



Sprintex Limited
ABN: 38 106 337 599

ASX Code: SIX

ASX RELEASE

30 July 2021

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

Highlights:

- **China subsidiary established**
- **Malaysian production facility now 100% owned by Sprintex**
- **Development of Toyota Tacoma Supercharger**
- **\$6.5m recapitalisation completed**
- **Sprintex recommences trading on the ASX**
- **New board of directors and CFO/company secretary appointed**

Sprintex Limited (ASX: SIX) (the **Company** or **Sprintex**) the international developer, manufacturer, and distributor of the Sprintex® twin screw supercharger and supercharger systems, incorporating the Sprintex® twin screw supercharger provides its quarterly activities statement cash flow statement for the June 2021 quarter.

China Subsidiary Established

The Company established Sprintex Energy Technology (Suzhou) Co., Ltd (**Sprintex China**). Sprintex China will be the engineering centre and production base for Sprintex in China.

Chinese operations will be centred in the newly refurbished building which provides a floor area of 1,500 sqm for the office and factory, providing production capacity of 50,000 units per annum 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.

The facility was established with the support of a series of subsidies from the Chinese Government for its high-tech operations and clean energy profile, including three years of free rental subsidised by local government, additional long term project grant incentives, and local tax exemption of up to 80%.

Sprintex China has recruited an experienced and resourceful operation and technical team from leading turbomachinery, electric motor and car manufacturers, to ensure swift development and production of products. One of Sprintex's directors, Mr. Li Chen, is based in Shanghai and leads the operations of Sprintex China. Li is a China registered senior engineer with a MEng degree in Mechanical Engineering from University College London.

Several expressions of interest from qualified customers and potential corporate partners have been received by Sprintex China.

Commencement of Development of a Toyota Tacoma Supercharger System

Following the continued success of the Company's industry leading composite supercharger systems to suit the very popular Jeep Wrangler range of lifestyle oriented on and off-road vehicles, the Company has

commenced development of a new supercharger system to suit the Toyota Tacoma 3.5 V6 pickup truck range to meet rising demand in the USA, Middle East and Asian markets.

The Tacoma 3.5 V6 model was introduced in the USA and is produced in similar volume to the Jeep Wrangler in USA, at approximately 250,000 units p.a. It is a popular choice for off-road and overland recreational lifestyle applications.

With a similar engine configuration to the Jeep 3.6 V6, the Toyota Tacoma 3.5 V6 supercharger system will share many common parts with the Company's latest Jeep supercharger system to suit Jeep Wrangler vehicles from 2019 on, leveraging off the Company's expertise and success with technically superior nylon composite manifolding and its highly efficient S5-335 front entry supercharger, which when combined, offer industry leading low speed torque that is essential to vehicles equipped with larger wheel and tyre packages and raised suspension for off-roading and rock climbing.

The Company is targeting sales of the Toyota Tacoma system to commence in November 2021.

Corporate

Re-admission to the Official List of the ASX and Recapitalisation

During the quarter recapitalisation of the Company and re-admission to the Official List of the Australian Securities Exchange Limited were completed.

Sprintex issued 75,581,395 ordinary shares at \$0.086 per share to raise \$6,500,000 before costs.

Acquisition of Remaining 50% interest in the Malaysian Production Facility

Sprintex acquired the remaining 50% interest in its joint ventured production facility in Malaysia for the issue of 3,805,940 ordinary shares. This facility is now 100% owned by Sprintex.

Change of Board and Management

Changes to the board and management of the Company occurred during the quarter. The current structure of the board is:

- **Mr Wayne Knight – Non-executive Chairman**

Mr Knight has over 30 years' experience working as a financial adviser in the financial services industry. He provides advice on creating financial security through personal and business risk protection and provides services in the areas of personal superannuation planning, managed investments, rollover and redundancy planning, wealth creation and insurances.

- **Mr Jude (Jay) Upton – Managing Director**

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.

From 2011-2016, Mr Upton was the Chief Technology Officer of the Company and in 2019, was the Technical Consultant. During this period, Mr Upton was responsible for all technical development within the Company and is recognised as the inventor on two international supercharger patents assigned to the Company. In addition, during this period, Mr Upton performed technical presentations to, and commercial negotiations with, vehicle manufacturers in ASEAN, China, Japan, USA, Europe and Australia. He also worked with the Managing Director on business strategy, corporate presentations and capital raisings.

From 2012 to 2017, Mr Upton was employed at Proreka Sprintex (a 50% owned subsidiary of the Company) and was instrumental in both the selection of the location for Sprintex's offshore manufacturing and the establishment of Proreka Sprintex. Working closely with the CEO of AutoV (the

Company's Joint Venture partner and the other shareholder of Proreka Sprintex), Mr Upton oversaw the selection and procurement of the manufacturing equipment and the building of the manufacturing facility in Malaysia.

Mr Upton was Director of Business Development of the Company from 2007 to 2011. He was responsible for the establishment and setup of Sprintex USA Inc. (a wholly owned subsidiary of the Company) and acted as secretary of Sprintex USA Inc. for regulatory purposes.

Mr Upton oversaw market development in the USA, Middle East, South Africa and China and was responsible for commercial agreements with OEMs, suppliers, distributors and dealers in multiple jurisdictions.

Prior to this, from 2004-2007, Mr Upton was the General Manager of the Company at which time he was responsible for the initial setup of the operations and for day-to-day management of all operational and technical functions. From 2000-2004, Mr Upton was the General Manager of the Automotive Division of Advanced Engine Components Limited (now known as Ookami Limited) where he carried out the day to day management of both Sprintex and Bullet Supercars (Qld), including overseeing emissions and full vehicle compliance of a high-performance sports car for Australian production.

- **Mr Li Chen – Non-executive Director**

Mr Chen has over 6 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 also qualified as a Senior New-energy Engineer (Ministry of Industry and Information Technology, China). Mr Chen is fluent in Chinese and English.

During his appointment as Project Researcher for the Chinese Academy of Sciences (Ningbo Institute) between 2015 to 2016, Mr Chen conducted research for composites material fabrication technique, designed and built robotic spray process for composite vehicle body parts and coordinated carbon car body design project. More recently, Mr Chen has been focused on strategic planning and building strategic relationships with global Tier-1 automotive components suppliers involving joint venture and licensed production and fundraising for business scaling at Aeristech Limited and technology outsourcing and overseeing (focusing on high-speed electric compressor and motor drive) at Lidix Technology Limited (a Hong Kong based technology investment company).

Currently, Mr Chen is a director of Aeristech Limited (an entity incorporated in the United Kingdom who through its Chinese subsidiary, specialises in supply chain and business development in China for the patented high tech eSuperchargers and Fuel Cell Compressors made by Aeristech) and Lidix Technology Limited (which also has a mainland China research arm, that conducts technology outsourcing service for industrial clients and has previously introduced and implemented electric supercharger and 48V electric auxiliaries' technology from UK tech companies to leading Chinese commercial vehicle OEMs for their hybrid bus and truck projects).

- **Mr Steven Apedaile – Non-executive Director**

Mr Apedaile has worked in the accounting profession for nearly 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.

From 2005 to 2013, Mr Apedaile was the Chairman and then Managing Director of the Company. As Managing Director, Mr Apedaile's key achievements were to list the company on the ASX and to establish a joint venture manufacturing facility in Malaysia with AutoV.

From 2002 to 2005, Mr Apedaile specialised in forensic accounting and established Horwath Matrimonial to provide services to solicitors and their clients to assist in the identification of the total matrimonial estate both from an asset and income point of view. Mr Apedaile is the Managing Director of Sirius Corporate Services (HK) Limited with offices in Hong Kong, Melbourne and Perth.

Mr Apedaile has acted as an expert witness and acted as a single and joint expert in a number of family law assignments involving business valuations, asset tracking and recovery, expenditure analysis and Duxbury calculations and advising on business, partnership and shareholder disputes.

Mr Apedaile is a Non-Executive Director of Nanoveu Limited (ASX: NVU). Nanoveu develops and commercialises Nano-imprint science products. Its first product, EyeFly3D, enables 3D images and videos to be viewed on smart phones and tablets. Nanoveu listed on the ASX in November 2018.

Mr Apedaile is a Fellow member of the UK Institute of Chartered Accountants in England and Wales and is a Member of the Australian Institute of Company Directors.

On 19 April 2021 Mr Michael van Uffelen was appointed Company Secretary and CFO.

Expenditure

The Appendix 4C is attached. Payments to related parties totalling \$78k 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, and includes reclassifications in the current quarter to better present the nature of expenditure in prior quarters.

Expenditure from 1 April 2021, being the start of the quarter during which the Company completed its recapitalisation and 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
	<i>('000s)</i>	
Partial repayment of WPF Loan	600	930
Repayment of amounts owed to creditors	1,833	1,718
Durability testing	80	-
New products tooling	380	-
USA emissions certification for new Jeep JL supercharger system	40	-
Research and development costs for new products	500	206
Expenses of the Recapitalisation (including, the Public Offer)	600	840
Administration and other corporate costs	250	404
Working capital	1,409	349
Cash reserves to cover costs during unexpected delays	1,000	-
Total	6,653	4,447
Cash receipts		(38)
Proceeds from borrowings		(380)
Net funds used between 1 April 2021 and 30 June 2021		4,029

Cash at 1 April 2021	85
Net funds used between 1 April 2021 and 30 June 2021	(4,029)
Proceeds of the offer	6,500
Cash at 30 June 2021	2,556

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

For further information, please contact:

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About Sprintex

Sprintex is an automotive engineering, research, product development and manufacturing company, incorporated in Australia in 2003. Sprintex designs and manufactures superchargers for use in a wide variety of combustion engines and is currently focused on the development and commercialisation of the Sprintex® twin screw supercharger, 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.

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.

Compatible with:



Appendix 4C

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

Name of entity

Sprintex Limited

ABN

38 106 337 599

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	38	575
1.2 Payments for		
(a) research and development	(206)	(421)
(b) product manufacturing and operating costs	(197)	(242)
(c) advertising and marketing	(467)	(475)
(d) leased assets	(4)	(16)
(e) staff costs	(1,074)	(1,508)
(f) administration and corporate costs	(988)	(1,309)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	9	134
1.8 Other (provide details if material)	(50)	-
1.9 Net cash from / (used in) operating activities	(2,933)	(3,338)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(42)	(46)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(71)	(305)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(113)	(351)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	6,500	6,500
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	(444)	(444)
3.5 Proceeds from borrowings	380	969
3.6 Repayment of borrowings	(930)	(930)
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	5,506	6,095

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	85	146
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,933)	(3,338)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(113)	(351)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,506	6,095
4.5	Effect of movement in exchange rates on cash held	11	4
4.6	Cash and cash equivalents at end of period	2,556	2,556

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	2,556	85
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)	2,556	85

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	78
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>		

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,933)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,556
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,556
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.9
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. SIX was recapitalised on readmitted to the ASX during the quarter. Part of the funds raised were deployed to settle outstanding obligations which were outside normal supplier terms. With long outstanding creditors settled, SIX expects to be back to a normal level of expenditure.	
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: No	

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. SIX was recapitalised on readmitted to the ASX during the quarter. Part of the funds raised were deployed to settle outstanding obligations which were outside normal supplier terms. With long outstanding creditors settled, SIX expects to be back to a normal level of expenditure.

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.

30 July 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.