



Sprintex Limited
ABN: 38 106 337 599

ASX: SIX

ASX RELEASE

29 October 2021

Sprintex Quarterly Activities Report and Appendix 4C for the Quarter Ended 30 September 2021

Highlights:

- Agreement for collaboration signed with Aeristech Ltd, a global technological leader in electric compressors
- Facilitates both Sprintex and Aeristech's steps towards the industrialisation of high-speed electric compressors, accelerates the two companies into hydrogen energy and clean air markets, including hydrogen fuel cell, industrial turbo blowers and compressor sets
- First production samples scheduled for Q4 2021
- Provides significant future revenue opportunities for Sprintex

Post Quarter End Highlights:

- 3-year agreement with Nanjing RGE, a manufacturer of wastewater treatment equipment and systems in China
- RGE will purchase stand-alone air supply systems from Sprintex which will include a Sprintex-Aeristech e-Compressor and controller
- RGE and Sprintex will collaborate on design of dedicated water treatment systems from 10-60kW
- Minimum order quantity of 400 units over the first 2 years
- Minimum order value of RMB30m (~A\$6.3m) for the first 2 years
- RMB500,000 (~A\$100,000) advance payable against Q1 2022 deliveries
- To fund the further development and production of these products, on 29 October 2021 Sprintex announced a trading halt of its shares pending release of an announcement of a capital raise.

Sprintex Limited (ASX: SIX) (**Sprintex** or the **Company**) is pleased to provide its quarterly activities and cash flow report for the September 2021 quarter.

Jay Upton, Sprintex Managing Director said, *"Activities since our last quarterly report have significantly enhanced our Company's inroads into the eCompressor market."*



“The strategic collaboration Aeristech will stimulate exciting synergies between the two companies on product development, production and sales and the Chinese Supply Agreement with Chinese Nanjing RGE Membrane Tech Co. Ltd provides an entry and a foot-hold into more mature industrial markets.”

Electric Compressor Business Established

Following the establishment of a R&D and production facility in China (see ASX Announcement of 1 June 2021) Sprintex has been pursuing commercial applications for its products for clean industrial air and hydrogen fuel cell applications.

The electric compressor (eCompressor) business complements Sprintex’s existing mechanical drive compressor business which has been proven in automotive applications.

Sprintex secured electric drive technology via an agreement with Aeristech, and post quarter end secured its first industrial air sector customer. Additional opportunities are being pursued.

Agreement with Aeristech

Sprintex and Aeristech Ltd signed an agreement on collaborative development, production and sales (the **Agreement**).

The Agreement with Aeristech will facilitate Sprintex’s penetration into high-growth and lucrative hydrogen energy and clean air markets. Based on Aeristech’s advanced electric motor and controller architecture, Sprintex will further utilise its expertise in high-speed turbomachinery, air bearing and motor material to develop new eCompressors series, manufacture and supply the eCompressor products to Aeristech.

The products will feature Aeristech’s proprietary IP and newly developed IP from Sprintex, to be used as air compressors on:

- i. fuel cell electric vehicles and stationary fuel cell generators;
- ii. industrial turbo blowers for clean air supply and water treatment aeration; and
- iii. multi-stage industrial compressor sets.

In addition, Aeristech has appointed Sprintex as sales representative to promote Aeristech products. Sprintex has already sourced customers and arranged initial product testing, providing Sprintex with near-term revenue opportunities. Sprintex will be the exclusive supplier to Aeristech for all Sprintex introduced customers.

The Agreement is for a minimum term of 24 months following which the parties agree to negotiate a formal agreement in good faith.

Under the Agreement, Sprintex will supply 10 samples of each of the 6kW, 10kW and 25kW units to Aeristech in Q4 2021 following initial sample acceptance for USD110,000. Thereafter, Aeristech will order products for quantities from 100 units to over 10,000 units, however, there is no certainty as to the future quantity of products Aeristech may purchase.

Products and Features

Specifications of the eCompressor products to be developed and manufactured by Sprintex:

- i. 10kW eCompressor, for FC light weight commercial vehicles, FC stationary power units and industrial air markets;



- ii. 25kW eCompressor, for FC long haul commercial vehicles and passenger vehicles, FC non-road machinery and industrial air markets; and
- iii. 6kW eCompressor, for FC forklift trucks, FC light truck and FC stationary power unit markets.

featuring Sprintex's technology in:

- contactless air bearings excellent durability and contamination free;
- carbon fibre and ceramic rotor components - high stiffness at high speed;
- cost effective precision motor manufacturing process - high quality and consistency;
- advanced compressor fluid dynamics - high efficiency; and
- water-cooled unibody motor housing - compactness and reliability.

The eCompressor products that are introduced to the market under this collaboration will incorporate market leading and proven technology, based on Aeristech's proprietary motor and controller IP. The new eCompressor family possesses numerous attractive product features, anticipated to be highly sought after by customers:

- i. able to spin from idle to maximum speed of 160,000rpm in less than 1 second, achieved 30% reduction in size and weight compared to other high-speed compressors currently available;
- ii. single-stage compression to feeds air over 3.5 bar pressure into hydrogen fuel cell system to generate electricity from 30kW to 150kW, to save over 20% of energy consumption compared to competitors using two-stage compression to achieve the same pressure;
- iii. low noise operation due to advanced electromagnetic design and unique motor manufacturing techniques;
- iv. designed to continuously operate in a -40 to 55 deg C environment without any degradation in performance or efficiency; and
- v. advanced air bearings able to exceed 200,000 start-stop cycles and endure over 20G of vibration.

eCompressors will be delivered to several leading automotive customers via Aeristech by the end of 2021.

Additionally, Sprintex will collaborate with Aeristech's industrial air division on Industrial turbo blower sets for clean air supply in manufacturing, food and medicine, ventilation, and water treatment aeration.

Powered by Aeristech's motor controller, the high-speed turbo blower sets will typically save over 30% of electricity cost for the end users, when they upgrade from traditional blowers.

Sprintex will manufacture and supply Aeristech the high flow eCompressors together with blower sets, cabinet, cooling and air flow system, and control panel. The first demonstrator is expected to be built in November. The product has already received customer demand for waste-water treatment applications in China as the environmental protection regulations strengthened.

Industrial Air Compressor Supply Agreement

Subsequent to the September Quarter, Sprintex entered into a Strategic Procurement and Cooperation Agreement with Nanjing RGE Membrane Tech Co. Ltd (RGE) to develop and supply stand-alone air supply systems used in the water treatment industry in China.

RGE is a specialist water treatment membrane bioreactor and water treatment system company, with product sales and services covering all provinces in China.

Sprintex will customize and develop a series of stand-alone high-speed centrifugal air compressors for use in the water treatment industry with rated power covering 10kW to 60kW, including additional agreed systems and controls.

Sprintex will supply a minimum of 400 units (of mixed models) over a two-year initial term, 100 of which must be purchased in the first year and 300 in the second year

Minimum contract value of RMB30m (~AUD 6.3 million) over the first two years of the initial three-year term

First deliveries to be completed in Q1 2022, quarterly minimums apply.

Toyota Tacoma Supercharger System

Work on the development of a supercharger system for the Toyota Tacoma was ongoing, albeit that resources were redirected to the development of the e-compressor products in view of value of the revenue opportunities noted above and covid 19 related restrictions to some company facilities. As a result, the development timeline has been delayed.

Capital Raising

On 29 October 2021 Sprintex announced a trading halt of its shares on the ASX pending release of an announcement of a capital raise. The funds to be raised will be used to finance the system development and production costs of the abovementioned contracts.

Expenditure

The Appendix 4C is attached. Payments to related parties totalling \$93k were paid during the quarter for directors' fees, executive remuneration, and pension / superannuation benefits.

Expenditure has been for operational expenses, being the development, production and sale of superchargers and supercharger systems, plus after sales support.

Staff and other costs have increased in line with the commissioning of the research, development and production facility in China which is focused on the development and production of e-compressors to meet the contracts noted above.

Expenditure from 1 April 2021, being the date of readmission to the Official List of the ASX, is consistent with the use of funds detailed in the Company's prospectus of 20 October 2020, and is detailed below:

Use of Proceeds under Prospectus dated 20/10/2020	Funds allocated under Prospectus	Funds expended since 1/4/2021
	(‘000s)	
Partial repayment of WPF Loan	600	930
Repayment of amounts owed to creditors	1,833	1,718
Durability testing	80	-
New products tooling	380	594
USA emissions certification for new Jeep JL supercharger system	40	-

Research and development costs for new products	500	261
Expenses of the Recapitalisation (including, the Public Offer)	600	840
Administration and other corporate costs	250	694
Working capital	1,409	743
Cash reserves to cover costs during unexpected delays	1,000	-
Total	6,653	5,991
Cash receipts		(562)
Proceeds from borrowings		(38)
Net funds used between 1 April 2021 and 30 September 2021		5,391
Cash at 1 April 2021		85
Net funds used between 1 April 2021 and 30 September 2021		(5,391)
Proceeds of the offer		6,500
Cash at 30 September 2021		1,194

This ASX announcement was authorised for release by the Board of Sprintex Limited.

For further information

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About Sprintex

Sprintex is a clean air compressor engineering, research, product development and manufacturing company, incorporated in Australia in 2003. Sprintex designs and manufactures electric and mechanically driven clean air compressors for use in a wide variety of applications, including:

- combustion engines where Sprintex sells Sprintex® twin screw superchargers, and supercharger systems incorporating the Sprintex® twin screw supercharger, in the automotive aftermarket and original equipment manufacturer (OEM) market in Australia, Asia, Africa, the Middle East and the United States of America;
- hydrogen fuel cells, which require a constant flow of oxygen rich air; and
- industrial oil-free clean air applications, including waste-water treatment.

About Aeristech

Founded in 2006, Aeristech is a global leading technology company of advanced electric motor and controller systems, winning the UK Queen's Award for Enterprise: Innovation in 2020.

Aeristech's proven technology is based on patented control architecture which enables it to produce the world's fastest accelerating and most power dense permanent magnet variable speed electric motors, which are ideal for applications where efficiency, power density and speed are essential, such as for fuel cell and industrial air compressor. The patented system allows motors to accelerate to 160,000 rpm in less than a second. The technology also uses fewer semiconductor components and generates less heat than competitive products.



Aeristech has recently announced partnerships with leading aerospace innovators GKN Aerospace and ZeroAvia, with both companies working with Aeristech on the development of new low-carbon hydrogen-electric powertrains for aviation. Aeristech is also collaborating with Cummins on developing the next generation of high-power eCompressors for Hydrogen fuel cells. Aeristech's pilot production facility in UK has supplied eCompressors to a wide range of automotive and industrial customers.

About RGE

Nanjing RGE Membrane Tech Co., Ltd. (**RGE**) is a specialist water treatment membrane bioreactor and water treatment system company, with product sales and services covering all provinces in China.

It is a technology-oriented enterprise focusing on the research and manufacturing of MBR (membrane bioreactor) core modules (low-energy flat membrane) and components, energy-saving type membrane bioreactor system equipment and energy-saving type aeration systems), providing customers with professional integrated membrane process water resource solutions including design of technical schemes, process design and implementation, membrane equipment integration and system integration, operational technical support and after-sales services.

More information can be found on RGE's web site: <http://en.njrjt.com/>

Forward Looking Statements

Statements regarding plans with respect to the Sprintex projects and products are forward looking statements. There can be no assurance that the Sprintex plans for its projects or products will proceed as expected and there can be no assurance of future sales.

Appendix 4C

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

Name of entity

Sprintex Limited

ABN

38 106 337 599

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		182	182
1.2 Payments for			
(a) research and development		(174)	(174)
(b) product manufacturing and operating costs		(111)	(111)
(c) advertising and marketing		(166)	(166)
(d) leased assets		(3)	(3)
(e) staff costs		(381)	(381)
(f) administration and corporate costs		(265)	(265)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		150	150
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(769)	(769)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(574)	(574)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(574)	(574)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,537	2,537
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(769)	(769)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(574)	(574)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,194	1,194

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,194	2,556
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,194	2,556

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	93
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(769)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,194
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,194
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.6
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes.	
Sprintex has secured sales contracts of e-compressors which are expected to commence generating revenue in the coming quarters.	
To fund the further development and production of these products, on 29 October 2021 Sprintex announced a trading halt of its shares pending release of an announcement of a capital raise.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 October 2021

Date:

By the board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.