



Sprintex Limited
ABN: 38 106 337 599

ASX: SIX

ASX RELEASE

25 October 2021

Industrial Air Compressor Supply Agreement

Sprintex to develop, manufacture and supply stand-alone high-speed centrifugal compressor systems for use in the water treatment industry

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**

Sprintex Limited (ASX: SIX) (**Sprintex** or the **Company**) is pleased to advise that it has **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.

Overview:

- 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.

See Appendix A for further key terms of the Agreement and due diligence undertaken on RGE.

Jay Upton, Sprintex Managing Director said, "We are excited to cement the first industrial air customer for our newest division. Whilst the clean energy market is providing many opportunities for the future, the agreement with RGE is a major step forward in the Company's expansion into the electric compressor market and provides an entry and a secure foot-hold into more mature industrial markets, that are hungry for the efficiency improvements that we can offer. Every efficiency improvement in an industrial process is a benefit that goes straight to the bottom line, so we are expecting to see more demand from the industrial sector as more companies become aware of our enhanced efficiency proposition for clean air compressor applications."

Baochang Zhou, RGE Executive Director remarked, "A high-speed electric centrifugal compressor is the ideal solution for water aeration applications. Replacing the traditional roots type compressors with Sprintex eCompressors in a medium size (320kw) water treatment site, will save about 500,000kWh electricity annually for our customer, cut 375 tonnes of CO2 emissions and save about RMB500,000 (AUD104,000) in costs in the process! We also note that the Sprintex compressor system features water-cooling and smart control, which makes it over 20% more efficient and reliable than the compressors we have been using."

Photos of the RGE wastewater plants are pictured below. Sprintex e-Compressors will be used for aeration purpose in RGE's integrated membrane bioreactor modules.



Following the establishment of a R&D and production facility in China (see ASX Announcement of 1 June 2021) and electric drive and controllers for compressors (see ASX Announcement of 14 September 2021), Sprintex has been pursuing commercial applications for its products for clean industrial air and hydrogen fuel cell applications. The agreement with RGE is Sprintex's first in the industrial air sector and additional opportunities are being pursued.

- **Ends** -

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

For further information:

Sprintex Limited

Jay Upton
Managing Director

P: +61 8 9262 7277

E: jay.upton@sprintex.com.au

W: www.sprintex.com.au

MMR Corporate Services Pty Ltd

Level 5, 52 Phillip Street
Sydney, NSW 2000 Australia

P: +61 2 9251 7177

E: Sprintex@mmrcorporate.com

**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 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 system), and provides customers with professional integrated membrane process water resource solutions including design of technical scheme, process design and implementation, membrane equipment integration and system integration, operation 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 A

Information required under Section 4.15 of Guidance Note 8

Parties	Sprintex Energy Technology (Suzhou) Co. Ltd Nanjing RGE Membrane Tech Co., Ltd
Term of the Agreement	36 months
Nature of the products or services to be supplied by Sprintex to the Aeristech	Design manufacture and supply of stand-alone high-speed centrifugal compressor systems for use in the water treatment industry with rated power covering 10kW to 60kW including additional agreed systems and controls.
Significance of the contract to the entity	The Supply Agreement provides revenue in the order of AUD6.3 million over two years and an entry and a foot-hold into more mature industrial markets.
Material conditions that need to be satisfied before the customer becomes legally bound to proceed with the contract.	All material conditions have been met.
Other material information relevant to assessing the impact of the contract on the price or value of the entity's securities	The Agreement provides a strong entry point for the provision of industrial air into the Chinese water treatment industry.

Due diligence undertaken on RGE:

Sprintex undertook the following due diligence activities on RGE:

1. Inspections of production facilities of RGE, including review of the current air compressors purchased by RGE for use in their wastewater treatment equipment;
2. Inspection of wastewater plant installations;
3. Meetings with management of RGE;
4. Review of RGE's financial statements; and
5. Review of the ownership structure of RGE.