

# Appendix 4D

(Rule 4.2A.3)

## Half-year Report

Name of entity

Sprintex Limited	38 106 337 599
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### 1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
31 December 2021	31 December 2020

### 2. Results for Announcement to the Market

					\$'000
2.1	Revenue from ordinary activities	down	14%	to	280
2.2	Loss from ordinary activities after tax attributable to members	up	185%	to	2,270
2.3	Net loss for the period attributable to members	up	185%	to	2,270

2.4	<b>Brief explanation of results</b>
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#### Financial Results

The loss for the half-year period for the Group after providing for income tax amounted to \$2,269,690 (2020: gain of \$2,659,749, as a result of a loan being forgiven).

#### Covid-19

Covid 19 continued to have an impact on the group operations, with some relaxing of and subsequent reinstatement of restriction on Movement Control Orders ("MCO") in effect in Malaysia, Stay at Home Orders in the USA, and social distancing restrictions imposed in Australia, which lead to continuing challenges on production and sales activity. A resurgence of the virus has added further uncertainty to economies. Conditions created by the Covid-19 pandemic remain fluid, uncertain and constantly evolving. The Group continues to adapt to a work-from-home environment, as and when required, and follows increased hygiene, health and work practice advice from relevant state and federal governments across its global operations. Although the Group continues to be a recipient of a number of Australian Government assistance packages, it remains focused on conservatively managing its cash flow through this period of uncertainty. The Group continues to monitor announcements on stimulus measures to support its ongoing work arrangements with its employees and will implement further responses as required. The health and safety of its staff members remains a key priority.

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Industrial Air Compressor Supply Agreement

On 25 October, the Company advised that it has entered into a Strategic Procurement and Cooperation Agreement with Nanjing RGE Membrane Tech Co (RGE) to develop and supply stand-alone air supply systems used in the water treatment industry in China. RGE is a water treatment membrane bioreactor and water treatment system company, with product sales and services covering all provinces in China. The Company will customize and develop a series of stand-alone centrifugal air compressors for use in the water treatment industry with rated power covering 10kW to 60kW, including additional agreed systems and controls.

Work has progressed well on development of stand-alone air supply systems to suit RGE and other customers and the initial demonstration unit has been completed, allowing final customer specifications to be determined in accordance with the agreement.

Aeristech Agreement

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 compressors, air bearings 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 compressors 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. The Group has already sourced customers and arranged initial product testing, providing the Group with near-term revenue opportunities. The Group 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, the Group 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 the Group:

- i. 10kW eCompressor, for FC lightweight 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.

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

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

The Group will manufacture and supply Aeristech the high flow eCompressors together with compressor 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.

Work advanced on the final design, testing and production of samples of each of the 6kW, 10kW and 25kW eCompressor units for Aeristech in Q4 2021. During the period, the timeline was revised to accommodate further improvements to the final specifications. Subsequent to the period, the improved design units have been delivered to Aeristech for validation in accordance with the terms of the agreement.

#### Operations

The Group's newly established electric compressor division announced in May 2021 has progressed well, with initial production and testing facilities completed during the

period. The design team has been expanded during the period, in parallel to the additional work load from the RGE and Aeristech agreements. Stage two production facilities will be completed in Q1 2022, to meet customer orders.

The twin screw compressor manufacturing division in Malaysia re-opened following a temporary closure due to government Covid 19 restrictions. Production has recommenced with primary focus on manufacture of the company's latest Front Entry superchargers to suit Jeep JL and JT systems and Toyota Tacoma systems. The Group expects initial sales of its latest Jeep systems to commence in Q1 2022.

The Group has continued to invest in additional research and development equipment and tooling to support the supply of components for its products.

Corporate

On 2 November 2021, the Company announced it had received firm commitments from sophisticated and professional investors to raise \$4,000,000 (before costs) through the issue of 53,333,334 fully paid ordinary shares (Shares) in the Company (Placement) at an issue price of \$0.075 per Share (Placement Shares), together with 1 free attaching option exercisable at \$0.10 on or before the anniversary of their issue (Placement Options) for each two participating Shares.

On 8 November 2021, the Company advised the appointment of Mr Steven Apedaile as Chairman of the Company following the retirement of Mr Wayne Knight.

On 8 November 2021, the Company issued a Prospectus with respect to Shares and Options.

On 9 November 2021, the Company advised the issue of 20,409,654 Shares, with a further 32,923,680 shares to be issued following shareholder approval at the Company's AGM, all at 7.5 cents a share.

The issue was approved by shareholders resulting in a total of \$4,000,000 being raised by the Company (of which \$1,530,724 was received before period end, \$500,000 was received after period end, and \$1,969,276 is to be received) being raised by the Company at its Annual General Meeting held on 10 December 2021. All resolution put to members were passed.

On 14 December 2021, Shareholders subscribed for 973,335 Shares and 486,670 options (exercisable at 10c on or before 13 December 2022) under a Security Purchase Plan (SPP). \$73,000 was raised under the SPP. The Company is seeking to place a further 12,359,998 Shares under the SPP Offer terms, for an SPP total of \$1,000,000.

For further details, please refer to the half-year report.

**3. NTA Backing**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.0092	\$0.0142

**4 Control gained or lost over entities having material effect**

Not applicable.

**5. Dividends**

There were no dividends declared or paid during the period and the do not recommend that any dividends be paid.

**6. Dividend Reinvestment Plans**

Not applicable.

**7. Material interest in entities which are not controlled entities**

Not applicable.

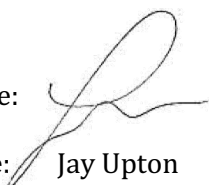
**8. Independent Review Report**

Refer to the attached Half Year Financial Report for the half-year ended 31 December 2021, which contains an emphasis of matter on going concern.

**9. Compliance Statement**

This report should be read in conjunction with the attached Half Year Financial Report for the half-year ended 31 December 2021.

Signed here:



Date: 25 February 2022

Print name:

Jay Upton  
Managing Director



**SPRINTEX LIMITED  
AND CONTROLLED ENTITIES**

**HALF-YEAR REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021**

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AND CONTROLLED ENTITIES

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CORPORATE INFORMATION

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**ABN 38 106 337 599**

**Directors**

S Apedaile, Non-executive Chairman  
J Upton, Managing Director and CEO  
L Chen, Non-executive Director

**Company Secretary**

M van Uffelen

**Registered Office and Principal Place of Business**

Unit 2 / 63 Furniss Road  
Darch WA 6065  
T: +61 8 9262 7277

**Share Register**

Advanced Share Registry  
110 Stirling Highway  
Nedlands WA 6009  
T: +61 8 9389 8033

**ASX Code: SIX**

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

**Auditors**

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

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SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**DIRECTORS' REPORT**

This financial report covers the Consolidated Entity comprising Sprintex Limited (“the Company” or “Sprintex”) and its subsidiaries (“the Group”). The Group’s functional and presentation currency is AUD (\$).

Your directors present their report on the Consolidated Entity consisting of Sprintex Limited (the Company) and the entities it controlled (“the Group”, “the Consolidated Entity”) for the six months ended 31 December 2021.

**Directors**

The directors of the Company in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Steven Apedaile	Non-executive Chairman (appointed Chairman 8 November 2021, prior to which he was a non-executive director)
Jay Upton	Managing Director and CEO
Li Chen	Non-executive Director
Wayne Knight	Non-executive Chairman (retired 8 November 2021)

**Principal Activities**

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 wastewater treatment.

**Review and Results of Operations**

Financial Results

The loss for the half-year period for the Group after providing for income tax amounted to \$2,269,690 (2020: gain of \$2,659,749, as a result of a loan being forgiven).

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

Covid-19

Covid 19 continued to have an impact on the group operations, with some relaxing of and subsequent reinstatement of restriction on Movement Control Orders (“MCO”) in effect in Malaysia, Stay at Home Orders in the USA, and social distancing restrictions imposed in Australia, which lead to continuing challenges on production and sales activity. A resurgence of the virus has added further uncertainty to economies. Conditions created by the Covid-19 pandemic remain fluid, uncertain and constantly evolving. The Group continues to adapt to a work-from-home environment, as and when required, and follows increased hygiene, health and work practice advice from relevant state and federal governments across its global operations. Although the Group continues to be a recipient of a number of Australian Government assistance packages, it remains focused on conservatively managing its cash flow through this period of uncertainty. The Group continues to monitor announcements on stimulus measures to support its ongoing work arrangements with its employees and will implement further responses as required. The health and safety of its staff members remains a key priority.

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**DIRECTORS' REPORT**

for use in the water treatment industry with rated power covering 10kW to 60kW, including additional agreed systems and controls.

Work has progressed well on development of stand-alone air supply systems to suit RGE and other customers and the initial demonstration unit has been completed, allowing final customer specifications to be determined in accordance with the agreement.

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**DIRECTORS' REPORT**

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The issue was approved by shareholders resulting in a total \$4,000,000 being raised by the Company (of which \$1,530,724 was received before period end, \$500,000 was received after period end, and \$1,969,276 is to be received) at its Annual General Meeting held on 10 December 2021. All resolution put to members were passed.

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#### **Likely Developments and Expected Results**

The Group intends to continue deploying clean air compressors for internal combustion engines, fuel cells and industrial applications, such as waste-water treatment.

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**DIRECTORS' REPORT**

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**Environmental Issues**

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

**Events After Reporting Date**

In the interval between the end of the period and the date of this report, in the opinion of the Directors of the Company, no item, transaction or event of a material and unusual nature has occurred which is likely to significantly affect the operations of the Group, or the results of those operations, other than as set out below:

- 20,520,000 performance rights were issued to employees, management, and directors. The performance rights vest into fully paid ordinary shares in two tranches as follows:
  - 50% - Tranche A: The Performance Rights will vest and be convertible into one (1) Share on the achievement of \$10,000,000 of annual revenue by 30 June 2023 (validated by audited/reviewed financial reports); and
  - 50% - Tranche B: The Performance Rights will vest and be convertible into one (1) Share on the achievement of profitability by 30 June 2023 (validated by audited/reviewed financial reports).
- 6,666,670 shares were allotted at \$0.075 per share, together with 1 free attaching option exercisable at \$0.10 on or before the anniversary of their issue (Placement Options) for each two participating Shares. The options are yet to be issued.

**Indemnification and Insurance of Directors and Auditors**

The Company has entered into an Indemnity, Insurance and Access Deed with each Director and Officer. Pursuant to the Deed, the Director/Officer is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions. The Company must keep a complete set of company documents until the later of:

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

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above. Subject to the next sentence, the Company must maintain an insurance policy insuring the Director/Officer against liability as a director and officer of the Company while the Director/Officer is an officer of the Company and until the later of:

- the date which is seven years after the Director/Officer ceases to be an officer of the Company; and
- the date any Relevant Proceedings have been finally resolved. The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

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

**Auditor's Independence Declaration**

The auditor's independence declaration for the half-year ended 31 December 2021 has been received and is included at Page 7 and forms part of this Directors' Report.

**Proceedings on Behalf of the Company:**

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

SPRINTEX LIMITED  
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**DIRECTORS' REPORT**

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**Significant Changes in the State of Affairs**

There are no further significant changes outside of that disclosed in this Report and announced to the market.

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



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**Jay Upton**  
Managing Director  
Perth, 25 February 2022

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

PKF BRISBANE AUDIT



TIM FOLLETT  
PARTNER

25 FEBRUARY 2022  
BRISBANE

PKF Brisbane Audit ABN 33 873 151 348

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Revenue		279,655	325,239
Cost of goods sold		(241,212)	(181,487)
<b>Gross profit</b>		<b>38,443</b>	<b>143,752</b>
Other income	8	287	3,787,558
Distribution and marketing expenses		(829,283)	(13,479)
Research and development expenses		(590,873)	(158,162)
Joint venture impairment expense		-	(278,803)
Administration expenses		(881,461)	(739,377)
<b>Operating profit/(loss)</b>		<b>(2,262,887)</b>	<b>2,741,488</b>
Finance costs		(6,803)	(81,739)
<b>Profit/(loss) before income tax expense</b>		<b>(2,269,690)</b>	<b>2,659,749</b>
Income tax		-	-
<b>Net profit/(loss) for the period</b>		<b>(2,269,690)</b>	<b>2,659,749</b>
<b>Other comprehensive income for the period</b>			
Items that may be reclassified subsequently to profit and loss			
- Movement in foreign translation reserve		102,103	-
<b>Total comprehensive income/(loss) for the period (net of tax)</b>		<b>(2,167,587)</b>	<b>2,659,749</b>
<b>Earnings/(loss) per share attributable to the ordinary equity holders of the Company</b>			
Basic earnings/(loss) (cents per share)		(1.0)	0.23
Diluted earnings/(loss) (cents per share)		(1.0)	0.22

The consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

SPRINTEX LIMITED  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2021

	NOTES	31 December 2021 \$	30 June 2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,185,155	2,536,790
Pledged bank deposits	3	30,000	30,000
Trade and other receivables		87,432	392,040
Other assets		296,151	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,598,738</b>	<b>2,958,830</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	886,748	246,965
Right of use asset		257,747	250,176
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,144,495</b>	<b>497,141</b>
<b>TOTAL ASSETS</b>		<b>2,743,233</b>	<b>3,455,971</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		189,483	245,001
Borrowings		8,554	10,805
Provisions		90,582	82,057
Building lease liabilities		180,410	175,111
<b>TOTAL CURRENT LIABILITIES</b>		<b>469,029</b>	<b>512,974</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		5,702	7,203
Building lease liabilities		93,645	90,895
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>99,347</b>	<b>98,098</b>
<b>TOTAL LIABILITIES</b>		<b>568,376</b>	<b>611,072</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>2,174,857</b>	<b>2,844,899</b>
<b>EQUITY</b>			
Contributed equity	4	67,331,919	65,834,374
Reserves		889,344	787,241
Accumulated losses		(66,046,406)	(63,776,716)
<b>TOTAL EQUITY</b>		<b>2,174,857</b>	<b>2,844,899</b>

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.



SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Ordinary Shares	Share Option Reserve	Foreign Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<i>For the half-year ended 31 December 2021</i>					
<b>Balance at 1 July 2021</b>	<b>65,834,374</b>	<b>361,895</b>	<b>425,346</b>	<b>(63,776,716)</b>	<b>2,844,899</b>
Loss for the period	-	-	-	(2,269,690)	(2,269,690)
Movement in the foreign translation reserve	-	-	102,103	-	102,103
<b>Total Comprehensive Income/(Loss)</b>	<b>-</b>	<b>-</b>	<b>102,103</b>	<b>(2,269,690)</b>	<b>(2,167,587)</b>
Issue of new securities	1,603,724	-	-	-	1,603,724
Share issue expenses	(106,179)	-	-	-	(106,179)
<b>Transactions with owners in their capacity as owners</b>	<b>1,497,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,497,545</b>
<b>Balance at 31 December 2021</b>	<b>67,331,919</b>	<b>361,895</b>	<b>527,449</b>	<b>(66,046,406)</b>	<b>2,174,857</b>
<i>For the half-year ended 31 December 2020</i>					
<b>Balance at 1 July 2020</b>	<b>56,477,246</b>	<b>-</b>	<b>(119,227)</b>	<b>(63,904,352)</b>	<b>(7,546,333)</b>
Profit for the period	-	-	-	2,659,749	2,659,749
Movement in the foreign translation reserve	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,659,749</b>	<b>2,659,749</b>
Issue of new securities	2,974,225	-	-	-	2,974,225
<b>Transactions with owners in their capacity as owners</b>	<b>2,974,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,974,225</b>
<b>Balance at 31 December 2020</b>	<b>59,451,471</b>	<b>-</b>	<b>(119,227)</b>	<b>(61,244,603)</b>	<b>(1,912,359)</b>

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	NOTES	31 December 2021 \$	31 December 2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		279,655	461,283
Payments to suppliers and employees		(2,590,220)	(665,263)
Interest and finance lease charges paid		(1,746)	(81,739)
Government grant received		150,185	-
<b>Net cash flows used in operating activities</b>		<u>(2,162,126)</u>	<u>(285,719)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advance to joint venture		-	(278,803)
Payments for property, plant and equipment	6	(687,054)	-
<b>Net cash flows used in investing activities</b>		<u>(687,054)</u>	<u>(278,803)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		-	(13,411)
Proceeds from borrowings		-	580,000
Proceeds from the issue of shares		1,603,724	-
Share issue costs		(106,179)	-
<b>Net cash flows generated from financing activities</b>		<u>1,497,545</u>	<u>566,589</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		(1,351,635)	2,067
Cash and cash equivalents at the beginning of the period	5	2,536,790	146,260
<b>Cash and cash equivalents at the end of the period</b>	5	<u>1,185,155</u>	<u>148,327</u>

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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**1. Significant Accounting Policies**

*Statement of compliance*

The half year financial report is a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting as issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as appropriate for “for-profit” oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

*Basis of preparation*

The principal accounting policies adopted are consistent with those adopted in the annual financial report for the year ended 30 June 2021, and the corresponding interim reporting period, unless otherwise stated, and the condensed consolidated financial statements have been prepared on the historical cost basis.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the annual report of the Group for the year ended 30 June 2021, and any public announcements made by the Group during the interim period, in accordance with continuing disclosure requirements of the Corporations Act 2001.

The financial statements were authorised for issue in accordance with a resolution of the directors, 25 February 2022.

*New, revised or amending Accounting Standards*

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current half-year. There has been no material impact on the adoption of these.

*Critical accounting estimates and judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

*Going concern*

The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half year ended 31 December 2021 of \$2,269,690 (2020: gain of \$2,695,749, inclusive of a gain from loans forgiven) and net cash outflows from operating activities of \$2,162,126 (2020: \$285,719).

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

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

These conditions indicate a material uncertainty that may cast a significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are sufficient funds available to continue to meet the Group’s working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

SPRINTEX LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

The Directors of the Company have assessed the likely cash flow for the 12 month period from date of signing this half year report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report, based on the belief that additional funds will be received via product sales to finance the Company's activity.

The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements. Management have considered the future capital requirements of the Group and will consider all funding options as required.

The Directors of Sprintex Limited have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected from the commercialisation of the Group's products.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

## 2. Operating Segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

The Company operates in one segment, being the manufacture and distribution of the patented range of Sprintex® clean air compressors and systems. These products are complementary, produced using similar production processes and sold to similar customers through the same distribution channels.

## 3. Pledged Bank Deposits

Pledged bank deposits at 31 December 2021 represented a term deposit of \$30,000 supporting credit card facilities.

## 4. Contributed Equity

	31 December 2021	30 June 2021
	\$	\$
Paid up capital – ordinary shares	69,323,472	67,719,748
Capital raising costs capitalised	(1,991,553)	(1,885,374)
	<b>67,331,919</b>	<b>65,834,374</b>

### (a) Ordinary Shares

Movements in Ordinary Share Capital	Number of shares	\$
<b>Balance at 1 July 2021</b>	213,971,334	65,834,374
Placement at \$0.075 per share (i)	20,409,654	1,530,724
Security purchase plan at \$0.075 per share (ii)	973,335	73,000
Costs related to the issue of shares	-	(106,179)
<b>Balance as at 31 December 2021</b>	<b>235,354,323</b>	<b>67,331,919</b>

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

- (i) The Company received firm commitments from sophisticated and professional investors to raise \$4,000,000 (before costs) through the issue of 53,333,334 fully paid ordinary shares (Shares) in the Company (Placement) at an issue price of \$0.075 per Share (Placement Shares), together with 1 free attaching option exercisable at \$0.10 on or before the anniversary of their issue (Placement Options) for each two participating Shares.

6,666,670 Placement Shares were issued after period end. 13,742,984 Placement Shares and 26,666,667 attaching options remain to be issued.

Viriathus Capital Pty Ltd acted as Lead Manager to the Placement and has been paid a capital raising fee of 6% of the gross proceeds raised under the Placement. In addition, shareholders approved the issue of 1,000,000 unlisted options exercisable at \$0.10 on or before the anniversary of the issue of the Placement Shares (ie, on the same terms as the Placement Options) to the Lead Manager. These options remain to be issued.

- (ii) Participants in the security purchase plan were issued 1 free attaching option exercisable at \$0.10 on or before the anniversary of their issue (Placement Options) for each two participating Shares. This resulted in 486,670 options with an expiry date of 13 December 2021 being issued.

**(b) Share Options**

The following unlisted options were on issue at period end:

Expiry Date	Exercise Price	Number on Issue	Comments/Terms
12 Apr 2024	\$0.086	5,000,000	
19 May 2024	\$0.086	3,000,000	
19 May 2024	\$0.15	2,000,000	Exercisable if SIX having traded at a minimum VWAP of \$0.15 over 5 consecutive trading days
13 Dec 2022	\$0.10	486,670	

**5. Cash and Cash Equivalents**

	31 December 2021	30 June 2021
	\$	\$
Cash	1,185,155	2,536,790
Total cash and cash equivalents	<u>1,185,155</u>	<u>2,536,790</u>

**6. Property, Plant and Equipment**

	Manufacturing Plant and Equipment	Engineering Equipment and Software	Motor Vehicles	Office Furniture and Equipment	Total
Opening net book amount	74,654	1,183	170,979	149	246,965
Additions	687,054	-	-	-	687,054
Depreciation charge	(41,700)	(1,183)	(4,239)	(149)	(47,271)
<b>Net book amount</b>	<b>720,008</b>	<b>-</b>	<b>166,740</b>	<b>-</b>	<b>886,748</b>
<b>At 31 December 2021</b>					
Cost	1,076,970	31,562	447,417	11,994	1,567,943
Accumulated depreciation	(356,962)	(31,562)	(280,677)	(11,994)	(681,195)
<b>Net book amount</b>	<b>720,008</b>	<b>-</b>	<b>166,740</b>	<b>-</b>	<b>886,748</b>

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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**7. Commitments and Contingencies**

There have been no significant changes to operating lease commitments or capital commitments since 30 June 2021 or subsequent to 31 December 2021.

**8. Other Income**

In the half-year ended 31 December 2020 loan forgiveness of \$3,631,720 was recognised as other income. There was no such other income recognised in the half-year ended 31 December 2021.

**9. Events After Reporting Date**

In the interval between the end of the period and the date of this report, in the opinion of the Directors of the Company, no item, transaction or event of a material and unusual nature has occurred which is likely to significantly affect the operations of the Group, or the results of those operations, other than as set out below:

- 20,520,000 performance rights were issued to employees, management, and directors. The performance rights vest into fully paid ordinary shares in two tranches as follows:
  - 50% - Tranche A: The Performance Rights will vest and be convertible into one (1) Share on the achievement of \$10,000,000 of annual revenue by 30 June 2023 (validated by audited/reviewed financial reports); and
  - 50% - Tranche B: The Performance Rights will vest and be convertible into one (1) Share on the achievement of profitability by 30 June 2023 (validated by audited/reviewed financial reports).
- 6,666,670 shares were allotted at \$0.075 per share, together with 1 free attaching option exercisable at \$0.10 on or before the anniversary of their issue (Placement Options) for each two participating Shares. The options are yet to be issued.

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**DIRECTORS' DECLARATION**


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

The directors declare that:

- (a). The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
- (i) compliance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b). There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



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**Jay Upton**  
Managing Director  
Perth, 25 February 2022

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

### Conclusion

We have reviewed the accompanying half-year financial report of Sprintex Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian 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 consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$2,269,690 and incurred a cash outflow from operating activities of \$2,162,126 during the half-year ended 31 December 2021. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

PKF Brisbane Audit ABN 33 873 151 348

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## 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 the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities 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 consolidated entity's financial position as at 31 December 2021 and its 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.

PKF BRISBANE AUDIT



TIM FOLLETT  
PARTNER

25 FEBRUARY 2022  
BRISBANE