



Sprintex Limited
ABN: 38 106 337 599

ASX: SIX

ASX RELEASE

31 January 2023

Sprintex Quarterly Activities Report and Appendix 4C for the Quarter ended 31 December 2022

Quarter Highlights:

- **First Fuel Cell Compressor Production Order Secured from Aeristech**
- **Design and testing of several new high-speed e-compressors supporting applications for hydrogen fuel cells, e-boosting of internal combustion engines and industrial processing was completed**
- **A new e-compressor was launched at World Hydrogen Expo and conference at Messe Bremen in Northern Germany and at SEMA in Las Vegas USA**
- **Subsequent to period end, \$3.1m funding secured from convertible notes**

Sprintex Limited (ASX: SIX) (**Sprintex** or the **Company**) is pleased to provide its quarterly activities and cash flow report for the December 2022 quarter.

Activities:

First Fuel Cell Compressor Production Order

The Company received its first production order from UK technology company Aeristech Limited (**Aeristech**), for the manufacture of high-speed electric compressors to suit hydrogen fuel cell applications (ASX, 19 December 2022).

Sprintex Limited manufactures e-compressors for Aeristech under the September 2021 collaboration agreement (ASX, 14 September 2021).

Following a year of design, extensive testing, and engineering validation, Aeristech placed its first production order of 50 units of the new S15 6kW hydrogen fuel cell compressor from Sprintex. The initial order was for US\$72,500 (~A\$108,000).

Further orders are expected to follow for the two larger models included in the agreement, S20 (10kW) and S39 (25kW) unit. Sprintex has successfully completed two other design programs for Aeristech in recent months (ASX, 7 March 2022).

Sprintex's 25kW fuel cell compressors have been provided to fuel cell manufacturers

World Hydrogen Expo and SEMA Show

The production order for the Fuel Cell Compressors followed customer interest at the recent World Hydrogen Expo in Bremen, Germany on 18th and 19th of October 2022. Numerous NDAs were signed with many key players in the Hydrogen energy sector which the Company expects will lead to further orders.

The World Hydrogen Storage Expo and conference was held in conjunction with the World Hydrogen Expo, offering key opportunities to interact with international hydrogen energy market sector professionals for the first time.

This expo is the largest of its kind in this rapidly growing segment.

In November 2022, the Company presented the world's largest Automotive expo, the SEMA Show, held annually for more than 50 years in Las Vegas Nevada. The event attracted some 150,000 industry-only participants from approx. 165 countries, including more than 50,000 industry procurement specialists.

Significant interest for the Company's products was received at these events.

The product launches clearly demonstrate the Company's expansion in to the rapidly growing clean energy and clean air supply market sectors.

High-Speed e-compressors Launched at the SEMA Show with design and testing completed

On 19 October 2022, the Company advised that it had completed design and testing of several new high-speed e-compressors with applications for hydrogen fuel cells, e-boosting of internal combustion engines and industrial applications.

The new S15, S18 and S26 e-compressors were launched at the World Hydrogen Expo.

These three compressor families offer exceptional compressor and electric motor efficiency, aiding improved net energy efficiency from a wide range of fuel cell applications.

Sprintex S15 is a 3kW compressor range, with versions suited to fuel cells of up to 20kW capacity, commonly used in forklift truck applications, mobile phone network installations, and other stationary power generation needs, as well as automotive e-boosting applications for electric vehicles with small internal combustion engines and many generic clean air requirements in food processing and general industrial process applications. The unit is very light weight at around 3kg and compact, featuring air-cooled ultra-high-speed solid bar magnet electric motor and dedicated motor controller.

Sprintex S18 is similar in design to S15 but includes liquid cooling offering a higher-pressure ratio output, supporting e-boosted internal combustion engines up to 200kw or fuel cell range extender applications up to approx. 40kw for electric plug-in vehicles and many generic clean air applications in industrial processing.

Sprintex S26 is an advanced design, high-speed hydrogen fuel cell compressor, featuring a very small electric motor rotor diameter of just 26mm, offering exceptional efficiency and compact packaging, ideally suited to hydrogen fuel cell / battery electric full size semi-trailer trucks for line-haul trucks and construction equipment etc. The Company's R&D team is currently developing a version of the S26 compressor that will include a turbine expander on a common shaft with the electric motor and compressor, offering up to 11kW of energy recovery from exhaust heat from either fuel cell or ICE powered applications.

The Company also introduced this range of e-compressors at the SEMA Show.

The product launches clearly demonstrate the Company's expansion in to the rapidly growing clean energy and clean air supply market sectors.

Corporate:

Expiry of Options

On 13 December 2022, 486,670 Options expired. The Options were exercisable at \$0.10

Annual General Meeting

The Company's AGM was held on 30 November 2022. All resolutions were passed by poll.

Issue of Convertible Notes Subsequent to Period End

On 31 January 2023, Sprintex announced funding of A\$3,121,000 by way of issue of convertible notes ("Convertible Notes"), subscribed for by the directors of the Company ("Directors") to the value of A\$300,000, two substantial shareholders of the Company ("Substantial Shareholders") to the value of A\$600,000, with the remainder being subscribed for by sophisticated and professional investors ("Investors").

The Convertible Notes subscribed for by the Investors will be issued immediately out of the Company's available ASX Listing Rule 7.1 capacity with a face value totalling A\$2,221,000, while the remaining A\$900,000 worth of Convertible Notes to be issued to the Directors and the Substantial Shareholders, will be subject to the Company obtaining Shareholder approval for their issue.

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. Further terms of the Convertible Notes are set out in the Annexure that follows.

Of the A\$2,221,000 worth of Convertible Notes to be issued to the Investors, A\$1,622,500 worth of Convertible Notes will be issued to Investors who were introduced by 180 Market Pty Ltd and MMR Corporate Services Pty Ltd, \$100,000 worth of Convertible notes will be issued to Investors who were introduced by CFAS Advisory and \$498,500 worth of Convertible notes will be issued to Investors who were introduced by CNW Capital Service Limited ("Brokers"). As consideration for these services, the Company will issue to the Brokers, on a pro-rata basis, a fee of 8% of the funds raised by the Brokers under the Convertible Note issue and 9,871,111 options to acquire Shares ("Options") with an exercise price of \$0.075 and an expiry date of 31 December 2024 ("Broker Options"). In addition, the Company will also issue MMR Corporate Services Pty Ltd a further 3,000,000 Options on the same terms as the Broker Options for introducing the Company to 180 Market Pty Ltd ("MMR Options"). The Broker Options and the MMR Options will be issued subject to shareholder approval.

The funds raised through the issue of the Convertible Notes will be utilised towards the working capital of the Company, aimed mainly at allowing the Company to capitalise on commercialising e-compressor sales opportunities.

Expenditure:

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

Expenditure for the Quarter ended 30 December 2022 included:

- Product manufacturing and operating expenditure of \$531k incurred in producing products for sale;
- Advertising and marketing expenditure of \$21k related to marketing the Company and its products and services;
- Remunerations costs of \$276k comprising the costs of all staff employed by the Company. No payments were made to related parties due to the limited cash resources; and



- Administration and corporate costs of \$77k 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")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		907	1,290
1.2 Payments for			
(a) research and development		(30)	(383)
(b) product manufacturing and operating costs		(531)	(750)
(c) advertising and marketing		(21)	(169)
(d) leased assets		(9)	(18)
(e) staff costs		(276)	(417)
(f) administration and corporate costs		(77)	(179)
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		(37)	(626)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(149)	(243)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(149)	(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	(6)	(6)
3.5	Proceeds from borrowings	206	875
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	149	1,019

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	180	50
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(37)	(626)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(149)	(243)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	206	1,019
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	200	200

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	200	180
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)	200	180

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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(37)
8.2	Cash and cash equivalents at quarter end (item 4.6)	200
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	200
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	<div style="border: 1px solid black; padding: 2px; display: inline-block;">5.4</div>
<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: n/a	
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: n/a	
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: n/a	
<i>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.</i>		

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 January 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.