

## CONSOLIDATED RESULTS FOR ANNOUNCEMENT TO THE MARKET

### For the half year ended 31 December 2021 Sparc Technologies Limited ACN 009 092 068

This Condensed Consolidated Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Sparc Technologies Limited during the half year, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Current reporting period: Half-year ended 31 December 2021

Previous corresponding reporting period: Half-year ended 31 December 2020

#### Consolidated Results

			\$A
Revenues from ordinary activities	-%	To	-
(Loss) from ordinary activities after tax	119%	to	(7,367,961)
Net (loss) for the half-year attributable to members	119%	to	(7,367,961)

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding half-year	Nil	Nil
Record date for determining entitlements to the dividend	NOT APPLICABLE	

#### Comments

The reported Loss from Ordinary Activities After Tax for the period was \$7,367,961. Net Cash Used in Operating Activities for the period was \$2,651,659. The difference between Net Cash Used in Operating Activities and the Loss from Ordinary Activities primarily relates to share-based payments made to advisors, employees and directors during the period.

Included in the Share-based payments expense is an amount for the assessed value, calculated in accordance with Australian Accounting Standards, of 4,000,000 options in the company to the directors. The proposed structure of these options was agreed on 7 October 2021, however was subject to shareholder approval which was provided on 30 November 2021. On 7 October 2021, the company calculated the assessed value of these options based on a market price of 63 cents per share and the exercise price of \$1.00 as \$1,412,000. Between 7 October 2021 and the date of the annual general meeting on 30 November 2021 that approved the option issue, the share price rose to \$1.54. Australian Accounting Standards require the company to assess the value and book the share-based payment expense based on the share price at the time of the shareholder approval and for that expense to be charged to the profit and loss account during the reporting period. This amount was \$4,568,000, \$3,156,000 higher than which was proposed on 7 October 2021.

## OTHER INFORMATION

For the half-year ended 31 December 2021  
Sparc Technologies Limited ACN 009 092 068

Net Tangible Assets per Security	Half Year ended 31 December 2021	Half Year ended 31 December 2020
Net tangible asset backing per ordinary security (31 December 2021: Total net assets less intangible assets; 31 December 2020: Total net assets less intangible assets)	5.73 cents	6.83 cents

### Dividends

Date the dividend (distribution) is payable

NOT APPLICABLE

Record date to determine entitlements to the dividend  
(distribution)

NOT APPLICABLE

If it is a final dividend, has it been declared?

NOT APPLICABLE

### Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:			
Current year	Nil	Nil	Nil
Previous year	Nil	Nil	Nil
Interim dividend:			
Current year	Nil	Nil	Nil
Previous year	Nil	Nil	Nil

### Audit

The financial statements were subject to a review by the auditors and the review report is attached as part of the report for the half year ended 31 December 2021.

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# Sparc Technologies Limited

ACN 009 092 068

Report for the half-year ended 31 December 2021

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## Corporate directory

### Directors

Mr Stephen Hunt	(Executive Chairman)
Mr Mike Bartels	(Managing Director)
Mr Daniel Eddington	(Non – Executive Director)
Mr Tom Spurling	(Non – Executive Director)

### Company Secretary

Mr Adrien Wing

### Registered Office

Sparc Technologies Limited  
ABN 15 007 702 927  
Level 2, 480 Collins Street  
Melbourne VIC 3000  
Email: [info@sparctechnologies.com.au](mailto:info@sparctechnologies.com.au)

### Auditors

BDO Audit Pty Ltd  
Level 7,  
420 King William St  
ADELAIDE, SA 5000

### Share Registry

Link Market Services Limited  
Level 12, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

Enquiries within Australia: 1300 554 474  
Enquiries outside Australia: +61 1300 554 474  
Website: [www.xxxx.com](http://www.xxxx.com)  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Websites:

[www.sparctechnologies.com.au](http://www.sparctechnologies.com.au)

### Stock Exchange

The company Sparc Technologies Limited (Formerly Acacia Coal Limited) is listed on the Australian Securities Exchange (ASX).  
The ASX Code is: SPN-Ordinary Shares.

## Directors' report

The Directors of Sparc Technologies Limited (Formerly Acacia Coal Limited) (the "Company") submit herewith the financial report of the Company and its subsidiaries (the "Group") for the half-year ended 31 December 2021.

The names of the Directors of the Company during or since the end of the half-year and up to the date of this report are:

Mr S Hunt – Executive Chairman  
Mr M Bartels – Managing Director  
Mr D Eddington- Non – Executive Director  
Mr T Spurling – Non – Executive Director

Mr A Wing - Company Secretary

## Principal Activities

The Company's principal activities are the research and development of new technologies for environmental and biomedical applications.

## Review of operations

For the half-year ended 31 December 2021, the Group recorded a loss after tax of \$7,367,961 (31 December 2020: \$3,359,067) which included non-cash share based payments of \$5,095,616.

The Group had working capital of \$3,843,311 (31 December 2020: \$4,671,781). The Group had negative cash flows from operating activities for the half-year amounting to \$2,651,659 (31 December 2020: \$786,473).

## Dividends paid or recommended

There were no dividends paid, or recommended, during the half-year ended 31 December 2021.

## Significant changes in the state of affairs

Other than disclosed elsewhere in this Directors Report, there have been no significant changes in the state of affairs of the Group which occurred during the half-year.

## Significant events after balance date

Subsequent to reporting date, the Group entered into binding agreements with Fortescue Future Industries (FFI) and the University of Adelaide (UoA) forming the Sparc Hydrogen Joint Venture. These agreements introduce FFI and UoA as shareholders of Sparc Hydrogen Pty Ltd, as at 31 December 2021 a wholly owned subsidiary of the Group.

FFI will contribute \$1.8m in exchange for a 20% interest in Sparc Hydrogen Pty Ltd. UoA licenses its pre-existing intellectual property in relation to the project in exchange for a 28% interest in Sparc Hydrogen. The Group will contribute \$450,000 and issue 3 million shares in Sparc Technologies Limited to UoA (2.721m shares) and Flinders University (279k shares).

## Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar.

## Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the half-year report.

Signed in accordance with a resolution of Directors.

On behalf of the directors

Sparc Technologies Limited



**Stephen Hunt**  
Chairman

Adelaide, 25 February 2022

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**DECLARATION OF INDEPENDENCE  
BY ANDREW TICKLE  
TO THE DIRECTORS OF SPARC TECHNOLOGIES LIMITED**

As lead auditor for the review of Sparc Technologies Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sparc Technologies Limited and the entities it controlled during the period.



Andrew Tickle  
Director

**BDO Audit Pty Ltd**

Adelaide, 25 February 2022

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## Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021

		Consolidated Group	
		Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020
		\$	\$
Note			
<b>Revenue</b>			
	Other Income	608,834	2,650
<b>Expenses</b>			
	Research and development	1,409,084	313,862
	Professional and consulting fees	248,147	376,136
	Travel and accommodation	9,518	10,560
	Regulatory & advisory	199,982	8,586
	Employee expense	5,855,671	281,443
	Recapitalisation expense	-	2,211,123
	Depreciation and amortisation	85,443	35,803
	Interest on lease liabilities	11,342	3,798
	Other expenses	157,608	120,406
	<b>Total Operating expenses</b>	<b>7,976,795</b>	<b>3,361,717</b>
	<b>(Loss) before income tax expense</b>	<b>(7,367,961)</b>	<b>(3,359,067)</b>
	Income tax expense	-	-
	<b>(Loss) for the half-year</b>	<b>(7,367,961)</b>	<b>(3,359,067)</b>
	Other comprehensive income	-	-
	<b>Total comprehensive loss attributable to equity holders of the parent entity</b>	<b>(7,367,961)</b>	<b>(3,359,067)</b>
<b>Earnings per share for loss attributable to equity holders of the parent entity:</b>			
	Basic (cents per share)	(0.10)	(0.05)
	Diluted (cents per share)	(0.09)	(0.04)

The above Consolidated statement of profit or loss and other comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated statement of financial position as at 31 December 2021

		Consolidated Group	
		31 Dec	30 Jun 2021
		2021	2021
		\$	\$
	Note		
<b>Current assets</b>			
Cash and cash equivalents		3,375,250	2,933,406
Receivables		167,664	20,546
Other		111,205	20,188
Current tax assets	6	604,505	199,731
<b>Total current assets</b>		<b>4,258,624</b>	<b>3,173,871</b>
<b>Non-current assets</b>			
Financial Assets		-	108
Property, plant and equipment		411,874	356,931
Other assets		44,365	30,356
Intangible assets		23,775	10,938
Right of use asset		402,668	453,002
<b>Total non-current assets</b>		<b>882,682</b>	<b>851,335</b>
<b>Total assets</b>		<b>5,141,306</b>	<b>4,025,206</b>
<b>Current liabilities</b>			
Trade and other payables		260,568	115,855
Lease liability		103,136	100,900
Employee benefits		51,609	28,382
<b>Total current liabilities</b>		<b>415,313</b>	<b>245,137</b>
<b>Non-current liabilities</b>			
Lease liability		337,956	390,088
<b>Total non-current liabilities</b>		<b>337,956</b>	<b>390,088</b>
<b>Total liabilities</b>		<b>753,269</b>	<b>635,225</b>
<b>Net assets/(deficit)</b>		<b>4,388,037</b>	<b>3,389,981</b>
<b>Equity</b>			
Issued capital	7	12,711,397	9,345,737
Reserves	8	6,316,980	1,316,623
Accumulated (losses)		(14,640,340)	(7,272,379)
<b>Total equity/(deficit)</b>		<b>4,388,037</b>	<b>3,389,981</b>

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity for the half-year ended 31 December 2021

	Note	Contributed equity \$	Share based payment reserve \$	Accumulated (losses) \$	Total \$
<b>Balance as at 1 July 2020</b>		<b>1,328,639</b>	<b>247,200</b>	<b>(1,638,868)</b>	<b>(63,029)</b>
Shares issued for the reverse acquisition of the Company in the half-year		4,067,792			4,067,792
Share based payment expense in the half-year			316,335		316,335
Shares issued, net of transaction costs, in the half-year		3,669,306	80,269		3,749,575
Shares issued to management and advisors in the half-year		280,000	(180,000)		100,000
<b>Total transactions with owners</b>		<b>8,017,098</b>	<b>216,604</b>	<b>0</b>	<b>8,233,702</b>
(Loss) for the year	4			(3,359,067)	(3,359,067)
Other comprehensive income for the half-year					0
<b>Total comprehensive loss for the half-year</b>		<b>0</b>	<b>0</b>	<b>(3,359,067)</b>	<b>(3,359,067)</b>
<b>Balance as at 31 December 2020</b>		<b>9,345,737</b>	<b>463,804</b>	<b>(4,997,935)</b>	<b>4,811,606</b>
<b>Balance as at 1 July 2021</b>		<b>9,345,737</b>	<b>1,316,623</b>	<b>(7,272,379)</b>	<b>3,389,981</b>
Share based payment expense in the year	9	30,000	4,966,565		4,996,565
Shares issued, net of transaction costs, in the year	8	2,632,700			2,632,700
Shares issued for options exercised in the half-year	8/9	702,960	(65,460)		637,500
Performance shares issued to management in the half-year	9		99,252		99,252
<b>Total transactions with owners</b>		<b>3,365,660</b>	<b>5,000,357</b>	<b>0</b>	<b>8,366,017</b>
(Loss) for the half-year				(7,367,961)	(7,367,961)
Other comprehensive income for the half-year					0
<b>Total comprehensive loss for the half-year</b>		<b>0</b>	<b>0</b>	<b>(7,367,961)</b>	<b>(7,367,961)</b>
<b>Balance as at 31 December 2021</b>		<b>12,711,397</b>	<b>6,316,980</b>	<b>(14,640,340)</b>	<b>4,388,037</b>

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated statement of cash flows for the half-year ended 31 December 2021

	Consolidated Group	
	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020
Note	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(2,851,719)	(788,950)
Interest received	308	2,650
R&D Tax Refund	199,751	
<b>Net cash (used in) operating activities</b>	<u>(2,651,659)</u>	<u>(786,300)</u>
<b>Cash flows from investing activities</b>		
Payment for intangible assets	(13,349)	0
Payment for property, plant and equipment	(103,547)	(3,400)
Purchase of Financial Assets		(179)
Cash acquired by reverse acquisition	4	1,854,889
<b>Net cash provided by/ (used in) investing activities</b>	<u>(116,896)</u>	<u>1,851,310</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	8 3,438,400	4,000,000
Share issue costs	8 (168,000)	(250,419)
Payment of lease liabilities (principal and interest)	(60,000)	(4,000)
<b>Net cash provided by financing activities</b>	<u>3,210,400</u>	<u>3,745,581</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	441,844	4,810,591
<b>Cash and cash equivalents at the beginning of the half-year</b>	<u>2,933,406</u>	<u>53,995</u>
<b>Cash and cash equivalents at the end of the half-year</b>	<u>3,375,250</u>	<u>4,864,586</u>

The above Consolidated statement of cashflows should be read in conjunction with the accompanying notes.

## Notes to the Consolidated financial statements for the half-year ended 31 December 2021

### Note 1: Reporting entity

Sparc Technologies Limited is a company limited by shares, incorporated and domiciled in Australia. The condensed interim financial report as at and for the half-year ended 31 December 2021 covers the consolidated group of Sparc Technologies Limited and its controlled entities, together referred to as the "Group". The Group is a for-profit entity.

### Note 2: Statement of compliance and basis of preparation

These financial statements for the interim half-year reporting period ended 31 December 2021 are condensed consolidated general purpose financial statements and have been prepared in accordance with requirements from the Corporations Act 2001 and AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with IAS 34 Interim Financial Reporting.

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the half-year ended 31 December 2021 and are presented in Australian Dollars, which is the functional currency of the Company. They do not include all the information required in the annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2021 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 25 February 2021.

The same accounting policies and methods of computation have been followed in this condensed interim financial report as were applied in the most recent annual financial statements except for the adoption of the new and revised Accounting Standards discussed in subsequent paragraphs.

### Going Concern

The condensed interim financial report has been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that based on the matters noted below the Group has, or in the directors opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report.

### Note 3: New and Revised Accounting Standards that are effective for these financial statements

The Group has adopted all of the new or revised 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.

### Note 4: Reverse acquisition accounting

#### Adjustment to amounts reported for the half-year ended 31 December 2020

During the preparation of the accounts for the half-year ended 31 December 2020, the Directors took professional advice with respect to the application of the principles of reverse acquisition accounting in AASB 3 "Business Combinations" and the accounts were prepared on that basis. During the preparation of the accounts for the full year ended 30 June 2021 the Directors reviewed this professional advice and the interpretation of the principles of reverse acquisition accounting was revisited and discussed during the audit process. As a result, the Directors have revised their interpretation of the principles of reverse acquisition accounting with respect to two aspects of the acquisition transaction and adjustments were required in relation to transactions and balances

reported in the Company's financial report for the half-year ended 31 December 2020. Due to the nature of the adjustments, there is no impact on the net asset position reported, however the reported loss and components of equity have been amended

The impact on the reported statement of profit or loss and other comprehensive income was as follows;

	Note	Half-year ended 31 Dec 2020 \$	Adjustments	Restated Half-year ended 31 Dec 2020
<b>Revenue</b>				
		2,650	-	2,650
<b>Other Income</b>				
<b>Expenses</b>				
Research and development		313,862	-	313,862
Professional and consulting fees		278,058	-	278,058
Travel		10,560		10,560
Share based payments	(a), (b)	279,152	37,183	316,335
Listing expense		8,586		8,586
Employee Expenses		63,186		63,186
Recapitalisation expense	(a)	1,543,042	668,081	2,211,123
Depreciation and amortisation		35,803		35,803
Interest on lease liabilities		3,798		3,798
Other expenses		120,406		120,406
<b>Total Operating expenses</b>		<b>2,656,453</b>	<b>705,264</b>	<b>3,361,717</b>
<b>(Loss) before income tax expense</b>		<b>(2,653,803)</b>	<b>705,264</b>	<b>(3,359,067)</b>
Income tax expense		-	-	-
<b>(Loss) for the year</b>		<b>(2,653,803)</b>	<b>705,264</b>	<b>(3,359,067)</b>
Other comprehensive income				
<b>Total comprehensive loss attributable to equity holders of the parent entity</b>			<b>705,264</b>	<b>(3,359,067)</b>
		<b>(2,653,803)</b>		

The Impact on closing equity was as follows:

	Note	Half-year ended 31 Dec 2020 \$	Adjustments	Restated Half-year ended 31 Dec 2020
<b>Equity</b>				
Issued capital	(a), (b)	7,765,408	1,580,323	9,345,731
Reserves	(a), (b)	1,338,868	(875,059)	463,809
Accumulated (losses)		(4,292,671)	(705,264)	(4,997,935)

Note (a) – Reverse Acquisition Accounting

The reverse acquisition calculations at 31 December 2020 included the 7,000,000 performance shares as consideration for the transaction having the impact of increasing consideration and subsequently the recapitalisation expense by \$992,516. This interpretation of the reverse acquisition accounting principles of AASB 3 is now considered to be incorrect. These amounts were remuneration for proposed Directors and key management personnel and should have been expensed over the expected vesting period of five years. The value of this expense for the six months to 31 December 2020 is \$76,682.

In addition, new shares issued as part of the prospectus, together with shares issued to advisors and these were also included in the share consideration calculation at 31 December 2020. This interpretation of the reverse acquisition accounting principles of AASB 3 is now considered to be incorrect. The impact of their inclusion reduced the number of equity instruments that would have been given by GTS to have exactly the same percentage holding in the new structure at the date of the transaction. Applying the principles of AASB 3 correctly meant that these shares should have been excluded as they did not directly relate to the transaction between the existing shareholder groups. This had the impact of increased consideration, share capital issued and the recapitalisation expense by \$1,660,597.

As a result of the revised interpretation of the reverse acquisition principles of AASB 3 for these two aspects of the transaction the total recapitalisation expense increased by \$668,601 compared with the recapitalisation expense reported at 31 December 2020

Note (b) – Share based payments

- (i) The Group issued options to advisors as compensation for services in relation to the acquisition and capital raising. In the published half-year financial statements, these options were recorded as a share based payment expense. A portion of these options can be directly linked to the issuance of new capital and therefore could be recorded as share issue costs in equity. This amounts to \$80,274 being debited to share capital. The amount is retained in the share based payments reserve until the options are exercised or expire.
- (ii) As a result of the Acquisition, the previous Executive Service Agreement ("ESA") relating to Mr Tom Spurling was superseded. Consequently, the right to performance shares included in the ESA has expired. In the published half-year financial statements, \$100,800 was expensed to recognise the full fair value. A further \$40,775 was required to be expensed to achieve full fair value of \$208,775.

**Adjustment to amounts reported for the year ended 30 June 2021**

During the preparation of the accounts for the half-year ended 31 December 2021, the Directors identified share based payment arrangements with a corporate adviser that should have been accounted for as part of the 30 June 2021 financial statements. The impact on the reported 30 June 2021 statement of profit or loss and other comprehensive income is as follows (impacted line items only);

	Year ended 30 June 2021 \$	Adjustments	Restated Year ended 30 June 2021
<b>Expenses</b>			
Share based payments	980,054	189,096	1,169,150
<b>Total Operating expenses</b>	<b>5,516,371</b>	<b>189,096</b>	<b>5,705,467</b>
<b>(Loss) before income tax expense</b>	<b>(5,444,415)</b>	<b>(189,096)</b>	<b>(5,633,511)</b>
Income tax expense	-	-	
<b>(Loss) for the year</b>	<b>(5,444,415)</b>	<b>(189,096)</b>	<b>(5,633,511)</b>
Other comprehensive income			
<b>Total comprehensive loss attributable to equity holders of the parent entity</b>	<b>(5,444,415)</b>	<b>(189,096)</b>	<b>(5,633,511)</b>

The impact on the reported 30 June 2021 statement of the financial position is as follows (impacted line items only)

	Year ended 30 June 2021 \$	Adjustments	Year ended 30 June 2021
<b>Equity</b>			
Issued capital	9,345,737		9,345,737
Reserves	1,127,527	189,096	1,316,623
Accumulated (losses)	(7,083,283)	(189,096)	(7,272,379)
<b>Total Equity</b>	<b>3,389,981</b>	-	<b>3,389,981</b>

On 21 May 2021 2,000,000 options with an exercise price of \$0.35 expiring 1 June 2024 at an issue price of \$0.0001 were granted to consultants. 50% of these were issued upon payment of the issue price and 50% issued upon the attainment of stated KPIs. Accordingly, the expense of the second tranche of options is being taken up progressively over the 12 month mandate period with the expense in six month reporting period being \$86,165.

The value of the options was determined based on the Black Scholes model using the following assumptions:

Dividend yield: nil%

Expected volatility: 96%

Risk free interest rate: 0.10%

Expected life of options (years): 3

Exercise price: \$0.35

Grant date share price: \$0.30

Fair value per option: \$0.17

#### Note 5: Other income

	31-Dec-21	31-Dec-20
<b>Other Income</b>		
Interest received	309	2,650
Rent	4,020	
Research & Development Rebate	604,505	
	<u>608,834</u>	<u>2,650</u>

#### Employee Benefits comprised of:

Short term employee benefits	906,019	63,186
Share based expense	4,949,652	218,257
	<u>5,855,671</u>	<u>281,443</u>

#### Professional and consulting expense comprised of:

Professional and consulting expense	102,183	278,058
Shared based expense	145,964	98,078
	<u>248,147</u>	<u>376,136</u>

#### Share based payments

Employee benefits	4,949,652	218,257
Professional and consulting	145,964	98,078
	<u>5,095,616</u>	<u>316,335</u>



Included in the Share-based payments expense is an amount for the assessed value, calculated in accordance with Australian Accounting Standards, of 4,000,000 options in the company to the directors. The proposed structure of these options was agreed on 7 October 2021, however was subject to shareholder approval which was provided on 30 November 2021. On 7 October 2021, the company calculated the assessed value of these options based on a market price of 63 cents per share and the exercise price of \$1.00 as \$1,412,000. Between 7 October 2021 and the date of the annual general meeting on 30 November 2021 that approved the option issue, the share price rose to \$1.54. Australian Accounting Standards require the company to assess the value and book the share-based payment expense based on the share price at the time of the shareholder approval and for that expense to be charged to the profit and loss account during the reporting period. This amount was \$4,568,000, \$3,156,000 higher than which was proposed on 7 October 2021.

**Note 6: Income tax**

Current tax	31-Dec-21	31-Dec-20
Current tax relates to the following:		
Opening balance	0	135,602
R&D tax incentive refundable	604,505	0
R&D tax refunds received	0	135,602
Current tax assets	<u>604,505</u>	<u>0</u>

**Note 7: Movements in shares on issue**

	31-Dec-21		30-Jun-21	
	No.	\$	No.	\$
Balance at the beginning of half-year	70,463,258	9,345,737	70,463,258	9,345,737
Shares issued to advisors <sup>1</sup>	89,606	30,000		
Share placement net of issue costs <sup>2</sup>	4,000,000	2,632,000		
Share issued for options <sup>3</sup>	1,075,000	702,960		
Share issue <sup>4</sup>	1,000	700		
Balance end of half-year	<u>75,628,864</u>	<u>12,711,397</u>	<u>70,463,258</u>	<u>9,345,737</u>

<sup>1</sup> On 3 September 2021 89,606 shares valued at \$30,000 were issued to Westar Capital with for the payment of corporate advisory fees for the period May 2021 to August 2021.

<sup>2</sup> On 27 October 2021 4,000,000 shares were issued to sophisticated and professional investors at a price of \$0.70 per share, raising \$2,800,000 with issue fees of \$168,000.

<sup>3</sup> On 3 November 2021 325,000 \$0.30 options with an expiry date of 9 August 2023 were converted to 325,000 shares.

On 24 November 2021 500,000 \$0.60 options with an expiry date of 31 December 2023 were converted to 500,000 shares.

On 3 December 2021 150,000 \$1.20 options with an expiry date of 5 December 2021 were converted to 150,000 shares.

On 23 December 2021 100,000 \$0.60 options with an expiry date of 31 December 2023 were converted to 100,000 shares.

<sup>4</sup> On 5 November 2021 1,000 shares were issued to sophisticated and professional investors at a price of \$0.70 per share, raising \$700.

#### Note 8: Share based payment reserve

##### Share based payment reserve

	31-Dec-21	30-Jun-21
	\$	\$
Option reserve	5,868,602	967,497
Performance share reserve	448,378	349,126
Share based payment reserve at end of half-year	<u>6,316,980</u>	<u>1,316,623</u>

The Share based payment reserve arises on the grant of share options and performance shares to executives, employees, consultants and advisors and upon issue of share options and performance shares to shareholders or buyers. Amounts are transferred out of the share based payment reserve and into accumulated losses when the share options and performance shares expire or lapse.

##### Movement in share based payment reserve - options

	31-Dec-21
	\$
Balance at beginning of half-year	778,401
Prior period adjustment	189,096
Revised balance at beginning of half-year	967,497
Issue of shares to consultants and management <sup>1</sup>	(65,460)
Expense options to consultants - refer note 4	86,165
Expense of shares not yet issued to consultants <sup>4</sup>	30,000
Issue of options to employees <sup>2</sup>	282,400
Issue of options to directors <sup>3</sup>	4,568,000
	<u>5,868,602</u>

<sup>1</sup> On 24 November 2021 500,000 options with an exercise price of \$0.60 and with an expiry date of 31 December 2023 were converted to 325,000 shares. Accordingly, the corresponding share expense of \$54,550 has been transferred to contributed equity.

On 23 December 2021 100,000 options with an exercise price of \$0.60 and with an expiry date of 31 December 2023 were converted to 100,000 shares. Accordingly, the corresponding share based payment expense of \$10,910 has been transferred to contributed equity.

<sup>2</sup> On 7 October 2021 800,000 options with an exercise price of \$1.00 and with an expiry date of 30 September 2025 were issued to employees.

The value of the options was determined based on the Black Scholes model using the following assumptions:

Dividend yield: nil%

Expected volatility: 92%

Risk free interest rate: 0.61%

Expected life of options (years): 4

## Sparc Technologies Limited

Exercise price: \$1.00

Grant date share price: \$0.63

Fair value per option: \$0.353

<sup>3</sup> On 7 October 2021 4,000,000 options with an exercise price of \$1.00 and with an expiry date of 30 September 2025 were approved for issue to directors. The shareholders at the Annual General Meeting of Sparc Technologies Ltd on 30 November approved the issue of the options. The valuation of the options was made on the date of the AGM.

The value of the options was determined based on the Black Scholes model using the following assumptions:

Dividend yield: nil%

Expected volatility: 99%

Risk free interest rate: 1.09%

Expected life of options (years): 4

Exercise price: \$1.00

Grant date share price: \$1.54

Fair value per option: \$1.142

<sup>4</sup> The Group has entered into a corporate advisory agreement with compensation set at \$10,000 per month settled quarterly in shares. This amount represents the quarter ending 31 December 2021 compensation with shares not issued at reporting date.

Share options issued by the Company carry no rights to dividends and no voting rights. As at the 31 December 2021 there are 14,509,265 (31 December 2020: 3,346,765) unlisted options are on issue as follows:

- 650,000 options exercisable at \$0.30 each on or before 9 August 2023;
- 2,159,265 options exercisable at \$0.30 on or before 12 November 2023;
- 4,900,000 options exercisable at \$0.60 on or before 31 December 2023;
- 2,000,000 options exercisable at \$0.35 on or before 1 June 2024; and
- 4,800,000 options exercisable at \$1.00 on or before 30 September 2025.

During the half-year 62,500 options expired. There were no other movements in share options on issue.

### Movement in Share based payment reserve - performance shares

	31-Dec-21
	\$
Balance at beginning of half-year	349,126
Issue of performance shares to Directors <sup>1</sup>	99,252
Balance at end of year	<u>448,378</u>

<sup>1</sup> On 12 November 2020 7,000,000 performance shares were issued to Directors with an exercise price of \$nil. The performance shares will convert into ordinary shares on a one-for-one basis upon satisfaction of the following milestones:

- GTS generating annual operating revenue of at least \$3,000,000 from the Graphene Projects or Graphene Technology over an audited financial year; and
- The company achieving a market capitalisation (based on the Company's VWAP) of \$50,000,000 or more.

The value of the performance shares were determined based on the Monte Carlo model using the following assumptions:

- Dividend yield: nil%
- Expected volatility: 80%
- Risk free interest rate: 0.41%

## Sparc Technologies Limited

- Expected life of options (years) 5
- Exercise price; \$nil
- Grant date share price: \$0.20
- Fair value per performance share: \$0.14

The expense relating to these performance shares is being expensed over the expected vesting period of five years.

Performance shares issued by the Company carry no rights to dividends and no voting rights. As at the 31 December 2021 there are 7,000,000 performance shares on issue with nil exercise price. The conversion rights are noted above.

### Note 9: Contingent Liabilities

The Group has no contingent liabilities at 31 December 2021.

The Group had no contingent assets at 31 December 2021.

### Note 10: Events Occurring After the Reporting Date

Subsequent to reporting date, the Group entered into binding agreements with Fortescue Future Industries (FFI) and the University of Adelaide (UoA) forming the Sparc Hydrogen Joint Venture. These agreements introduce FFI and UoA as shareholders of Sparc Hydrogen Pty Ltd, as at 31 December 2021 a wholly owned subsidiary of the Group.

FFI will contribute \$1.8m in exchange for a 20% interest in Sparc Hydrogen Pty Ltd for Phase 1 of the project. UoA licenses its pre-existing intellectual property in relation to the project in exchange for a 28% interest in Sparc Hydrogen. The Group will contribute \$450,000 and issue 3 million shares in Sparc Technologies Limited to UoA (2.721m shares) and Flinders University (279k shares) for Phase 1 of the project.

### Note 11: Segment Reporting and Change in Business

The Group operates in one business segment, being research and development of new technologies for environmental and biomedical applications. These research and development activities are being conducted in a single geographic segment, being Australia.

### Note 12: Commitments

#### Expenditure commitments

The Group has the following commitments as at 31 December 2021.

The Group entered into a Technology License Agreement (the "TLA") with the University of Adelaide on 6<sup>th</sup> March 2020 to exploit certain technology in accordance with the terms and conditions of the Agreement. As a result of entering into the TLA, as at 31 December 2022, the Group is committed to spending a minimum of \$500,000 per annum on research.

The Group entered into a Strategic Partnership Agreement (the "SPA") with the University of Adelaide on 15<sup>th</sup> January 2020 to work together for the purpose of management and potential commercialisation of the TLA. As a result of entering into the TLA as well as other graphene projects, as at 31 December 2021, the Group is committed to provide \$500,000 per annum towards the Strategic Partnership with the University of Adelaide in 2022 under a project agreement. Amounts spent under the SPA are considered to contribute to the \$500,000 required to be spent under the TLA. The commitment is for a period of four (4) years until 31 December 2023.

The Group entered into a GEIT Hub Collaboration Agreement (the "GHCA") with the University of Adelaide and various parties on 28 June 2017 (and amended on 2 October 2019 and 28 July 2020) to set out the terms of collaboration on the 'Graphene Hub'. As a result of entering into the GHCA, as at 31 December 2021, the Group is committed to spending a minimum of \$80,000.

The Group through its subsidiary Sparc Hydrogen Pty Ltd has entered into a Research Agreement with the

## Sparc Technologies Limited

University of Adelaide. The Research Agreement commits Sparc Hydrogen to total payments of \$2m for Phase 1 of the project. The first milestone payment was made prior to 31 December of \$962k, with \$1.038m remaining to be paid over the 30 month agreement term that commenced on 2 December 2021. The Group will receive reimbursement of \$620,000 from Sparc Hydrogen Pty Ltd due to the introduction of Fortescue Future Industries Pty Ltd as a shareholder of Sparc Hydrogen Pty Ltd.

### **Note 13: Dividends**

No dividends were paid or declared during the half-year and no recommendation for payment of dividends has been made.

### **Note 14: Related Party Transactions**

There were no related party transactions during the half-year.

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## Directors' declaration

The Directors declare that:

- a. the accompanying interim financial statements and notes are in accordance with the Corporations Act 2001 including:
  - i. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - ii. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
- b. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the directors



**Stephen Hunt**  
Chairman

Adelaide, 25 February 2022

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SPARC TECHNOLOGIES LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Sparc Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'BDO'.

**BDO Audit Pty Ltd**

A handwritten signature in blue ink that reads 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 25 February 2022

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