SPRINTEX LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2023

Index

CORPORATE INFORMATION

ABN: 38 106 337 599

Directors

Steven Apedaile	Non-executive Chairman
Jude Upton	Managing Director
Li Chen	Non-executive Director

Secretary
Michael van Uffelen

Registered Office
Suite 6, Level 1
251 Adelaide Terrace
Perth WA 6000
T: +61 8 9262 7277

Principal Place of Business
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Share Registrar
Advanced Share Registry
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Nedlands WA 6009
T: +61 8 9389 8033

ASX Code: SIX
Sprintex Limited's shares are listed on the Australian Securities Exchange (ASX)

Auditors
PKF Brisbane Audit
Level 6/10 Eagle St
Brisbane QLD 4000

DIRECTORS' REPORT

Your Directors submit the financial report of Sprintex Limited (the Company or Sprintex), and the entities it controlled (the Group), for the year ended 30 June 2023.

1. Directors

The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for the entire financial year unless otherwise stated.

Name, qualifications, independence status and special responsibilities	Experience
Mr Steven Apedaile *Independent Non-executive Chairman* Appointed 16 April 2021 Appointed Chairman 8 November 2021	Mr Apedaile has worked in the accounting profession for over 30 years, 25 years of which were spent in Hong Kong with the first 7 years with KPMG HK and then 18 years with Horwath HK. In his position as Senior Audit Partner, Mr Apedaile's experience included management advice, risk analysis, strategic planning, public listings, forensic accounting, M&A and general business advice. Mr Apedaile served on the Member Review Committee of Horwath International for 3 years performing quality control and risk assessments on a number of Asian based member firms. Mr Apedaile also served for two terms (2 years) on the Hong Kong Society of Accountants Audit Standards Review Committee. ASX listed company directorships in the past 3 years: - Nanoveu Limited – ASX: NVU
Mr Jude Upton *Managing Director and CEO* Appointed 16 April 2021	Mr Upton has a broad range of business managerial and technical engineering experience gained over a 20-year period working in the international automotive industry where he has amassed a network of international industry contacts. Prior to this, Mr Upton gained a further 20 years' experience in engineering management in the heavy mobile equipment sector and in both industrial and automotive high- performance engine engineering. ASX listed company directorships in the past 3 years: None
Mr Li Chen *Independent Non-executive Director* Appointed 16 April 2021	Mr Chen has over 7 years' experience from an engineer to a managing director in mechatronics research and development, business development, project management, scheduling, budget control and resource planning. With a degree in Mechanical Engineering from University College London, Mr Chen is also qualified as a Senior New-energy Engineer (Ministry of Industry and information Technology, China). Mr Chen is fluent in Chinese and English. ASX listed company directorships in the past 3 years: None

DIRECTORS' REPORT

2. Company Secretary

Mr Michael van Uffelen Appointed 19 April 2021	Mr van Uffelen is an experienced director, CFO and company secretary actively engaged in managing companies. He holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant with over 30 years' experience gained with major accounting firms, investment banks and public companies.

3. Directors' Meetings

The number of meetings of Directors held during the financial year and the number of meetings attended by each Director was as follows:

Name	**Number of meetings eligible to attend**	**Number of meetings attended**
Mr Steven Apedaile	1	1
Mr Jude Upton	1	1
Mr Li Chen	1	1

In addition to formal meetings, the directors have informal meetings and discussions.

4. Principal Activities

The principal activity of the Group for the financial year ended 30 June 2023 was the manufacture and distribution of clean air compressors, with a particular focus on industrial air and hydrogen fuel cell applications.

Refer to section 5 of this Directors' report for further commentary on principal activities during the year.

5. Operating and financial review

The Company was established in 2003 and listed on the ASX in 2008.

The Group's focus is the development and commercialisation of clean air compressors.

The Group's head office is in Perth, Western Australia.

The production facility in Malaysia in the 'Glenmarie' area of Shah Alam, Selangor was commissioned in January 2013 encompassing 1,800 sqm. Certified to ISO9008 and able to provide high volume quality parts and systems, supported by a highly trained production and engineering team, the Malaysian facility and its team have continued to grow and expand their knowledge and performance to provide a solid production platform for the Group. The Group also has a distribution and final assembly facility in Detroit, Michigan USA, where we can launch our products to the USA and Canadian markets. The shared facility of over 36,000 sqm also provides customer support and sales and marketing for the region.

In 2021, the Group established Sprintex Energy Technology (Suzhou) Co., Ltd (Sprintex China). Sprintex China, an engineering centre and production base for Sprintex in China. This facility comprises of a 1,500 sqm facility, focused on the design, development and production of high-speed electric compressors. High-speed electric compressors have rapidly increasing demands in clean emission transportation, clean energy/hydrogen fuel cell, and industrial applications.

DIRECTORS' REPORT

Overview for the year

Sprintex Commences Delivery to sHyPs Project

On 17 May 2023, the Company completed manufacture, testing, and commenced delivery of the initial A$270,000 e-compressor order for the European €14m sHyPs hydrogen powered cruise liner decarbonisation program (see ASX 11 April 2023).

The program is expected to bring revenue to Sprintex of approximately $1.5 million for a six-ship trial.

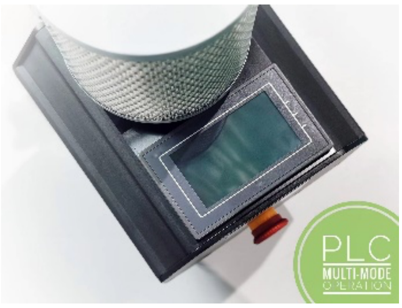
The program is funded by the EU government and includes the re-powering of 6 cruise liners, each with 16 modular hydrogen fuel cell power units of approximately 6mW each for a total of 96mW per ship.

Lighter Smaller Quieter 27-40% Energy Saving Turbo Blowers

On 13 June 2023, the Company advised that it has made significant advances and completed initial energy consumption and wastewater oxygenation efficiency testing on its new G15 self-contained 3kW to 7kW general purpose industrial blower (G15 Turbo Blower) with 'Smart Pulse Aeration' (Sprintex SPA™).

SAE standard testing verified that the G15 Turbo Blower outperforms conventional side-channel style blowers in terms of energy efficiency.

In constant speed operation, the G15 Turbo Blower showcases an impressive 27% energy saving, while incorporating the Sprintex SPA technology yields an even more remarkable 40% energy saving when compared to traditional systems.



PLC Multi-mode

Pulse Aeration Mode

Anti-Surge Control

Smart Pulse Aeration (SPA™) mode allows the integral PLC to vary the air output based on the oxygen content of the water reducing energy wastage and ensuring high efficiency of the process. The Company also lodged a worldwide PCT (patent) application relating to this technology.

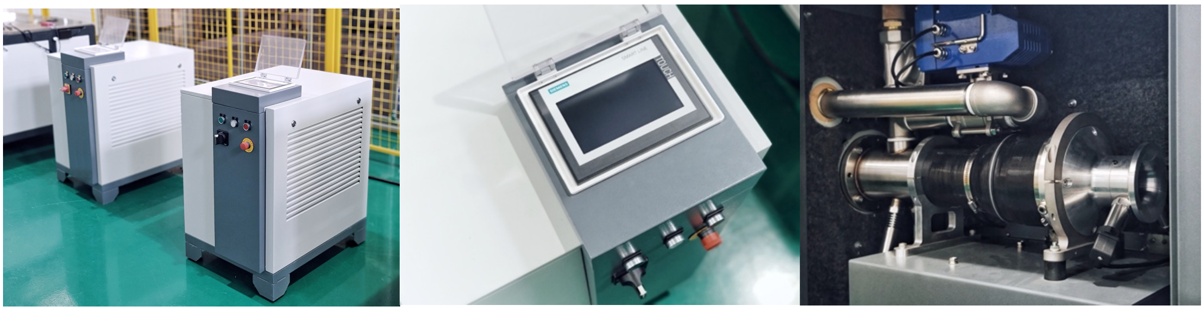
Durability of the G15 Turbo Blower is expected to exceed 4 times the lifespan of conventional side channel blowers and has the additional benefits of being 50% lighter, 30% smaller and 10dB quieter than conventional units in the same application.

On 5 September 2023, the Company advised of the successful completion of testing, validation, and benchmarking for its innovative new G26 (25kW) stand-alone turbo-blower designed for wastewater aeration and industrial applications. Key points are:

- **Energy Efficiency Redefined:** G26 saves up to 30% energy in Smart Pulse Aeration mode, setting new standards for efficiency.
- **Extended Service Life:** Boasting an impressive 80,000-hour service life, ensuring long-term reliability.
- **Compact and Quiet:** G26 is smaller, lighter (1/3 weight of competitors), and quieter, reducing physical and carbon footprint.
- **Smart Pulse Technology:** Incorporates proprietary Smart Pulse Aeration tech for optimal performance and resource savings.

DIRECTORS' REPORT

- **Upcoming Debut:** The G26 Turbo-Blower will debut at Dubai's WETEX Sustainability Event this November.
- **Upcoming Production**: Production of the G15 range begins in October, followed by the G26 in November, marking a milestone in advanced blower technology.



Photos of Sprintex's G26 turbo-blower

The new G26 turbo-blower boasts an impressive 80,000-hour service life. In terms of energy efficiency, it delivers outstanding results, saving 20% in energy during steady state operation and a remarkable 30% energy reduction during Smart Pulse Aeration operation when compared to competing products in similar applications. This leads to a lower total cost of ownership (TCO) and quicker cost payback.

The G26 belongs to the recently introduced G series blowers, which are characterised by their smaller size, quieter operation, and lighter weight (only 1/3 of the weight of the benchmarked product). The G-series blowers outshine their competitors in efficiency, resulting in reduced physical and carbon footprint, as well as substantial energy and operating cost savings.

One of the standout features of the G26 is its incorporation of the Company's proprietary Smart Pulse Aeration technology, accompanied by a user-friendly touchscreen interface, programmable logic controls, surge protection, safety alarms, and protection systems.

<u>Preparations for volume production</u>

Sprintex is in the process of implementing advanced production equipment at its E-compressor division to facilitate the high-volume production and sales of the advanced G-series industrial and wastewater blower range. This range includes the recently introduced G15 in both 3kW and 5.5kW versions, as well as the new larger G26, catering to a broader spectrum of system manufacturers and end users.

Production of the G15 range is set to commence in October, with the G26 following in November.

Sprintex is actively rolling out the marketing campaign for the new product line and is gearing up to participate in the WETEX Environmental Sustainability event in Dubai, UAE, scheduled for mid-November. This event, which draws approximately 50,000 attendees and features around 2000 exhibitors, offers an excellent platform for showcasing these ground-breaking products.

<u>Business Risks</u>

Reliance on Key Personnel

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected. The Company seeks to mitigate this risk by issuing equity incentives to key staff in the form of performance rights which convert into ordinary shares upon key milestones being achieved.

DIRECTORS' REPORT

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to maintain its funds and/or generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

Industry Risks

In the compressor and fuel cell industries, there are notable industry-specific risks that companies and stakeholders need to navigate. Firstly, in the compressor sector, technological advancements and market demands pose significant risks. Rapid changes in compressor technology and the need for energy efficiency can render existing products obsolete, requiring constant research and development investments to stay competitive. Moreover, intellectual property protection is crucial to safeguard innovative compressor designs. In the fuel cell industry, supply chain dependencies, especially concerning critical materials like platinum and rare earth elements, can disrupt production and increase costs. Regulatory uncertainties, related to safety standards and emissions regulations, can also impact market acceptance and investment decisions. Lastly, the unpredictable nature of hydrogen infrastructure development and governmental support can influence market growth and investments in fuel cell technology. Adapting strategies to mitigate these risks is vital for sustainable growth and success in these dynamic industries.

To offset the significant risks presented by new developments and rapidly changing circumstances in the relatively embryonic clean energy and hydrogen fuel cell industries, the Group has positioned its R&D and technology to be highly relevant in other more developed industry sectors, identifying applications for its newest range of high speed blowers and compressors in wastewater treatment, food processing, painting, packaging, plastics, printing and paper industries, mitigating industry risks to some extent.

Capital raised

<u>Loan and Convertible Note</u>

On 1 February 2023, the Company advised that it had secured funding with a face value of A$3,121,000 from Directors, Substantial Holders, and Investors. The funding is by way of Convertible Notes, approved by shareholders at a general meeting held on 13 March 2023 where all resolutions were passed. The proceeds received were net of 12% flat interest, 8% broker commission (where applicable) and repayment of short-term loans.

Each Convertible Note has 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.

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.

<u>$1 million notes convert at 7.5c which was over twice market price on 27 June 2023</u>

On 27 June 2023, the Company advised that directors and holders of convertible notes with a face value of $1,000,000 (part of the convertible note mentioned above) converted their notes into 13,333,333 ordinary shares at 7.5 cents per share in accordance with the terms of the convertible notes, being over twice the closing share price on 26 June 2023 (3.3 cents), representing a 127% premium.

This included the Directors converting $300,000 of their notes at 7.5 cents per share.

DIRECTORS' REPORT

Shareholder returns

	2023	2022	2021	2020	2019
Revenue	1,021,832	493,318	574,854	1,130,974	1,851,939
Net profit (loss) for the year	(4,382,559)	(5,882,328)	127,636	(2,834,549)	(2,938,035)
(Loss) / Earnings per share (cents)	(1.7)	(2.5)	0.1	(2.8)	(3.0)
Net assets / (liabilities)	(2,181,438)	1,170,540	2,844,899	(7,546,333)	(1,119,645)
Share price	$0.037	$0.071	$0.08	Suspended from the ASX(i)	Suspended from the ASX(i)

(i) The last quoted share price prior to suspension from the ASX on 30 September 2018 was of $0.095.

Investments for future performance

E-compressor facility established in China

In 2021, the Group established Sprintex Energy Technology (Suzhou) Co., Ltd (Sprintex China). Sprintex China, an engineering centre and production base for Sprintex in China.

The Sprintex Chinese operations comprise of a 1,500 sqm facility, focused on the design, development and productions of high-speed electric compressors which have rapidly increasing demands in clean emission transportation, clean energy/hydrogen fuel cell, and industrial applications.

Review of financial condition

The Group had $19,253 cash at bank as at 30 June 2023 (2022: $50,039). Refer to section 7 of the directors' report regarding funding raised subsequent to balance date.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

6. Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

7. Significant events after balance date

Subsequent to year end:

- On 20 July 2023 19,888,888 ordinary fully paid shares were issued at $0.045 per share;
- On 20 July 2023 750,000 ordinary fully paid shares were issued at $0.04 per share;
- On 1 August 2023, 3,039,790 ordinary fully paid shares were issued at $0.04 per share;
- On 9 August 2023, convertible loan notes were converted into 12,168,410 ordinary fully paid shares at a conversion price of $0.0287 per share;
- On 11 August 2023, 4,112,500 ordinary fully paid shares were issued at $0.04 per share;
- On 24 August 2023, convertible loan notes were converted into 1,097,413 ordinary full paid shares at a conversion price of $0.023 per share;
- On 8 September 2023, 6,149,046 ordinary fully paid shares were issued at $0.045 per share;

- On 12 September 2023, 25,153,474 options with an exercise price of $0.10, expiring on 30 June 2025 were issued;
- On 12 September 2023, 5,666,667 ordinary fully paid shares were issued at $0.045 per share;
- On 21 September 2023, convertible loan notes were converted into 4,246,028 ordinary fully paid shares at a conversion price of $0.018 per share; and
- A loan with a face value of RMB1,000,000 was extended for 12 months.

The total funds raised from the above share issues equated to circa $1.7m.

Apart from the items above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely developments

The Group is focused on developing and producing clean air compressors.

9. Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

10. Directors' interests

As at the date of this report, the interests of the Directors in the Company were:

	Number of fully paid ordinary shares	Number of options (i)	Number of performance rights
Mr Jude Upton	2,592,288	605,556	5,000,000
Mr Li Chen	8,200,258	555,556	5,000,000
Mr Steven Apedaile	7,849,902	572,917	2,500,000

(i) Options were issued on 12 September 2023. Options have an exercise price of $0.10 on or before 30 June 2025.

DIRECTORS' REPORT

11. Share options

The following is a summary of the movement in options during the year:

Options	Expiry Date	Exercise Price	Opening balance	Issued	Converted	Expired	Closing
Unlisted	12/04/2024	$0.086	5,000,000	-	-	-	5,000,000
Unlisted	19/05/2024	$0.086	3,000,000	-	-	-	3,000,000
Unlisted	19/05/2024	$0.150	2,000,000	-	-	-	2,000,000
Unlisted	8/11/2022	$0.100	10,204,827	-	-	10,204,827	-
Unlisted	13/12/2022	$0.100	486,670	-	-	486,670	-
Unlisted	8/02/2023	$0.100	3,333,335	-	-	3,333,335	-
Unlisted	11/04/2023	$0.100	2,666,668	-	-	2,666,668	-
Unlisted	18/05/2023	$0.100	1,333,333	-	-	1,333,333	-
Unlisted	22/06/2023	$0.100	1,166,667	-	-	1,166,667	-
Unlisted	27/07/2023	$0.100	-	1,000,000	-	-	1,000,000
Unlisted	31/12/2024	$0.075	-	12,871,111	-	-	12,871,111
Total			29,191,500	13,871,111	-	19,191,500	23,871,111
Weighted average exercise price			$0.100	$0.077	-	$0.100	$0.086

Options not exercised by the expiry date will lapse.

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any shares as a result of the exercise of options.

12. Performance rights

The following performance rights were issued during the 2022 and 2023 years:

Grant Date	Vesting Condition	2023	2022
23/2/2022	Tranche A: The Performance Rights will vest and be convertible into one (1) Share on the achievement of $10,000,000 of annual revenue by 30 June 2023 (validated by audited/reviewed financial reports)	-	10,260,000
23/2/2022	Tranche B: The Performance Rights will vest and be convertible into one (1) Share on the achievement of profitability by 30 June 2023 (validated by audited/reviewed financial reports)	-	10,260,000
30/6/2023	Tranche C: The Performance Rights will vest and be convertible into one (1) Share on the achievement of $20,000,000 of annual revenue by 30 June 2024 (validated by audited/reviewed financial reports)	20,170,000	
		20,170,000	**20,520,000**

The Tranche A and Tranche B performance rights expired on 30 June 2023.

13. Indemnification and insurance of Directors and Officers

The Company has entered into an Indemnity, Insurance and Access Deed with each Director and Officer.

Pursuant to the Deed, the Director/Officer is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

DIRECTORS' REPORT

The Company must keep a complete set of company documents until the later of:

- the date which is seven years after the Director/Officer ceases to be an officer of the Company; and
- the date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director/Officer is involved as a party, witness or otherwise because the Director is or was an officer of the Company ("Relevant Proceedings").

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above.

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director/Officer against liability as a director and officer of the Company while the Director/Officer is an officer of the Company and until the later of:

- the date which is seven years after the Director/Officer ceases to be an officer of the Company; and
- the date any Relevant Proceedings have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer reasonably available. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify, the auditor of the Company or any related entity, against a liability incurred by the auditor.

14. Auditor Independence

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

15. Non-Audit Services

There were no non-audit services provided by the external auditor during the current financial year.

16. Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial year or at the date of this report.

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SPRINTEX LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sprintex Limited and the entities it controlled during the year.

PKF

PKF BRISBANE AUDIT

TIM FOLLETT
PARTNER

BRISBANE
3 OCTOBER 2023

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. The term "key management personnel" refers to those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of key management personnel

The directors and other key management personnel in office at any time during the financial year and up to the date of this report were:

Parent Entity Directors

Mr Jude Upton ....Managing Director and CEO, appointed 16 April 2021
Mr Li Chen ....Independent Non-executive Director, appointed 16 April 2021
Mr Steven Apedaile ....Independent Non-executive Director, appointed 16 April 2021, and appointed Chairman on 8 November 2021

Other Key Management Personnel

Mr Michael van Uffelen ....Chief Financial Officer and Company Secretary

Remuneration Policy

For the purposes of this report, the term key management personnel encompasses the Directors and the Chief Financial Officer/Company Secretary.

Each Director of the Company is entitled to such remuneration from the Company as shareholders approve at the annual general meeting, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting.

The Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives. The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team. Options can be issued as part of director and executive remuneration to encourage the alignment of personal and shareholder interests. The expected outcome of this remuneration structure is:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Company
- Competitiveness and reasonableness
- Acceptability to shareholders

Non-executive directors with significant shareholdings have not been drawing any fees to assist the Company with preserving cash.

To incentivise the executives with the strategic objectives of the Group to maximise shareholders wealth, the Company has previously offered key executives of the Company the ability to acquire shares in-lieu of remuneration. The Board will continue to monitor appropriate incentive schemes, including cash and share ownership plans, for the Company in future years.

The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate remuneration for all non-executive Directors has been set at a maximum amount of $300,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. All non-executive Directors do not receive retirement benefits.

All Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Executive Directors and other Key Management Personnel Remuneration

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of Directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

Structure

While it is intended to achieve the remuneration structure as mentioned in the Remuneration Policy, due to the current nature and performance of the Company's business operations, the rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration.

Other key management personnel

Other key management personnel are remunerated in cash and are entitled to participate in any employee share ownership plans which may be introduced from time to time.

The remuneration of directors and executives is detailed under the heading "Compensation of Key Management Personnel" below.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Compensation of Key Management Personnel

2023 Year	Salary & fees[1]	Non-monetary benefits	Post Employment Benefits	Share-based Payments[2]	Total	Proportion of remuneration performance based
	$	$	$	$	$	%
Directors						
Mr J Upton	240,000	-	-	-	240,000	0%
Mr L Chen	40,000	-	-	-	40,000	0%
Mr S Apedaile	56,400	-	-	-	56,400	0%
Sub-total	336,400	-	-	-	336,400	0%
Other key management personnel						
Mr M van Uffelen	120,000	-	-	-	120,000	0%
Sub-total	120,000	-	-	-	120,000	0%
Total	456,400	-	-	-	456,400	0%

1. Presented on an accruals basis
2. Represents an apportionment of the value of the underlying shares from grant date to the expected date of achievement of the performance hurdle. The actual benefit, if received, may differ materially. See below for further details.

2022 Year	Salary & fees[1]	Non-monetary benefits	Post Employment Benefits	Share-based Payments[2]	Total	Proportion of remuneration performance based
	$	$	$	$	$	%
Directors						
Mr W Knight[3]	16,367	-	1,637	-	18,004	0%
Mr J Upton	240,000	-	-	92,927	332,927	28%
Mr L Chen	40,000	-	-	92,927	132,927	70%
Mr S Apedaile	43,959	-	4,396	46,463	94,818	49%
Sub-total	340,326	-	6,033	232,317	578,676	
Other key management personnel						
Mr M van Uffelen	120,000	-	-	37,171	157,171	24%
Sub-total	120,000	-	-	37,171	157,171	24%
Total	460,326	-	6,033	269,488	735,847	37%

1. Presented on an accruals basis
2. Represents an apportionment of the value of the underlying shares from grant date to the expected date of achievement of the performance hurdle. The actual benefit, if received, may differ materially. See below for further details.
3. Retired 8 November 2021

Key management personnel (KMP) disclosures

(a) Option holdings of key management personnel

Year ended 30 June 2022 and 2023

No options were on issue to key management personnel.

(b) Shareholdings of key management personnel

Ordinary shares

The following table shows the movement during the year in the number of ordinary shares in Sprintex Limited held directly, indirectly or beneficially, by each key management personnel, including their related parties:

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Year ended 30 June 2023	**Balance at start of the financial year/ date of appointment**	**Received as remuneration**	**Other changes[i]**	**Balance at the end of financial year / date of retirement**
Directors				
Mr J Upton	302,844	-	1,333,333	1,636,177
Mr L Chen	7,034,883	-	1,333,333	8,368,216
Mr S Apedaile	3,290,507	-	2,513,688	5,804,195
Other key management personnel				
Mr M van Uffelen	28,541	-	-	28,541
	10,656,775	-	5,180,354	15,837,129

i. Comprises of on-market purchases at market prices (1,180,355 shares acquired by S Apedaile during the year) and all other changes relate to conversion of convertible loan notes at 7.5 cents per share.

(c) Performance rights of key management personnel

On 30 June 2023, 14,500,000 performance rights were issued to key management personnel as part of the issue of 20,170,000 performance rights. A summary of the movements during the year follows:

Year ended 30 June 2023	**Balance at start of the financial year/ date of appointment (i)(ii)**	**Received as remuneration (iii)**	**Expired (i)(ii)**	**Balance at the end of financial year / date of retirement**
Directors				
Mr J Upton	5,000,000	5,000,000	(5,000,000)	5,000,000
Mr L Chen	5,000,000	5,000,000	(5,000,000)	5,000,000
Mr S Apedaile	2,500,000	2,500,000	(2,500,000)	2,500,000
Other key management personnel				
Mr M van Uffelen	2,000,000	2,000,000	(2,000,000)	2,000,000
	14,500,000	14,500,000	(14,500,000)	14,500,000

(i) 50% of the Performance Rights will vest and be convertible into one (1) Share on the achievement of $10,000,000 of annual revenue by 30 June 2023 (validated by audited/reviewed financial reports);

(ii) 50% of the Performance Rights will vest and be convertible into one (1) Share on the achievement of Profitability by 30 June 2023 (validated by audited/reviewed financial reports); and

(iii) Performance Rights will vest and be convertible into one (1) Share on the achievement of $20,000,000 of annual revenue by 30 June 2023 (validated by audited/reviewed financial reports). These performance rights have been valued at nil.

The fair value of the performance rights issued was assessed as follows:

	2023	**2022**
Directors		
Mr J Upton	-	360,000
Mr L Chen	-	360,000
Mr S Apedaile	-	180,000
Other key management personnel		
Mr M van Uffelen	-	144,000
	-	1,044,000

END OF REMUNERATION REPORT

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Signed in accordance with a resolution of the Board of Directors.

Jude Upton

CEO and Managing Director

Perth, 3 October 2023

CORPORATE GOVERNANCE OVERVIEW

The Board of Sprintex Limited is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the Group and its stakeholders.

A copy of the Sprintex 2023 Corporate Governance Statement, which provides detailed information about governance, and a copy of the Sprintex Limited Appendix 4G which sets out the Group's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) is available on the corporate governance section of the Group's website at www.sprintex.com.au.

The Board believes that the governance policies and practices adopted by Sprintex Limited during 2023 are in accordance with the recommendations contained in the ASX Principles.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	2023 $	2022 $
Sales of goods and services		1,021,832	493,318
Revenue		**1,021,832**	**493,318**
Cost of goods sold		(620,265)	(452,184)
Gross profit		**401,567**	**41,134**
Other income	5.1	343,235	1,610
Research and development incentive grant		301,739	136,199
Distribution and marketing expenses	5.3, 5.4	(1,290,279)	(1,136,174)
Research and development expenses	5.5	(1,590,278)	(1,310,693)
Impairment of assets	11	(65,848)	(1,737,489)
Administration expenses	5.3, 5.4	(1,818,688)	(1,865,253)
Operating profit / (loss)		**(3,718,552)**	**(5,870,666)**
Finance income costs	5.2	(664,007)	(11,662)
Profit (loss) before income tax expense (benefit)		**(4,382,559)**	**(5,882,328)**
Income tax expense / (benefit)	6	-	-
Net profit (loss) for the year		**(4,382,559)**	**(5,882,328)**
Other comprehensive income / (loss), net of tax		**-**	**-**
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operations		(241,906)	1,122,054
Total other comprehensive income/(loss), net of tax		**(241,906)**	**1,122,054**
Total comprehensive income/(loss) for the year		**(4,624,465)**	**(4,760,274)**
Profit (loss) per share attributable to the ordinary equity holders of the Company			
Basic earnings (loss) per share (cents)	7	(1.7)	(2.5)
Diluted earnings (loss) per share (cents)	7	(1.7)	(2.5)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTES	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20(b)	19,253	50,039
Pledged bank deposits	9	30,000	30,000
Trade and other receivables	10	593,968	190,881
Inventories	11	121,294	288,549
TOTAL CURRENT ASSETS		**764,515**	**559,469**
NON-CURRENT ASSETS			
Property, plant and equipment	12	950,890	1,060,294
Right of use assets	13	579,624	257,305
TOTAL NON-CURRENT ASSETS		**1,530,514**	**1,317,599**
TOTAL ASSETS		**2,295,029**	**1,877,068**
CURRENT LIABILITIES			
Trade and other payables	14	1,220,607	312,149
Borrowings	15	928,599	13,586
Provisions	16	57,087	57,049
Building lease liabilities	13	274,618	180,102
TOTAL CURRENT LIABILITIES		**2,480,911**	**562,886**
NON-CURRENT LIABILITIES			
Borrowings	15	1,664,980	50,157
Building lease liabilities	13	330,576	93,485
TOTAL NON-CURRENT LIABILITIES		**1,995,556**	**143,642**
TOTAL LIABILITIES		**4,476,467**	**706,528**
NET (DEFICIENCY) / ASSETS		**(2,181,438)**	**1,170,540**
EQUITY			
Contributed equity	17	69,688,908	68,538,918
Reserves	19	1,789,886	2,290,666
Accumulated losses		(73,660,232)	(69,659,044)
TOTAL EQUITY		**(2,181,438)**	**1,170,540**

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Contributed Equity $	Share Based Payment Reserve $	Foreign Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2022	**68,538,918**	**743,266**	**1,547,400**	**(69,659,044)**	**1,170,540**
Loss for the year	-	-	-	(4,382,559)	(4,382,559)
Movement in the foreign translation reserve	-	-	(241,906)	-	(241,906)
Total Comprehensive loss for the year	-	-	**(241,906)**	**(4,382,559)**	**(4,624,465)**
Transactions with owners in their capacity as owners					
Issue of shares	150,000	-	-	-	150,000
Share issue expenses	(10)	-	-	-	(10)
Convertible loan notes converted	1,000,000	-	-	-	1,000,000
Issue of options	-	122,497	-	-	122,497
Performance Rights expired	-	(381,371)	-	381,371	-
Balance at 30 June 2023	**69,688,908**	**484,392**	**1,305,494**	**(73,660,232)**	**(2,181,438)**

	Contributed Equity $	Share Based Payment Reserve $	Foreign Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2021	**65,834,374**	**361,895**	**425,346**	**(63,776,716)**	**2,844,899**
Loss for the year	-	-	-	(5,882,328)	(5,882,328)
Movement in the foreign translation reserve	-	-	1,122,054	-	1,122,054
Total Comprehensive loss for the year	-	-	**1,122,054**	**(5,882,328)**	**(4,760,274)**
Transactions with owners in their capacity as owners					
Issue of shares	2,878,725	-	-	-	2,878,725
Share issue expenses	(174,181)	-	-	-	(174,181)
Performance Rights issued	-	381,371	-	-	381,371
Balance at 30 June 2022	**68,538,918**	**743,266**	**1,547,400**	**(69,659,044)**	**1,170,540**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		683,426	694,477
Payments to suppliers and employees		(4,118,312)	(5,259,871)
Interest and finance lease charges paid		(289,487)	(11,662)
Government grants received		512,013	286,384
Net cash flows used in operating activities	20(a)	(3,212,360)	(4,290,672)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		146,560	-
Payments for property, plant and equipment	12	(93,874)	(946,358)
Net cash flows generated from / (used in) investing activities		52,686	(946,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,162,462	63,743
Repayment of borrowings		(7,147)	(18,008)
Proceeds from the issue of shares		150,000	2,878,725
Share issue costs		(10)	(174,181)
Repayment of lease liabilities		(176,417)	-
Net cash flows generated from financing activities		3,128,888	2,750,279
Net increase / (decrease) in cash and cash equivalents held		(30,786)	(2,486,751)
Cash and cash equivalents at the beginning of the financial year		50,039	2,536,790
Cash and cash equivalents at the end of the financial year	20(b)	19,253	50,039

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Corporate information

Sprintex Limited (the “Company”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “Group”). The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2. Significant accounting policies

a. Basis of Preparation

Statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and as appropriate for profit oriented entities.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 3 October 2023.

Basis of measurement

The financial report has also been prepared under the historical cost convention other than share based payments the fair value of which is estimated at the date of issue of the options or performance rights.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company’s functional currency and amounts presented in this report have been rounded to the nearest dollar except where stated.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sprintex Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Sprintex Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b. Going concern

The Group has net asset deficiency of $2,181,438 (2022: net asset surplus of $1,170,540) and net current assets deficiency of $1,716,396 (2022: $3,417) as at 30 June 2023 and incurred a loss of $4,382,559 (2022: 5,882,328) and net operating cash outflows of $3,212,360 (2022: $4,290,672) for the year ended 30 June 2023.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including:

- delivery of existing and new products through the Company's distribution network to generate sales revenues and positive cash flows;
- the ability of the Company to raise additional funding; and
- the success of the manufacturing facilities in Malaysia and China.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business and economic activities and the realisation of assets and discharge of liabilities in the normal course of business. In arriving at this position, in the opinion of the directors the Company will, based on varying cash flow forecasts, have access to sufficient funds to meet administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

Consequently, the Directors believe that the above factors represents a material uncertainty that casts significant doubt as to whether the Group will be able to continue as a going concern and pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

c. Functional and presentation currency

The financial report is presented in Australian dollars, which is the functional currency and the presentation currency of the Company and its Australian subsidiaries.

d. New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

e. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

f. Revenue recognition

The Group recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

g. Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

h. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

i. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity date of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing liabilities in current liabilities on the statement of financial position.

j. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 0 to 90 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

k. Inventories

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials – purchase cost on a first in, first out basis.

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are assigned on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Recognition and de-recognition

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

m. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

n. Property, plant and equipment

Recognition

Plant and equipment and leasehold improvements are carried at cost, less accumulated depreciation/amortisation and any impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuer who apply the International Valuations Standards Committee's International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation and amortisation

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Plant and Equipment:	15%
Engineering Equipment and Software:	15%-37.5%
Furniture and Office Equipment:	7.5%-37.5%
Motor Vehicles:	18.75%
Leasehold Improvements:	30%

The assets' residual values, useful lives and amortisation method are reviewed, and adjusted if appropriate, at each financial year end.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

o. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

p. Impairment of non-financial assets other than goodwill

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, management assess whether there is any indication that an asset may be impaired, where an indicator of impairment exists, management makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less cost to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

q. Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

r. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

s. Convertible Loan Notes

Recognition
Convertible loan notes are recognised as a liability at the time of issuance, provided that the Group has a present obligation to transfer economic benefits and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Initial Measurement

The convertible loan notes are initially measured at their fair value at the time of issuance. Any transaction costs directly attributable to the issuance of the convertible loan notes are included in the initial measurement.

Subsequent Measurement

The convertible loan notes are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the convertible loan notes. The interest expense on convertible loan notes is recognised in the statement of profit and loss in full in the period of issuance, reflecting the amortisation of any transaction costs, on the basis that the convertible loan notes have either been converted in the same financial period, or expected to be converted or redeemed by 31 July 2024, therefore the impact to the financial report is not significant.

Conversion / Derecognition

When the convertible loan notes are converted into equity, the carrying amount of the convertible loan notes, including any unamortised transaction costs, is reclassified to equity. The difference between the carrying amount and the fair value of the equity instruments issued is recognised in the statement of profit and loss at the time of conversion. Where the convertible loan notes are partially converted, the carrying amount of the convertible loan notes is allocated between the liability and the equity component based on their relative fair values at the date of conversion.

t. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under and insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Service warranties

Provision is made for the estimated liability on all products still under warranty at reporting date. The amount of the provision is the estimated cash flows expected to be required to settle the warranty obligations and is calculated based on a percentage of sales. The provision is not discounted to its present value as the effect of discounting is not material.

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FOR THE YEAR ENDED 30 JUNE 2023

u. Employee leave benefits

Wages, salaries, annual leave and non-monetary benefits

Provision is made for the employee benefits accumulated as a result of the employee rendering services up to the reporting date. These benefits including on costs due to be settled within one year, together with benefits arising from wages and salaries, annual leave and non-monetary benefits which will be settled after one year, are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled.

Long service leave

Long service leave including on costs, payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

The Group contributes to various superannuation plans in accordance with and at rates set down by law. Some employees contribute to these plans at differing percentages of their salaries.

The Group's contributions and costs are charged as an expense as incurred.

v. Share based payment transactions

The Group provides incentives to the key management personnel (KMP) of the Group in the form of share based payment transactions, whereby KMP render services in exchange for shares or rights over shares ("equity settled transactions").

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted using a Black Scholes model to determine the fair value, which takes into account the factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share, the expected life of the option, and any barriers associated with vesting.

The fair value of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the option ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting reflects:

- the grant date fair value of the award,
- the extent to which the vesting period has expired, and
- the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where the terms of an equity settled option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity settled option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as if they were a modification of the original option, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

w. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x. Foreign currency translation

The financial statements are presented in Australian dollars, which is Sprintex Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

3. Significant accounting estimates, assumptions and judgements

(a) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 2(u), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Convertible loan notes

The treatment of convertible loan notes is a critical accounting estimate and judgement as it involves assessment of various factors to ensure accurate representation in the financial statements. The valuation of convertible loan notes involves significant judgement and estimation due to their nature, embodying elements of both debt and equity. The determination of fair value at issuance requires consideration in particular of the potential equity conversion feature. Furthermore, the decision on how to account for the conversion option demands judgement. Given the impact of these judgements and estimates on financial position and performance, transparent disclosure of judgements made is critical to comprehend the inherent uncertainties associated with convertible loan notes' accounting treatment.

4. Segment information

(a) Identification of reportable segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources. Operating segments are identified by management based on the similarity of the products produced and sold.

The Group is operating in one segment, being the manufacture and distribution of the patented range of Sprintex® superchargers.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(b) Geographic information and major customers

	2023 $	2022 $
China	129,082	41,342
United States	583,476	252,807
United Kingdom and European Union	192,421	-
Australia	116,853	63,872
Other countries	-	135,297
Total revenue	1,021,832	493,318

The revenue information above is based on the location of the customer.

(c) Location of non-current assets

Non-current assets for this purpose consist of property, plant and equipment. Non-current assets of the Company located in Australia amounted to $325,146 (2022: $430,800). Non-current assets located in the USA amounted to $151,813 (2022: $181,657), Malaysia $12,651 (2022: $16,206) and China $461,280 (2022: $431,631).

5. Revenue and expenses

		2023 $	2022 $
5.1	**Other income**		
	Government grants	210,199	-
	Sale of fixed assets	132,961	-
	Sundry income	75	1,610
	Total other income	343,235	1,610
5.2	**Finance costs**		
	Broker fees on convertible loan notes	148,996	-
	Interest on convertible loan notes	374,520	-
	Interest on bank loans	50,696	-
	Other interest and finance costs	89,795	11,662
	Total finance costs	664,007	11,662
5.3	**Employee payments including benefits expense**		
	Salaries and wages	1,045,946	1,218,679
	Superannuation expense	45,897	28,640
	Other employment expense	122,497	65,228
	Total employee payments including benefits expense	1,214,340	1,312,547
5.4	**Depreciation and amortisation expenses**		
	Depreciation of property, plant and equipment	189,680	133,029
	Total depreciation and amortisation	189,680	133,029
5.5	**Research and development expenses**		
	Research and development staff costs	475,224	436,657
	Materials / service costs	1,115,054	874,036
	Total research and development expenses	1,590,278	1,310,693

6. Income tax

(a) Income tax recognised in profit/loss

No income tax is payable by the Group as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the profit before income tax

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2023	2022
	$	$
Profit (loss) before income tax expense	(4,382,559)	(5,882,328)
Income tax calculated at statutory tax rate of 25% (2022: 25%)	(1,095,640)	(1,470,582)
Tax losses and temporary differences not recognised	1,095,640	1,470,582
Aggregate income tax benefit	**-**	**-**

The franking account balance at year end was $Nil (2022: $Nil).

(c) Unrecognised temporary differences

At 30 June 2023, there are no unrecognised temporary differences associated with the Company's investments in subsidiaries as the Company has no liability for additional taxation should unremitted earnings be remitted (2022: $Nil).

(d) Unrecognised deferred tax balances

	2023	2022
	$	$
Tax losses - USA (shown at 30%)	1,311,416	1,236,370
Tax losses - Australia (shown at 25%)	9,240,881	8,730,255
Tax losses - Malaysia (shown at 25%)	276,769	158,898
Tax losses - China (shown at 25%)	747,017	363,416
Deferred tax assets not booked		
Provisions and accruals	(8,381)	7,231
Impairment provisions	1,099,317	1,099,317
Prepayments	-	(26,961)
	12,667,019	11,568,526

Unused tax losses available for offset against future taxable profits. Such losses may be carried forward indefinitely subject to meeting relevant statutory tests.

The net deferred tax asset arises from temporary differences but has not been recognised due to the unpredictability of future profit streams.

7. Earnings per share

	2023	2022
Basic and diluted earnings (loss) per share (cents per share)	(1.7)	(2.5)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Profit (loss) for the year	$(4,382,560)	$(5,882,328)
Weighted average number of shares outstanding during the year used in the calculations of basic earnings per share:	254,347,023	231,611,910

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted earnings per share.

8. Remuneration of auditors

	2023 $	2022 $
Amounts paid to the auditor (PKF Brisbane Audit):		
Audit and review of the financial report – current year	61,000	40,000
Total remuneration of auditors	61,000	40,000

9. Pledged bank deposits

	2023 $	2022 $
Deposits at call	30,000	30,000
	30,000	30,000

Pledged bank deposits at 30 June 2023 represents a term deposit of $30,000 supporting credit card facilities.

10. Trade and other receivables

	2023 $	2022 $
Trade receivables (note a)	162,316	46,366
Deposits	270,273	36,671
Prepayments	39,877	107,844
Other receivables	121,502	-
	593,968	190,881

(a) Expected credit losses

Trade receivables are non-interest bearing and, where provided, are generally on 0-90 day terms. Expected credit losses are recognised when there is objective evidence that an individual trade receivable is impaired.

Trade deposits represent payments to suppliers with no history of unsatisfactory product quality or delivery default and are considered fully recoverable.

Based on past experience, management believes that no expected credit losses are necessary to be provided in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(b) Fair value and credit risk

Due to the short-term nature of the receivables, their carrying value is assumed to approximate their fair value.

11. Inventories

	2023 $	2022 $
Finished goods – at cost	1,674,504	1,775,911
Provision for impairment	(1,553,210)	(1,487,362)
Total inventories at lower of cost and net realisable value	121,294	288,549

Inventory in all locations other than China was fully impaired as a result of no sales contracts being in place to support the carrying value.

12. Property, plant & equipment

	Manufact-uring Plant and Equipment	Engineering Equipment and Software	Motor Vehicles	Office Furniture and Equipment	Total
Year ended 30 June 2023					
Opening net book amount	857,858	-	202,436	-	1,060,294
Additions	93,874	-	-	-	93,874
Disposals	-	-	-	(13,598)	(13,598)
Depreciation charge	(154,325)	-	(35,356)	-	(189,680)
Closing net book amount	797,408	-	153,482	-	950,890
At 30 June 2023					
Cost	1,366,405	31,562	497,562	11,994	1,907,523
Accumulated depreciation	(568,998)	(31,562)	(344,080)	(11,994)	(956,633)
Net book amount	797,408	-	153,482	-	950,890

	Manufact-uring Plant and Equipment	Engineering Equipment and Software	Motor Vehicles	Office Furniture and Equipment	Total
Year ended 30 June 2022					
Opening net book amount	74,654	1,183	170,979	149	246,965
Additions	882,615	-	63,743	-	946,358
Depreciation charge	(99,411)	(1,183)	(32,286)	(149)	(133,029)
Closing net book amount	857,858	-	202,436	-	1,060,294
At 30 June 2022					
Cost	1,272,531	31,562	511,160	11,994	1,827,247
Accumulated depreciation	(414,673)	(31,562)	(308,724)	(11,994)	(766,953)
Net book amount	857,858	-	202,436	-	1,060,294

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. Right of use asset and liability

	2023 $	2022 $
Right of use asset – at cost	761,431	686,147
Right of use asset – accumulated depreciation	(181,807)	(428,842)
	579,624	257,305
Lease liabilities - current	274,618	180,102
Lease Liabilities – non-current	330,576	93,485
	605,194	273,587

The Group has property leases in Malaysia and China.

14. Trade and other payables

	2023 $	2022 $
Trade payables	538,327	284,027
Other payables	682,280	28,122
	1,220,607	312,149

Trade payables are non-interest bearing and are predominately settled on 30 to 60 day terms.

Other payables includes to amounts owed to individuals of $520,103 (2022: nil) that were loaned to the business during the year at an interest rate of 12% per annum. These amounts are not secured or guaranteed and have no fixed repayment date.

15. Borrowings

	2023 $	2022 $
Current		
Convertible loan notes (note a)	498,500	-
Finance lease liabilities (note b)	14,117	13,586
Bank loans (note c)	415.982	-
	928,599	13,586
Non-current		
Convertible loan notes (note a)	1,622,500	-
Finance lease liabilities (note b)	42,480	50,157
	1,664,980	50,157

(a) The convertible notes have a face value of $3,121,000, bore flat interest of 12% and are convertible into fully paid ordinary shares. The face value was deemed to be the fair value of the notes at the time of issuance. On 26 June 2023, $1,000,000 of notes were converted into ordinary shares at 7.5 cents per share. The remaining notes are convertible into shares at a 20% discount to 10 day VWAP at the date of conversion, subject to a minimum price of $0.001. Notes not converted into shares are repayable on maturity date at 31 July 2024 and 31 January 2024 The convertible loan notes are not secured.

(b) The average effective interest rate on finance lease liabilities approximated 7.24% (2022: 7.24%) per annum in the year. The carrying value of leased plant and equipment as at 30 June 2023 was $84,463 (2022: $96,230). Other details of finance lease liabilities are disclosed in note 24.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(c) Includes two loans of RMB1,000,000 each bearing interest of 3.95% with maturities of 22 September 2023 and 2 November 2023. Subsequent to year end, the loan due on 22 September 2023 has been extended 12 months. The bank loans are not secured, however a personal guarantee has been provided by one of the directors of the Company.

The balances noted above represent the facility limits. There were no unused or undrawn facilities at 30 June 2023 (2022: nil).

16. Provisions

	2023 $	2022 $
Provision for warranty (note a)	33,908	33,908
Provision for employee benefits	23,179	23,141
	57,087	57,049

(a) Movements in the provision for warranty for the Company during the financial year are set out below:

	2023 $	2022 $
At 1 July	33,908	33,908
Provision adjustment during the year	-	-
Utilisation of provisions	-	-
At 30 June	33,908	33,908

Warranty provision

Under the terms of the Company's sales arrangements, the Company will rectify any product defects arising within one year of the date of sale. Provision is therefore made for the present value of the management's best estimate of the expected settlement under these agreements in respect of sales made within the year prior to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

17. Contributed equity

	2023 $	2022 $
Paid up capital – ordinary shares	71,748,473	70,598,473
Capital raising costs capitalised	(2,059,565)	(2,059,555)
	69,688,908	68,538,918

30 June 2023 movements in issued capital:	Date	Number of shares	$
Balance at 1 July 2022		252,354,329	68,538,918
Placement at $0.075 per share	28/7/2022	2,000,000	150,000
Conversion of notes at $0.075 per share (see Note 15(a))	26/6/2023	13,333,333	1,000,000
Costs relating to issue of shares		-	(10)
Balance at 30 June 2023		267,687,662	69,688,908

30 June 2022 movements in issued capital:	Date	Number of shares	$
Balance at 1 July 2021		213,971,334	65,834,374
Placement at $0.075 per share	9/11/2021	20,409,654	1,530,725
Security placement plan at $0.075	13/12/2021	973,335	73,000
Placement at $0.075 per share	9/2/2022	6,666,670	500,000
Placement at $0.075 per share	13/4/2022	5,333,334	400,000
Placement at $0.075 per share	19/5/2022	2,666,667	200,000
Placement at $0.075 per share	23/6/2022	2,333,333	175,000
Costs relating to issue of shares		-	(174,181)
Balance at 30 June 2022		252,354,329	68,538,918

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid shares have no par value. There are no externally imposed capital requirements.

Voting at meetings is now conducted via a poll. Every member present at a meeting in person or by proxy shall have one vote.

There is no current on-market share buy-back.

18. Share-based payments

(a) Share Options

Options issued and exercised:

The following is a summary of the movement in options during the year:

Options	Expiry Date	Exercise Price	Opening balance	Issued	Converted	Expired	Closing
Unlisted	12/04/2024	$0.086	5,000,000	-	-	-	5,000,000
Unlisted	19/05/2024	$0.086	3,000,000	-	-	-	3,000,000
Unlisted	19/05/2024	$0.150	2,000,000	-	-	-	2,000,000
Unlisted	8/11/2022	$0.100	10,204,827	-	-	10,204,827	-
Unlisted	13/12/2022	$0.100	486,670	-	-	486,670	-
Unlisted	8/02/2023	$0.100	3,333,335	-	-	3,333,335	-
Unlisted	11/04/2023	$0.100	2,666,668	-	-	2,666,668	-
Unlisted	18/05/2023	$0.100	1,333,333	-	-	1,333,333	-
Unlisted	22/06/2023	$0.100	1,166,667	-	-	1,166,667	-
Unlisted	27/07/2023	$0.100	-	1,000,000	-	-	1,000,000
Unlisted	31/12/2024	$0.075	-	12,871,111	-	-	12,871,111
Total			29,191,498	13,871,111	-	19,191,500	23,871,111
Weighted average exercise price			$0.099	$0.077	-	$0.100	$0.086

In 2023, 12,871,111 options were issued to brokers who arranged convertible note funding with $122,497 being recognised as a share based payment expense.

The following is a summary of the movement in options during the 2022 year:

Options	Expiry Date	Exercise Price	Opening balance	Issued	Converted	Expired	Closing
Unlisted	12/04/2024	$0.086	5,000,000	-	-	-	5,000,000
Unlisted	19/05/2024	$0.086	3,000,000	-	-	-	3,000,000
Unlisted	19/05/2024	$0.150	2,000,000	-		-	2,000,000
Unlisted	8/11/2022	$0.100	-	10,204,827	-	-	10,204,827
Unlisted	13/12/2022	$0.100	-	486,670	-	-	486,670
Unlisted	8/02/2023	$0.100	-	3,333,335	-	-	3,333,335
Unlisted	11/04/2023	$0.100	-	2,666,668	-	-	2,666,668
Unlisted	18/05/2023	$0.100	-	1,333,333	-	-	1,333,333
Unlisted	22/06/2023	$0.100	-	1,166,667	-	-	1,166,667
Total			10,000,000	19,191,498	-	-	29,191,498
Weighted average exercise price			$0.099	$0.100	-	-	$0.100

Valuation of options

Options were valued using a Black Scholes Option Pricing model. The fair value of Options is recognised as an expense at the date of issue using the following assumptions:

Grant Date	Number Issued	Exercise Price	Assumed Stock Price at Grant Date	Interest Rate	Volatility	Value Per Option (cents)
12 Apr 2021	5,000,000	$0.086	$0.086	0.10%	100%	5.28
19 May 2021	3,000,000	$0.086	$0.06	0.11%	100%	3.26
19 May 2021	2,000,000	$0.150	$0.06	0.11%	100%	0
14 Mar 2023	12,871,111	$0.075	$0.039	3.29%	80%	0.95

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

The amount recognised as a share based payment expense for Options issued during the 2023 year was $122,497 (2022: nil). No share based payment expense has been recognised for options attaching to placements.

(b) Performance Rights

During 2023, 20,170,000 performance rights were issued. The Performance Rights will vest and be convertible into one (1) Share on the achievement of $20,000,000 of annual revenue by 30 June 2024 (validated by audited/reviewed financial reports).

During 2022, 20,520,000 performance rights were issued:

- 50% of the Performance Rights will vest and be convertible into one (1) Share on the achievement of $10,000,000 of annual revenue by 30 June 2023 (validated by audited/reviewed financial reports); and
- 50% of the Performance Rights will vest and be convertible into one (1) Share on the achievement of Profitability by 30 June 2023 (validated by audited/reviewed financial reports).

Valuation of performance rights

Performance rights were valued using a Black Scholes Option Pricing model. The fair value of performance rights is recognised as an expense at the date of issue using the following assumptions:

Grant Date	Number Issued	Exercise Price	Assumed Stock Price at Grant Date	Interest Rate	Volatility	Value Per Option (cents)
30 Jun 2023	20,170,000	$0.000	$0.037	3.99%	80%	0

Performance rights vest when the performance hurdle is achieved. The probability of the performance hurdles (noted above) being achieved and the performance rights vesting has been assessed at 0% as at 30 June 2023. The probability of vesting has been assessed on the basis of forecasts and budgets for the coming financial year, as supported by new contracts entered into with customers. As disclosed at Note 3, share-based payment transactions is considered to involve critical accounting judgement, estimation and assumptions. Management reassess the assumptions noted above at each reporting period end date.

The amount recognised as a share-based payments expense relating to performance rights during the 2022 year was $381,371. This amount was reversed to retained earnings during 2023 as the hurdles were not achieved and the performance rights expired.

19. Reserves

(a) Share based payments reserve

Share based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, management and consultants of the Company recognised in accordance with the accounting policy adopted for share-based payments and the amortisation of the value of performance rights at the value of the underlying shares at grant date to the expected date of achievement of the performance hurdle.

(b) Foreign currency reserve

On the translation of the subsidiaries of the Company a foreign exchange loss of $241,906 (2022: gain of $1,122,054), has been recognised in other comprehensive income.

20. Statement of cash flows reconciliation

	2023 $	2022 $
(a) Reconciliation of cash flows from operating activities to operating earnings after income tax		
Operating profit (loss) before income tax	(4,382,559)	(5,882,328)
Add non-cash items:		
Depreciation - property, plant & equipment	189,680	133,029
Depreciation – right of use assets	185,705	-
Share based payments	122,497	381,371
Impairment	-	1,737,489
Foreign exchange movement	241,906	1,122,054
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	(440,589)	201,159
Decrease / (increase) in inventories	167,255	(2,026,038)
Decrease / (increase) in other assets	(26,535)	-
Increase / (decrease) in trade and other payables	972,495	67,600
Increase / (decrease) in provisions	38	(25,008)
Net cash flows used in operating activities	(3,212,360)	(4,290,672)

(b) Reconciliation of cash and cash equivalents to cash flow statement of cash flow

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following at 30 June:

Cash at bank and on hand	19,253	50,039

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

21. Parent entity information

(a) Information relating to Sprintex Limited

	2023 $	2022 $
Current assets	92,411	79,985
Total assets	417,557	510,785
Current liabilities	910,409	265,630
Total liabilities	2,532,909	265,630
Contributed equity	69,688,908	68,538,918
Share based payment reserve	484,392	743,266
Accumulated losses	(63,325,994)	(61,663,896)
Total shareholders' equity	6,847,307	7,618,288
Income / (loss) for the parent entity	(2,042,504)	(1,804,147)
Total comprehensive income / (loss) of the parent entity	(2,042,504)	(1,804,147)

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in note 24 to the financial statements.

(d) Tax consolidation

The Company and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. The Company is the head entity of the tax consolidated group. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Incomes Taxes. There is no tax funding agreement in place.

22. Related party disclosures

Key management personnel compensation

The key management personnel compensation is as follows:

	2023 $	2022 $
Short-term employee benefits	456,400	460,326
Post employment benefits	-	6,033
Share based payments	-	269,488
Total	456,400	735,847

Please see the Remuneration Report for further details.

Subsidiaries

The financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	% equity interest 2023	2022
Sprintex USA, Inc.	United States	100	100
Sprintex Clean Air (Malaysia) Sdn. Bhd. (formerly Proreka Sprintex Sdn. Bhd.)	Malaysia	100	100
Sprintex Energy Technology (Suzhou) Co., Ltd	China	100	100

Sprintex USA, Inc. was incorporated on 13 July 2012 to facilitate sales and distribution in the United States.

Sprintex Clean Air (Malaysia) Sdn. Bhd. (formerly Proreka Sprintex Sdn. Bhd.) operates a production facility in Malaysia.

Sprintex Energy Technology (Suzhou) Co., Ltd was established in 2021 to pursue clean energy technology opportunities in China.

The ultimate parent

Sprintex Limited is the ultimate parent, based and listed in Australia.

Transactions with key management personnel

Director advances

During the 2022 and 2023 years the Directors advanced funds to the Company during the year to provide short term liquidity support.

Transactions with director related entities

During the year, sales of $71,424 have been made to Aeristech Limited, an entity of which Mr Li Chen is a director. As at 30 June 2023, there was deferred revenue of $66,211 recognised within trade and other payables (note 14).

During the year, sales and purchases have also been made to other companies of which Mr Li Chen is a shareholder either directly or indirectly via holdings in other entities. The value of sales made during the year was $15,108 with a balance owing to the Group from these related parties of $11,440 at 30 June 2023 included within trade and other receivables (note 10). The value of purchases made during the year was $208,071 with a balance owing to these related parties of $6,240 at 30 June 2023 included within trade and other payables (note 14).

There were no such transactions in 2022.

23. Contingent liabilities

There are no contingent assets nor other contingent liabilities as at 30 June 2023 (2022: nil).

24. Commitments

(a) Finance lease and hire purchase commitments

The Company leases certain plant and equipment under finance leases expiring from 1 to 5 years. At the end of the lease terms the Company owns the equipment outright or has the option to purchase the equipment for the residual amount owing. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

	2023 $	2022 $
Within one year	14,117	13,586
After one year but not more than five years	52,938	63,403
Total minimum lease payments	67,055	76,989
Less: amounts representing finance charges	(10,458)	(13,246)
Present value of minimum lease payments	56,597	63,743
Included in the financial statements as:		
Current interest-bearing liabilities (note 15)	14,117	13,586
Non-current interest-bearing liabilities (note 15)	42,480	50,157
	56,597	63,743

(b) Capital commitments

As at 30 June 2023 and 2022, the Company did not have any outstanding capital commitments in respect of acquisition of property plant and equipment contracted for but not provided for in the financial statements.

25. Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. There are no externally imposed capital requirements.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2023 and 2022, no dividends have been paid. The Company does not yet have a dividend policy and payment of future dividends will be dependent upon the future profitability and financial position of the Company.

26. Financial risk management

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

	2023	2022
	$	$
Financial Assets		
Cash and cash equivalents	19,253	50,039
Pledged bank deposits	30,000	30,000
Trade and other receivables	593,968	190,881
	643,221	270,920
Financial Liabilities		
Financial liabilities at amortised cost:		
- Trade and other payables	1,220,607	312,149
- Loans and finance leases	2,593,579	63,743
- Building lease liabilities	605,194	273,587
	4,419,380	649,479

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below.

Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity and foreign currency risk.

Interest rate risk

As disclosed in Note 15, the majority of the Group's borrowings relates to:

- Convertible loan notes with a flat rate of interest of 12% fixed on the face value of the notes;
- Bank loans with a fixed rate of interest of 3.95% per annum;
- Finance leases with a fixed rate of interest of 7.24% implied over the period of the lease.

On this basis, the Group is not exposed to any material interest rate risk given rates on its borrowings are fixed. The Group had no borrowings with a variable interest rate at 30 June 2023 (2022: nil).

Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of each financial asset in the statement of financial position after deducting any expected credit losses.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 0 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases, committed available credit lines and raising additional capital. The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis and monitoring compliance with lending covenants on an ongoing basis.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

Year ended 30 June 2023	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but Less than 5 years
	$	$	$	$	$
Trade and other payables	1,220,607	1,220,607	1,220,607	-	-
Loans and convertible notes	2,536,982	2,536,982	914,482	1,622,500	-
Finance leases	56,597	56,597	10,359	11,134	35,104
Building lease liabilities	605,194	605,194	274,618	235,773	94,803
	4,419,380	4,419,380	2,420,066	1,869,407	129,907

Year ended 30 June 2022	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but Less than 5 years
	$	$	$	$	$
Trade and other payables	312,149	312,149	312,149	-	-
Finance lease liabilities	63,743	63,743	13,586	13,586	36,571
Building lease liabilities	273,587	273,587	180,102	93,485	-
	649,479	649,479	505,837	107,071	36,571

Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euros, United States dollars, and Malaysian Ringgit. Currently, the Group does not have a policy to manage the currency risk arising from sales and purchases.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any currency risk associated with the Group's borrowings.

The following table details the Group's exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2023 US Dollars	**2022 US Dollars**
Trade and other receivables	18,165	13,773
Cash and cash equivalents	9,065	19,114
Trade and other payables	(9,697)	(15,450)
Overall net exposure	17,533	17,437

	2023 Malaysian Ringit	2022 Malaysian Ringit
Trade and other receivables	734,604	-
Cash and cash equivalents	3,254	58,077
Trade and other payables	(222,563)	(202,791)
Overall net exposure	515,295	(144,714)

	2023 Chinese Yuan	2022 Chinese Yuan
Trade and other receivables	1,229,671	497,397
Cash and cash equivalents	77,543	74,810
Trade and other payables	(3,747,347)	(66,093)
Overall net exposure	2,440,133	506,114

Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2023 and 2022.

The carrying value of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The directors consider that the change in interest rates will not cause a significant impact on the fair values of the financial liabilities.

No financial instruments are carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

27. Events subsequent to reporting period

Subsequent to year end:

- On 20 July 2023 19,888,888 ordinary fully paid shares were issued at $0.045 per share;
- On 20 July 2023 750,000 ordinary fully paid shares were issued at $0.04 per share;
- On 1 August 2023, 3,039,790 ordinary fully paid shares were issued at $0.04 per share;
- On 9 August 2023, convertible loan notes were converted into 12,168,410 ordinary fully paid shares at a conversion price of $0.0287 per share;
- On 11 August 2023, 4,112,500 ordinary fully paid shares were issued at $0.04 per share;
- On 24 August 2023, convertible loan notes were converted into 1,097,413 ordinary full paid shares at a conversion price of $0.023 per share;
- On 8 September 2023, 6,149,046 ordinary fully paid shares were issued at $0.045 per share;
- On 12 September 2023, 25,153,474 options with an exercise price of $0.10, expiring on 30 June 2025 were issued;
- On 12 September 2023, 5,666,667 ordinary fully paid shares were issued at $0.045 per share;
- On 21 September 2023, convertible loan notes were converted into 4,246,028 ordinary fully paid shares at a conversion price of $0.018 per share; and
- A loan with a face value of RMB1,000,000 was extended for 12 months.

The total funds raised from the above share issues equated to circa $1.7m.

Apart from the items above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

In accordance with a resolution of the directors of Sprintex Limited, I state that:

1. In the opinion of the directors:

a. The financial statements, notes and the Remuneration Report in the Directors' Report designated as audited are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

   (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

c. subject to note 2(b) to the financial statements, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

d. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

Jude Upton
CEO and Managing Director
Perth, 3 October 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPRINTEX LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Sprintex Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Sprintex Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) of the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be key audit matters to be communicated in our report. For the matters below, our description of how our audit addressed the matters is provided in that context.

1. Revenue recognition

Why significant	How our audit addressed the key audit matter
As at 30 June 2023, the recorded revenue from continuing operations of the group was $1,021,832 (2022: $493,318), as disclosed in Note 4. As disclosed in the accounting policy in Note 2(f), revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Other revenue is recognised when it is received or when the right to receive payment is established. As disclosed in Note 3(a), management judgement is required in relation to revenue recognition from contracts with customers involving sale of goods. When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.	Our work included, but was not limited to, the following procedures: • Assessing the Group's revenue recognition policy and ensuring this had been consistently applied by all components; • Evaluating the design of the internal controls relation to the revenue recognition process; • Testing a sample of revenue transactions to supporting customer contract/PO, proof of delivery/picking slip, customer invoice, customer receipt in the bank statement, and general ledger posting to ensure revenue has been properly recorded; • Performing substantive procedures over cut-off of revenue by testing a sample of inventory movements around the year-end to supporting invoices and proof of delivery/picking slips to ensure revenue recognition had been

Why significant	How our audit addressed the key audit matter
Revenue is considered a key audit matter (KAM) due to: The significant increase in revenue in the current year which predominately relates to revenue recognised in China, acknowledging that China may not follow the same revenue recognition criteria as AASB 15 *Revenue from Contracts with Customers* in Australia; and • The complexity surrounding review of contracts of customers and determining whether performance obligations or milestones exist which may impact revenue recognition, resulting in revenue recognition not necessarily being recognised on shipment of goods.	properly recorded in the correct period in the general ledger; • Validating the revenue recognised against the requirements of Australian Accounting Standard AASB 15 by reviewing a sample of revenue transactions against customer contracts/PO; and • Ensuring revenue disclosures are in accordance with the requirements of AASB 15.

2. Recoverability of receivables

Why significant	How our audit addressed the key audit matter
As at 30 June 2023, the balance of trade and other receivables recognised by the group was $593,968 (2022: $190,881), as disclosed in Note 10. As disclosed in the accounting policy in Note 2(j), trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses (ECL). As disclosed in Note 3(a), management judgement is required in relation to the allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available.	Our work included, but was not limited to, the following procedures: • Assessing the ageing of the Group's receivables, identifying and discussing with management any significant old or overdue balances which may indicate issues regarding recoverability; • Testing a sample of receivables to subsequent receipt to gain assurance that the balances were recovered post year end and hence were recoverable at balance date; and • Discussing with management, particularly in relation to China, the Group's accounting policy in regard to ECL provisioning and reviewing management's judgements and estimations in regard to forecasted future loss rates applied.

Why significant	How our audit addressed the key audit matter
The recoverability of receivables was identified as a key audit matter (KAM) due to: • The significant increase in receivables in the current year associated with the increased revenue recognised in China, and • The degree of management judgement required around provisioning for expected credit losses in accordance with AASB 9 *Financial Instruments*.	

3. Convertible loan notes – treatment and classification

Why significant	How our audit addressed the key audit matter
As at 30 June 2023 the balance of convertible loan notes, recorded as debt in the financial statements was $2,121,000 (2022: $Nil), as disclosed in Note 15. The accounting policy for convertible loan notes is disclosed in Note 2(s) of the financial report. As disclosed in Note 3(a), management judgement is required in relation to the treatment of convertible loan notes as it involves assessment of various factors to ensure accurate representation in the financial statements. The valuation of convertible loan notes involves significant judgement and estimation due to their nature, embodying elements of both debt and equity. The determination of fair value at issuance requires consideration in particular of the potential equity conversion feature. Furthermore, the decision on how to account for the conversion option demands judgement. Given the impact of these judgements and estimates on financial position and performance, transparent disclosure of judgements made is critical to comprehend the inherent uncertainties associated with convertible loan notes' accounting treatment.	Our work included, but was not limited to, the following procedures: • Obtaining copies of signed agreements and reviewing the key terms and conditions to assess whether managements' judgement to treat the convertible loan notes as debt was in accordance with relevant accounting standards; and • Reviewing the Group's accounting policy and disclosures made in the financial report to ensure these are adequate for users to understand the nature and treatment of convertible loan notes. Based on our review of the convertible loan note agreements, we concurred with managements' assessment that the notes were not equity in nature as the terms fail the fixed-for-fixed requirements of AASB 132. However we determined that the notes were a hybrid financial instrument as the conversion feature contains a derivative liability component. As such the conversion feature is required to be measured at fair value through profit or loss (FVTPL) as debt. The residual loan component of the notes is required to be measured

Why significant	How our audit addressed the key audit matter
Convertible loan notes have been identified as a key audit matter (KAM) due to: • The significance of the convertible loan notes to the Group's financial position; and • The degree of management judgement required around the consideration of debt versus equity in accordance with AASB 132 and AASB 9 Financial Instruments.	at amortised cost with interest recognised in accordance with the effective interest rate method. Management has accounted for the full balance of the notes as debt measured at amortised cost. We concluded that the impact on the Group's financial report was immaterial, and as such no adjustment was made to the financial report by management.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Sprintex Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

PKF

PKF BRISBANE AUDIT

TIM FOLLETT
PARTNER

BRISBANE
3 October 2023

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2023

The following additional information is provided in accordance with the listing rules and is current as at 27 September 2023.

(a) Distribution of equity securities

(i) *Ordinary share capital*

324,806,404 fully paid ordinary shares are held by 743 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders, by size of holding:

Holding	Fully Paid Ordinary Shares
1 – 1,000	141
1,001 - 5,000	100
5,001 - 10,000	110
10,001 - 100,000	261
100,001 and over	131
	743

There were 475 holders with less than a marketable parcel.

(b) Substantial shareholders

The following parties are substantial shareholders at the date of this report:

	Fully paid ordinary shares	
Ordinary shareholders	**Number**	**% of issued capital**
China Automotive Holdings Limited	63,100,000	19.43%
Mr David Paul Steicke	33,000,000	10.16%
Mr Michael John Wilson + Mrs Megan Joy Wilson	32,000,000	9.85%
Euro Mark Limited	23,361,084	7.19%
	151,461,084	**46.63%**

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2023

(c) Twenty largest shareholders

The 20 largest shareholders of fully paid ordinary shares on the Company's register were:

Rank	Name	Units	% of Units
1	CITICORP NOMINEES PTY LIMITED	74,802,410	23.03
2	MR DAVID PAUL STEICKE	33,000,000	10.16
3	**GROUP # 5293**	**32,000,000**	**9.85**
.	MR MICHAEL JOHN WILSON + MRS MEGAN JOY WILSON <THE WILSON S/F A/C>	3,000,000	0.92
.	MR MICHAEL JOHN WILSON + MRS MEGAN JOY WILSON	29,000,000	8.93
4	EURO MARK LIMITED	23,361,084	7.19
5	**GROUP # 47472**	**19,841,537**	**6.11**
.	BNP PARIBAS NOMS PTY LTD <DRP>	19,841,537	6.11
6	E&E TURBO-POWER CO LIMITED	15,697,582	4.83
7	LIDX TECHNOLOGY LIMITED	8,200,258	2.52
8	**GROUP # 21736**	**7,913,896**	**2.44**
.	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	3,741,923	1.15
.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	4,171,973	1.28
9	**GROUP # 34986**	**7,862,529**	**2.42**
.	POWERTRAVELLER PTY LTD	12,627	0
.	MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <THE APEDAILE SUPER FUND A/C>	113,308	0.03
.	MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <THE APEDAILE S/F A/C>	2,721,716	0.84
.	MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <APEDAILE FAMILY A/C>	5,014,878	1.54
10	ELLIOTS ELEVEN LTD	5,000,000	1.54
11	BELLRAY HOLDINGS PTY LTD	4,535,490	1.4
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,860,749	1.19
13	AUTOV CORPORATION SDN BHD	3,805,940	1.17
14	BROTHERS KJS PTY LTD <BROTHERS INC SUPER FUND A/C>	3,609,321	1.11
15	GUANGZHOU FINANCIAL PTY LTD	3,323,729	1.02
16	MR ZHENGLIANG WU	2,666,667	0.82
17	BELLRAY HOLDINGS PTY LTD	2,560,208	0.79
18	TOP FUEL PROMOTIONS PTY LTD	2,453,198	0.76
19	MR SIAVASH KHOSROWSHAHI + MRS ZAHRA-NAHID KHOSROWSHAHI <S KHOSROWSHAHI FAMILY A/C>	2,192,560	0.68
20	QUAM SECURITIES LIMITED	2,000,000	0.62
Totals: Top 20 holders of SIX ORDINARY FULLY PAID		**258,687,158**	**79.64**
Total Remaining Holders Balance		**66,119,246**	**20.36**
Total Holders Balance		**324,806,404**	**100**

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2023

(d) Holders of over 20% of unlisted securities

Unlisted options with an exercise price of $0.086 on or before 28 October 2023:

Rank	Name	Units	% of Units
1	MR WAYNE KNIGHT	5,000,000	100
Totals: Top 20 holders of SIX72402 UO28102023/$0.086		**5,000,000**	**100**
Total Remaining Holders Balance		**0**	**0**
Total Holders Balance		**5,000,000**	**100**

Unlisted options with an exercise price of $0.086 on or before 13 April 2024:

Rank	Name	Units	% of Units
1	KNIGHTCORP CAPITAL TRUST	5,000,000	100
Totals: Top 20 holders of SIX72439 UO13042024/$0.086		**5,000,000**	**100**
Total Remaining Holders Balance		**0**	**0**
Total Holders Balance		**5,000,000**	**100**

Unlisted performance options with an exercise price of $0.015 on or before 19 May 2024:

Rank	Name	Units	% of Units
1	ROYAL EXCHANGE SECURITIES PTY LTD	2,000,000	100
Totals: Top 20 holders of SIX72441 UO18052024/$0.15		**2,000,000**	**100**
Total Remaining Holders Balance		**0**	**0**
Total Holders Balance		**2,000,000**	**100**

Unlisted options with an exercise price of $0.086 on or before 19 May 2024:

Rank	Name	Units	% of Units
1	ROYAL EXCHANGE SECURITIES PTY LTD	3,000,000	100
Totals: Top 20 holders of SIX72440 UO18052024/$0.086		**3,000,000**	**100**
Total Remaining Holders Balance		**0**	**0**
Total Holders Balance		**3,000,000**	**100**

Unlisted options with an exercise price of $010 on or before 30 June 2025:

Rank	Name	Units	% of Units
1	CITICORP NOMINEES PTY LIMITED	11,287,500	66.89
Totals: Top 1 holders of SIX72464 UO30062025/$0.100		**11,287,500**	**66.89**
Total Remaining Holders Balance		**5,588,196**	**33.11**
Total Holders Balance		**16,875,696**	**100**

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2023

(e) Additional ASX required disclosures not made elsewhere

In accordance with Listing Rule 4.10, the Company confirms:

- There is no current on-market share buy-back; and
- The Company used its cash and assets in a form readily convertible to cash that it has at the time of admission to the Official List of the ASX in a way consistent with its business objectives.