of this evaluation. This collaboration is significant for all parties involved, demonstrating the potential for substantial market impact and further adoption of our innovative blower technology.

# Sprintex-Airtech Evaluation Agreement

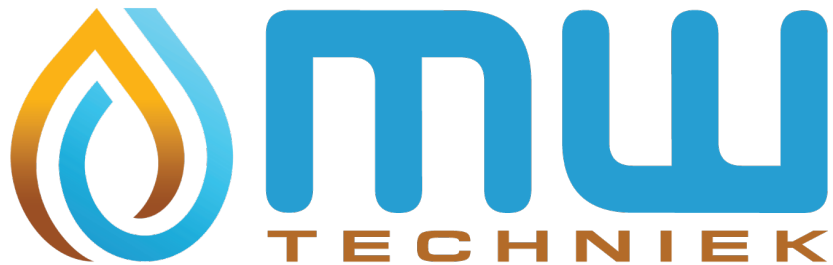


During the last quarter, Sprintex entered into a strategic partnership with Airtech, a global leader in advanced air solutions, to evaluate our G Series blowers for private labelling. This partnership has significant revenue potential, with Sprintex requiring a minimum annual commitment of A\$5 million from Airtech.

Testing is currently underway in Germany, where Airtech is assessing the performance and integration capabilities of our G Series industrial blowers. We are optimistic about the outcomes and look forward to updating our shareholders on the progress and potential milestones achieved in this collaboration.

The success of this agreement could open up substantial market opportunities and further establish Sprintex as a key player in the global blower market.

## Mest Water Collaboration



Sprintex has signed a major evaluation agreement with Mest Water, valued at AU\$1 million. We are developing custom compressors for their ZLD-UP system to reduce ammonia emissions in agriculture. This project includes 20 compressors for initial evaluation, with a 50% deposit already paid. Mest Water plans to develop two additional models and aims for a long-term supply agreement.

Mest Water's innovative ZLD-UP system offers farmers a sustainable solution by transforming waste into clean water and fertiliser, significantly reducing emissions. The target production sales price is €19,000 (AU\$30,000) per unit, with each farm requiring at least one compressor. This agreement is anticipated to generate record revenues for Sprintex during FY 2024/2025 and beyond.



## CE Mark Certification



Sprintex has achieved CE Mark certification for our G-Series Turbo Blowers. This approval allows us to enter the European market, showcasing our commitment to quality and compliance with stringent EU standards.

The certification opens significant market potential, enabling us to cater to various industries across Europe, including wastewater treatment, aquaculture, and industrial applications. With this certification, we anticipate increased sales and a stronger market presence in the region.

## CONTACT

# GET IN TOUCH

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Join us in making a brighter,  
cleaner future



### OUR ADDRESS

Level 1, 251 Adelaide Terrace,  
Perth WA6000



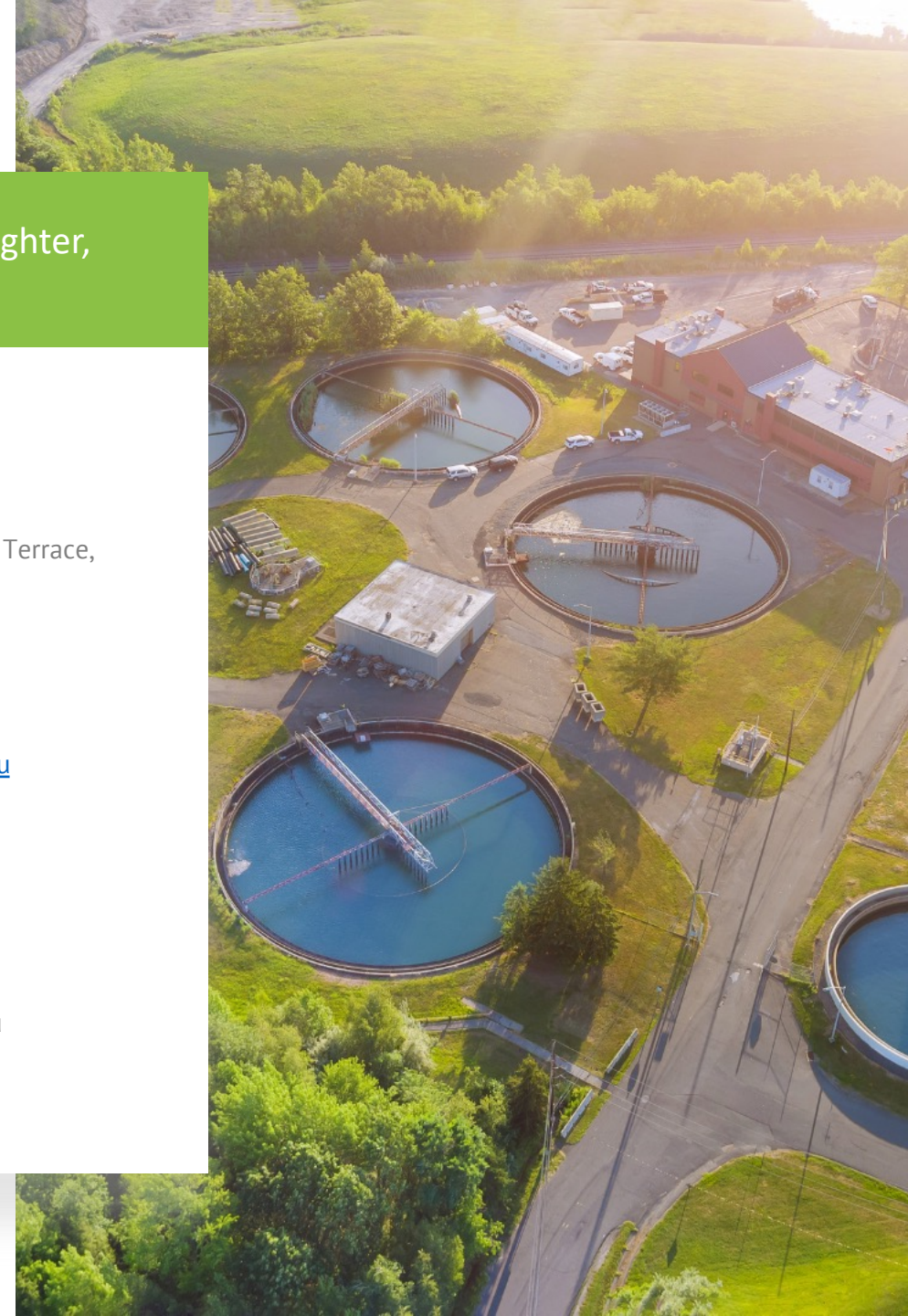
### OUR EMAIL

[info@sprintex.com.au](mailto:info@sprintex.com.au)



### OUR WEBSITE

[www.sprintex.com.au](http://www.sprintex.com.au)



## Forward Looking Statements

This announcement contains ‘forward-looking information’ that is based on the Company’s expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company’s business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as ‘outlook’, ‘anticipate’, ‘project’, ‘target’, ‘potential’, ‘likely’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘would’, ‘could’, ‘should’, ‘scheduled’, ‘will’, ‘plan’, ‘forecast’, ‘evolve’ and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company’s actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance, or achievements to be materially different from those expressed or implied by such forward looking information.

## 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 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	860	2,740
1.2 Payments for		
(a) research and development	(384)	(791)
(b) product manufacturing and operating costs	(448)	(1,718)
(c) advertising and marketing	(371)	(1,603)
(d) leased assets	-	(18)
(e) staff costs	(710)	(1,270)
(f) administration and corporate costs	(547)	(2,010)
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,600)</b>	<b>(4,670)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(353)	(378)
(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(353)</b>	<b>(378)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	3,590	5,393
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,590</b>	<b>6,719</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	78	12
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,600)	(4,670)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(353)	(378)

Appendix 4C

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,590	6,716
4.5	Effect of movement in exchange rates on cash held	(6)	29
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,710</b>	<b>1,710</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,710	78
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,710</b>	<b>78</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	87
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>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	3,600	3,600
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	<b>3,600</b>	<b>3,600</b>
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,600)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,710
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,710
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.1
<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 industrial jet blowers which are expected to generate 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 industrial jet blowers which are expected to generate revenue in the coming quarters.	

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 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.