



Sprintex Limited
ABN: 38 106 337 599

ASX: SIX

ASX RELEASE

31 January 2024

Sprintex Quarterly Activities Report and Appendix 4C for the Quarter ended 31 December 2023

Quarter Highlights:

- **High Speed Industrial Blower Production Underway on Schedule**
 - Phase One production of the G15 range commenced with a 50 units per day target
 - G26 production commenced in November 2023
 - Production planned to expand in Phase Two to 50 units of G15 and 15 units of G26 per day
- **High Speed Industrial Blowers Launched at WETEX in Dubai UAE**
 - Successful product launch in November 2023
 - Active follow up of over 70 companies from interactions at the event.
 - Multiple additional applications for G Series blowers identified.
- **New Automotive Supercharger Systems Released**
 - Automotive supercharger system range increases
 - Systems to suit Subaru BRZ, Toyota GR86, Chrysler 300, Dodge Challenger and Charger models
 - Sprintex first to launch system for new generation 2 Toyota GR86/ Subaru BRZ platform
 - Successful appearance at SEMA, the world's largest "Industry Only" automotive event, with US\$80,000 (A\$123,000) new orders secured
- **Dedicated Division for Proprietary G Series Blowers**
 - New Division established to spearhead sales and marketing of G Series High-Speed Blowers
 - World launch at the prestigious Water Energy Technology Expo (WETEX) Dubai
- **A\$1,091,000 Convertible Note Funding Secured**
- **Annual General Meeting held, all resolutions approved**

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

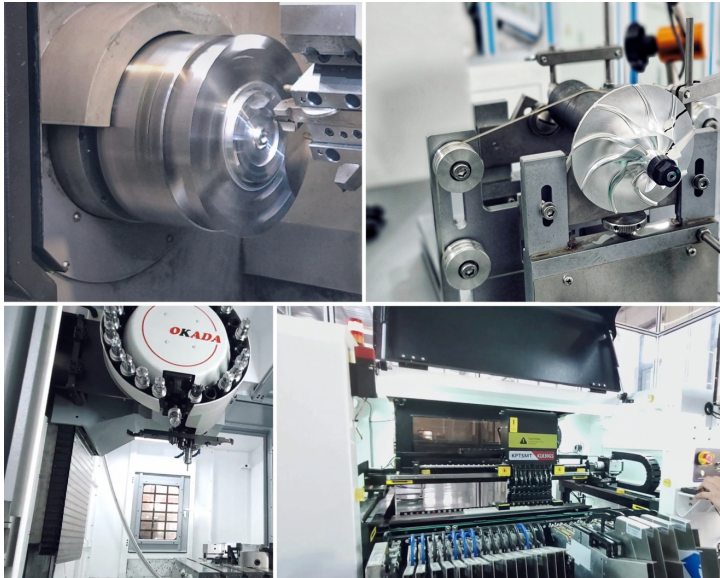
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Activities:

High Speed Industrial Blower Production Underway on Schedule

On 18 October 2023 Sprintex announced that production of the high speed G15 industrial blower range had commenced on schedule with the larger G26 models underway in November 2023.

The Company raised \$1.3m in July 2023 to fund production equipment and parts inventory for the 15,000 unit per annum e-compressors and industrial blowers. Production revolves around a 3-minute semi-automated cycle to assemble, and laser weld the advanced design motor rotors, a core component of the high-speed blowers. The G15 Industrial high speed blower range includes models from 3kW to 7kW.



Top Left: Machining

Top Right: Balancing

Bottom Left : Motor Winding

Bottom Right: Assembly and Testing

The G15 Industrial high speed blower range includes models from 3kW to 7kW, offering food grade clean air for a many environmental applications including:

- wastewater treatment and stagnation prevention;
- industrial applications such as food and beverage production;
- aquaculture aeration; and
- general industrial applications.

Smaller, lighter, and more efficient than current industrial turbo blowers or side channel blowers, the G series includes built in user interface and PLC (programable logic control), allowing operation of proprietary 'Smart-Pulse-Aeration'™ and significantly reducing energy consumption in most applications.

New Automotive Supercharger Systems Released

On 8 November 2023 Sprintex confirmed release of two new Automotive supercharger systems at the SEMA Expo held in Nevada USA from October 31st to November 3rd, with US\$80,000 (approx. \$123,000) of new orders secured.

Sprintex is the first of the mainstream aftermarket supercharger manufacturers to launch a system for the new generation 2 Toyota GR86/ Subaru BRZ platform introduced in 2022.

The systems were launched in the New Products Expo at the SEMA Show in the USA, which attracts some 130,000 industry visitors from more than 160 countries around the world, making it the world's largest automotive event.

As successors to previously successful products for Toyota, Subaru and Chrysler, the new systems are applicable to 2022 and later Subaru BRZ and Toyota GR86 vehicles and Generation 2 of its previously successful systems to suit Dodge Challenger, Charger and Chrysler 300 vehicles produced from 2012 to 2022.

Complimenting existing Generation 2 systems to suit 2012 to 2022 Jeep Wrangler and Gladiator vehicles launched in 2021 and 2022, Sprintex has added Dodge Challenger, Charger and Chrysler 300 vehicles to its advanced Generation 2 range for 3.6 Pentastar powered vehicles.

Introduction of the Generation 2 GR86 has re-ignited interest in this nimble sports car range, which is now produced in higher volumes than ever before, selling in most major markets around the world in both left and right-side drive versions.



Sprintex Booth SEMA 2023



Sprintex Challenger Pentastar 3.6 Gen 2 Supercharger System

Also applicable to 300 and Charger 2011 onwards. Latest Sprintex system featuring the new super-efficient, twin screw, front-entry Sprintex 335FE supercharger.

Dedicated Division for Proprietary G Series Blowers

On 14 November 2023 the Company advised the establishment of its new division – Smart Aeration Solutions – to drive sales of the Company's innovative G Series high-speed blowers featuring the Company's exclusive Smart Pulse Aeration (SPA) system.

Production of the Company's G15 and G26 (to be rebranded G25) commenced on schedule in October 2023. Daily production is expected to be 50 and 15 units of the G15 and G25 blowers respectively. (see ASX announcement of 18/10/2023)

G Series Industrial Blowers Launched at WETEX UAE

The Company is pleased to acknowledge exceptional interest in the Sprintex G Series blowers presented at the Water Energy Technology Expo (WETEX) held in Dubai UAE from November 15-17th 2023.

More than 70 companies from multiple countries registered their interest as end-users, system manufacturers or potential distributors at the event. The Company is actively following up these interests and expect to appoint distributors in multiple locations following the event. Key interests were the potential energy savings available from G series, advanced integral control & protection functions, long

service life, quiet operation and the significant weight and physical size reductions, when compared to competitor units.

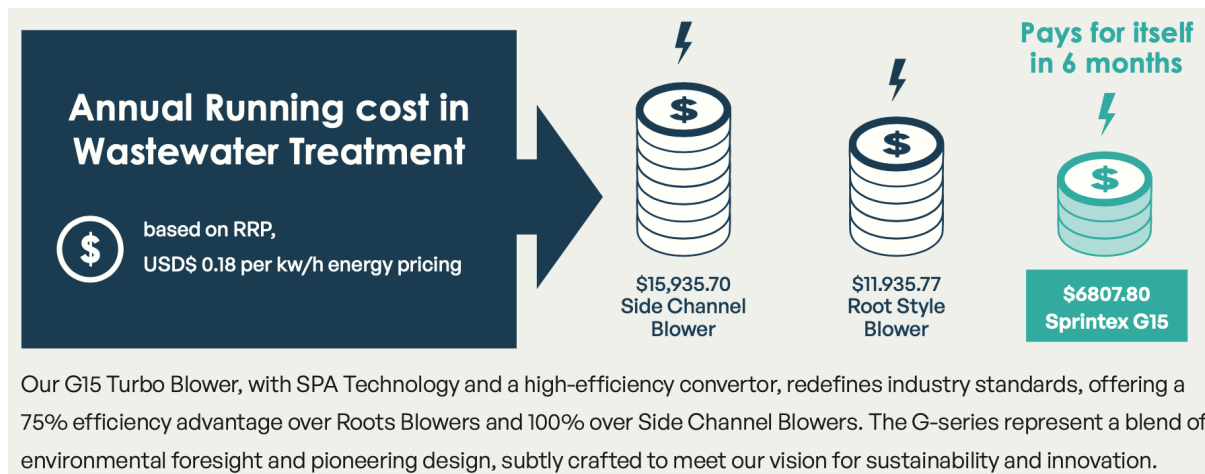


Figure 1 – Running cost comparison (USD\$0.18 per kWh) based on published competitors technical specification sheets & global retail energy pricing (USD\$ per kWh (source: <https://www.statista.com/statistics/263492/electricity-prices-in-selected-countries/>)

The SPA system, first announced on 13 June 2023, provides up to 40% energy saving when compared to traditional systems. SPA mode allows the integral PLC (Programmable Logic Control) to vary the air output based on the oxygen content of the water reducing energy wastage and ensuring high efficiency of the process.

The SPA system utilises intermittent pulsing to significantly reduce energy use and provide versatile airflow control, unlike always-on systems. The 80,000-100,000 rpm impellers have undergone extensive optimisation through simulation, validated by leading UK fluid dynamics experts, enhancing efficiency by 10% over traditional centrifugal impellers, with peak isentropic efficiency up to 82%.

Corporate:

A\$1,091,000 Convertible Note Funding Secured

On 3 November 2023 the Company advised that it had secured A\$1,091,000 by way of issue of convertible notes (“Convertible Notes”), subscribed for by the directors and management of the Company to the value of A\$400,000, two substantial shareholders of the Company China Automotive Holdings Limited and Euro Mark Limited to the value of A\$491,000, with the remainder being subscribed for by sophisticated and professional investors.

Annual General Meeting

On 30 November 2023 September 2023, the Company held its Annual General Meeting. All resolutions were passed by poll.

Expenditure:

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

Expenditure for the Quarter ended 31 December 2023 included:

- Research and development costs of \$15k relate to the development of products and samples (see above commentary for details);

- Product manufacturing and operating expenditure of \$135k incurred in producing products for sale;
- Advertising and marketing expenditure of \$645k related to marketing the Company and its products and services;
- Remunerations costs of \$234k comprising the costs of all staff employed by the Company. No payments were made to related parties; and
- Administration and corporate costs of \$711k associated with running the Company in its four locations, including ASX fees, audit fees, legal fees, share registry fees and rent.

Security Issues and Cessation

During the December Quarter there were various movements of securities.

The current securities on issue by the Company at the date of this report (including the variation since the previous quarter) are:

Quoted Securities

SIX : ORDINARY FULLY PAID	414,262,301	An increase of 79,422,610
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Unquoted Securities

SIXAX : OPTION EXPIRING 27-JUL-2023 EX \$0.10	1,000,000	
SIXAT : PERFORMANCE RIGHTS	20,170,000	
SIXAC : OPTION EXPIRING 30-JUN-2025 EX \$0.10	25,153,474	
SIXAP : OPTION EXPIRING 12-APR-2024 EX \$0.086	5,000,000	
SIXAB : OPTION EXPIRING 31-DEC-2024 EX \$0.075	12,871,111	
SIXAR : OPTION EXPIRING 19-MAY-2024 EX \$0.086	3,000,000	
SIXAQ : OPTION EXPIRING 19-MAY-2024 EX \$0.15	2,000,000	
SIXAA : CONVERTIBLE NOTES	19,906,878	A decrease of 12,200,000

The increase in ordinary shares and decrease in convertible notes is due to the conversion of notes which had an original face value of \$3,120,500 of which \$2,282,500 had been converted by 31 December 2023 leaving notes with a face value of \$838,000 to be converted.

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 and water aeration.

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 2023

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	273	929
1.2 Payments for		
(a) research and development	(15)	(159)
(b) product manufacturing and operating costs	(135)	(376)
(c) advertising and marketing	(645)	(1,010)
(d) leased assets	(9)	(18)
(e) staff costs	(234)	(460)
(f) administration and corporate costs	(702)	(1,419)
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	(1,467)	(2,504)
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 (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	-	(25)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	150	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	(158)	(186)
3.5	Proceeds from borrowings	1,482	1,482
3.6	Repayment of borrowings	-	(259)
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	1,474	2,546

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)	(1,467)	(2,504)
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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,474	2,546
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	36	36

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	36	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)	36	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 <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>	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)	(1,467)
8.2 Cash and cash equivalents at quarter end (item 4.6)	36
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	36
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.0
<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 received funds from a committed convertible note and announced on 3 November 2023.	

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 January 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.