

# Appendix 4E

(Rule 4.3A)

## Preliminary final report

Name of entity

Sprintex Limited

ABN: 38 106 337 599

### 1. Details of the Reporting Period and the Previous Corresponding Period

| Financial period ended (“current period”) | Financial period ended (“previous period”) |
|---|--|
| 30 June 2022                              | 30 June 2021                               |

### 2. Results for Announcement to the Market

|     |   |      | \$'000 | %      |    | \$'000 |
|-----|---|------|--------|--------|----|--------|
| 2.1 | Revenue from ordinary activities  | down | 82     | 14%    | to | 493    |
| 2.2 | Loss from ordinary activities after tax attributable to members   | up   | 6,010  | 4,709% | to | 5,882  |
| 2.3 | Net loss for the period attributable to members   | up   | 6,010  | 4,709% | to | 5,882  |
| 2.4 | Loss per share  | up   | 2.7    | 2,090% | at | 2.5    |
|     |   |      |        |        |    |        |
| 2.5 | <b>Brief explanation of results</b>   |      |        |        |    |        |
|     | Highlights for the year were:<br><b>Innovative industrial air compressor sets new efficiency record</b><br>The Company made its first public release of ground-breaking new architecture for a compact high-speed electric compressor range, offering exceptional efficiency. Representing the first time in the industry that a 100,000rpm high-speed electric motor has ever been used in a 30kW commercial air compressor (a class of high flow rate compressor).<br>The innovative design makes the air compressors more compact, more reliable, and cheaper to produce for their rated flow. Sprintex also utilised advanced cooling methods to save another 3% power consumption over common air-cooling methodology, which typically wastes power into the discharged air. Sprintex believes this innovation offers the world's best efficiency for industrial air compressors, yielding the potential for 12% of electricity saving over equivalent capacity, currently available radial type industrial air compressors.<br>Sprintex has filed for patent protection of the key design elements. |      |        |        |    |        |

### **Nanjing RGE collaboration and supply program**

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

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

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

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

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

### **Aeristech technical collaboration and supply program**

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

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

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

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

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

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

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

#### Products and Features

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

- i. 10kW eCompressor, for FC light weight commercial vehicles, FC stationary power units and industrial air markets;
- ii. 25kW eCompressor, for FC long haul commercial vehicles and passenger vehicles, FC non-road machinery and industrial air markets; and
- iii. 6kW eCompressor, for FC forklift trucks, FC light truck and FC stationary power unit markets.

featuring Sprintex's technology in:

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

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

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

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

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

Sprintex will manufacture and supply Aeristech the high flow eCompressors together with blower sets, cabinet, cooling and air flow system, and control panel. The first demonstrator was supplied in November 2021. The product has already received customer demand for wastewater treatment applications in China as the environmental protection regulations strengthened.

Testing of first samples of the Sprintex Aeristech fuel cell air compressor range continued at Aeristech's UK facilities, to validate Factory Acceptance Tests from its newly established test facility in the Suzhou R&D and production facility.

### **Sprintex Commissioned to Design Innovative New e-Compressors**

On 7 March 2022, Sprintex advised that its technology partner Aeristech Limited, a prominent developer of high speed and high power-density electric motor technology, has commissioned Sprintex's e-Compressor division to design two innovative new electric compressors.

#### ***Ultra-high speed 4kW two stage e-Compressor***

Sprintex is designing a 160,000rpm ultra-high speed two stage e-Compressor capable of high-pressure output for advanced fuel cell applications. The 4kW air compressor will enable a denser oxygen-rich air feed to the cell stack, offering higher overall efficiency for a fuel cell than is achievable from current fuel cell technology.

### ***Ultra-speed HVAC refrigerant compressor***

Sprintex is also designing an ultra-speed HVAC (Heating Ventilation & Air Condition) refrigerant compressor, suitable for varied domestic and industrial heat pump applications, but also intended for battery, motor and system cooling as well as cabin airconditioning in electric vehicles. The unit will be approximately 8kw of input power, producing up to 35kW of heating capacity.

### **JL Jeep Supercharger System**

Sprintex's supercharger division has completed manufacture of the initial production batch of supercharger components at its Malaysian facility.

The systems were assembled at Sprintex's USA facility, in readiness for the USA summer sales season and were showcased at the Moab Easter Jeep Safari and Jeep Beach Florida in April 2022.

### **Capital raised**

During the year, the Company raised \$2,878,725 from the issue of 38,382,995 shares at \$0.075 per share via placements and a security placement plan. For each two shares issued, the Company also issued one option, resulting in 19,191,498 options with an exercise price of \$0.10 each and a term of 12 months being issued (refer Note 18).

### **COVID-19**

Beginning in February 2020, governments worldwide issued increasingly stringent orders to contain the spread of COVID-19, including shelter-in-place orders and travel bans. In response to this travel was ceased for all employees. Operations were impacted by COVID-19 restrictions with production not being possible from the facilities in China and Malaysia and access to the facility in the US also being restricted at times. These restrictions did impact the ability of the Group to manufacture and assemble products. Additionally, the supply chain was impacted with part shortages and freight restrictions at times.

The COVID-19 pandemic is a new risk to human health and is a concern the Company's Board takes seriously and is confident appropriate procedures are in place to navigate the Group through this period.

For further details, please refer to the financial report.

### **3. NTA Backing**

|  | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | \$0.0046       | \$0.0133                      |

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

n/a

## **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**

n/a

## **8. Foreign Entities**

This report includes the following foreign subsidiaries:

- Sprintex USA Inc., registered in the United States
- Sprintex Clean Air (Malaysia) Sdn. Bhd. (formerly Proreka Sprintex Sdn. Bhd.) registered in Malaysia
- Sprintex Energy Technology (Suzhou) Co., Ltd, registered in China

## **9. Annual Report**

Refer to the attached Annual Report for the year ended 30 June 2022 for further details. The financial statements contained in the annual report have been audited.

This report should be read in conjunction with the attached Annual Report for the year ended 30 June 2022.

Signed by:



Jay Upton  
Managing Director

Date: 31<sup>st</sup> August 2022

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# **SPRINTEX LIMITED**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
30 JUNE 2022**

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## CORPORATE INFORMATION

**ABN: 38 106 337 599**

**Directors**

|                 |                        |
|-----------------|------------------------|
| Steven Apedaile | Non-executive Chairman |
| Jude Upton      | Managing Director      |
| Li Chen         | Non-executive Director |

**Secretary**

Michael van Uffelen

**Registered Office**

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

**Principal Place of Business**

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

**Share Registrar**

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

## DIRECTORS' REPORT

Your Directors submit the financial report of Sprintex Limited (the Company or Sprintex), and the entities it controlled (the Group), for the year ended 30 June 2022.

### 1. Directors

The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for the entire financial year unless otherwise stated.

| Name, qualifications,<br>independence status and<br>special responsibilities   | Experience  |
|--|---|
| Mr Steven Apedaile<br><i>Independent Non-executive Chairman</i><br>Appointed 16 April 2021<br>Appointed Chairman 8 November 2021 | Mr Apedaile has worked in the accounting profession for over 30 years, 25 years of which were spent in Hong Kong with the first 7 years with KPMG HK and then 18 years with Horwath HK. In his position as Senior Audit Partner, Mr Apedaile's experience included management advice, risk analysis, strategic planning, public listings, forensic accounting, M&A and general business advice. Mr Apedaile served on the Member Review Committee of Horwath International for 3 years performing quality control and risk assessments on a number of Asian based member firms. Mr Apedaile also served for two terms (2 years) on the Hong Kong Society of Accountants Audit Standards Review Committee. |
| ASX listed company directorships in the past 3 years:  |   |
|  | <ul style="list-style-type: none"> <li>• Nanoveu Limited – ASX: NVU</li> </ul>  |
| Mr Jude Upton<br><i>Managing Director and CEO</i><br>Appointed 16 April 2021   | Mr Upton has a broad range of business managerial and technical engineering experience gained over a 20-year period working in the international automotive industry where he has amassed a network of international industry contacts. Prior to this, Mr Upton gained a further 20 years' experience in engineering management in the heavy mobile equipment sector and in both industrial and automotive high- performance engine engineering.  |
| ASX listed company directorships in the past 3 years:  | None  |
| Mr Li Chen<br><i>Independent Non-executive Director</i><br>Appointed 16 April 2021   | Mr Chen has over 7 years' experience from an engineer to a managing director in mechatronics research and development, business development, project management, scheduling, budget control and resource planning. With a degree in Mechanical Engineering from University College London, Mr Chen is also qualified as a Senior New-energy Engineer (Ministry of Industry and information Technology, China). Mr Chen is fluent in Chinese and English.  |
| ASX listed company directorships in the past 3 years:  | None  |
| Mr Wayne Knight<br><i>Independent, Non-executive Chairperson</i><br>Appointed 16 April 2021<br>Retired 8 November 2021           | Mr Knight has over 30 years' experience working as a financial adviser in the financial services industry. He provides advice on creating financial security through personal and business risk protection and provides services in the areas of personal   |

## DIRECTORS' REPORT

superannuation planning, managed investments, rollover and redundancy planning, wealth creation and insurances.

ASX listed company directorships in the past 3 years: None

### 2. Company Secretary

Mr Michael van Uffelen  
Appointed 19 April 2021

Mr van Uffelen is an experienced director, CFO and company secretary actively engaged in managing companies. He holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant with over 30 years' experience gained with major accounting firms, investment banks and public companies.

### 3. Directors' Meetings

The number of meetings of Directors held during the financial year and the number of meetings attended by each Director was as follows:

| Name                                      | Number of meetings eligible to attend | Number of meetings attended |
|---|---------------------------------------|-----------------------------|
| Mr Steven Apedaile                        | 4                                     | 4                           |
| Mr Jude Upton                             | 4                                     | 4                           |
| Mr Li Chen                                | 4                                     | 4                           |
| Mr Wayne Knight (retired 8 November 2021) | 2                                     | 2                           |

### 4. Principal Activities

The principal activity of the Group for the financial year ended 30 June 2022 was the manufacture and distribution of clean air compressors, including the patented range of Sprintex® superchargers.

Refer to section 5 of this Directors' report for further commentary on the change in principal activities during the year.

### 5. Operating and financial review

The Company was established in 2003 and listed on the ASX in 2008.

The Group's focus is the development and commercialisation of clean air compressors.

The Group's head office is in Perth, Western Australia and is our dedicated research and development base, and is where our creative Design, Engineering and Calibration team work together to provide technical and innovative solutions to support both aftermarket and OEM requirements with the use of the Sprintex® twin screw supercharger. With capability for low volume production, manufacturing and testing at the facility, the team is well equipped to provide engineering concept ideas and solutions at low cost.

The production facility in Malaysia in the 'Glenmarie' area of Shah Alam, Selangor was commissioned in January 2013 encompassing 1,800 sqm. Certified to ISO9008 and able to provide high volume quality parts and systems, supported by a highly trained production and engineering team, the Malaysian facility and its team have continued to grow and expand their knowledge and performance to provide a solid production platform for the Group. The Group also has a distribution and final assembly facility in Detroit, Michigan USA, where we can launch our products to the USA and Canadian markets. The

## DIRECTORS' REPORT

shared facility of over 36,000 sqm also provides customer support and sales and marketing for the region.

In 2021, the Group established Sprintex Energy Technology (Suzhou) Co., Ltd (Sprintex China). Sprintex China, an engineering centre and production base for Sprintex in China.

The Sprintex Chinese operations comprise of a 1,500 sqm facility, providing production capacity of 50,000 units per annum of high-speed electric compressors. High-speed electric compressors have rapidly increasing demands in clean emission transportation, clean energy/hydrogen fuel cell, and industrial applications.

### Overview for the year

#### **Innovative industrial air compressor sets new efficiency record**

The Company made its first public release of ground-breaking new architecture for a compact high-speed electric compressor range, offering exceptional efficiency. Representing the first time in the industry that a 100,000rpm high-speed electric motor has ever been used in a 30kW commercial air compressor (a class of high flow rate compressor).

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## DIRECTORS' REPORT

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## DIRECTORS' REPORT

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### **Capital raised**

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### **COVID-19**

Beginning in February 2020, governments worldwide issued increasingly stringent orders to contain the spread of COVID-19, including shelter-in-place orders and travel bans. In response to this travel was ceased for all employees. Operations were impacted by COVID-19 restrictions with production not being possible from the facilities in China and Malaysia and access to the facility in the US also being restricted at times. These restrictions did impact the ability of the Group to manufacture and assemble products. Additionally, the supply chain was impacted with part shortages and freight restrictions at times.

The COVID-19 pandemic is a new risk to human health and is a concern the Company's Board takes seriously and is confident appropriate procedures are in place to navigate the Group through this period.

**DIRECTORS' REPORT***Shareholder returns*

|                                     | <b>2022</b> | <b>2021</b> | <b>2020</b>  | <b>2019</b>  | <b>2018</b> |
|-------------------------------------|-------------|-------------|--|--|-------------|
| Revenue                             | 493,318     | 574,854     | 1,130,974  | 1,851,939  | 2,274,050   |
| Net profit (loss) for the year      | (5,882,328) | 127,636     | (2,834,549)  | (2,938,035)  | (1,884,472) |
| (Loss) / Earnings per share (cents) | (2.5)       | 0.1         | (2.8)  | (3.0)  | (1.8)       |
| Net assets / (liabilities)          | 1,170,540   | 2,844,899   | (7,546,333)<br>Suspended from the ASX <sup>(i)</sup> | (1,119,645)<br>Suspended from the ASX <sup>(i)</sup> | (5,103)     |
| Share price                         | \$0.071     | \$0.08      |  |  | \$0.095     |

(i) The last quoted share price prior to suspension from the ASX on 30 September 2018 was of \$0.095.

**Investments for future performance***E-compressor facility established in China*

In 2021, the Group established Sprintex Energy Technology (Suzhou) Co., Ltd (Sprintex China). Sprintex China, an engineering centre and production base for Sprintex in China.

The Sprintex Chinese operations comprise of a 1,500 sqm facility, providing production capacity of 50,000 units per annum of high-speed electric compressors. High-speed electric compressors have rapidly increasing demands in clean emission transportation, clean energy/hydrogen fuel cell, and industrial applications.

*Commencement of Development of a Toyota Tacoma Supercharger System:*

Following the continued success of the Group's industry leading composite supercharger systems to suit the very popular Jeep Wrangler range of lifestyle oriented on and off-road vehicles, the Group commenced development of a new supercharger system to suit the Toyota Tacoma 3.5 V6 pickup truck range to meet rising demand in the USA, Middle East and Asian markets.

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

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

**Review of financial condition**

The Group had \$50,039 cash at bank as at 30 June 2022 (2021: \$2,536,790). Refer to section 7 of the directors' report regarding funding raised subsequent to balance date.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

**DIRECTORS' REPORT****6. Dividends**

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

**7. Significant events after balance date**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Subsequent to year end, the Company issued 2,000,000 shares at \$0.075 and 1,000,000 options with an exercise price of \$0.10 on or before 27 July 2023 to raise \$150,000 and secured a short-term loan of \$352,500.

Apart from the items above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

**8. Likely developments**

The Group is focused on developing and producing clean air compressors.

**9. Environmental legislation**

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

**10. Directors' interests**

As at the date of this report, the interests of the Directors in the Company were:

|                    | <b>Number of<br/>fully paid<br/>ordinary<br/>shares</b> | <b>Number of<br/>performance<br/>rights</b> |
|--------------------|---|---|
| Mr Jude Upton      | 302,844   | 5,000,000                                   |
| Mr Li Chen         | 7,034,883   | 5,000,000                                   |
| Mr Steven Apedaile | 3,290,507   | 2,500,000                                   |

**DIRECTORS' REPORT****11. Share options**

The following is a summary of the movement in options during the year:

| <b>Options</b>                  | <b>Expiry Date</b> | <b>Exercise Price</b> | <b>Notes</b> | <b>Opening balance</b> | <b>Issued</b> | <b>Converted</b> | <b>Expired</b> | <b>Closing</b> |
|---------------------------------|--------------------|-----------------------|--------------|------------------------|---------------|------------------|----------------|----------------|
| Unlisted                        | 12/04/2024         | \$0.086               |              | 5,000,000              | -             | -                | -              | 5,000,000      |
| Unlisted                        | 19/05/2024         | \$0.086               |              | 3,000,000              | -             | -                | -              | 3,000,000      |
| Unlisted                        | 19/05/2024         | \$0.150               |              | 2,000,000              | -             | -                | -              | 2,000,000      |
| Unlisted                        | 8/11/2022          | \$0.100               | (i)          | -                      | 10,204,827    | -                | -              | 10,204,827     |
| Unlisted                        | 13/12/2022         | \$0.100               | (i)          | -                      | 486,670       | -                | -              | 486,670        |
| Unlisted                        | 8/02/2023          | \$0.100               | (i)          | -                      | 3,333,335     | -                | -              | 3,333,335      |
| Unlisted                        | 11/04/2023         | \$0.100               | (i)          | -                      | 2,666,668     | -                | -              | 2,666,668      |
| Unlisted                        | 18/05/2023         | \$0.100               | (i)          | -                      | 1,333,333     | -                | -              | 1,333,333      |
| Unlisted                        | 22/06/2023         | \$0.100               | (i)          | -                      | 1,166,667     | -                | -              | 1,166,667      |
| Total                           |                    |                       |              | 10,000,000             | 19,191,498    | -                | -              | 29,191,498     |
| Weighted average exercise price |                    |                       |              | \$0.099                | \$0.100       | -                | -              | \$0.100        |

- (i) Options attaching to placements and a security purchase plan on the basis on the basis of 1 option for 2 shares issued.

Options not exercised by the expiry date will lapse.

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any shares as a result of the exercise of options.

**12. Performance rights**

The following performance rights were issued during the 2022 year:

| <b>Grant Date</b> | <b>Vesting Condition</b>   | <b>Number</b>     |
|-------------------|--|-------------------|
| 23/2/2022         | 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) | 10,260,000        |
| 23/2/2022         | 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)                  | 10,260,000        |
|                   |  | <b>20,520,000</b> |

**13. Indemnification and insurance of Directors and Officers**

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

## DIRECTORS' REPORT

- 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 reasonably available. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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.

### 14. Auditor Independence

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

### 15. Non-Audit Services

There were no non-audit services provided by the external auditor during the current financial year.

The directors are of the opinion that the non-audit services provided in the previous financial year as disclosed in Note 8 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### 16. 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 year or at the date of this report.

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 year ended 30 June 2022, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF BRISBANE AUDIT



TIM FOLLETT  
PARTNER

BRISBANE  
31 AUGUST 2022

PKF Brisbane Audit ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane, QLD 4000 | GPO Box 1568, Brisbane, QLD 4001 | T: +61 7 3839 9733  
Brisbane | Rockhampton [www.pkf.com.au](http://www.pkf.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

**DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)**

This remuneration report, which forms part of the directors' report, outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. The term "key management personnel" refers to those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

**Details of key management personnel**

The directors and other key management personnel in office at any time during the financial year and up to the date of this report were:

**Parent Entity Directors**

Mr Wayne Knight ..... Independent Non-executive Chairman, appointed 16 April 2021, retired 8 November 2021  
 Mr Jude Upton ..... Managing Director and CEO, appointed 16 April 2021  
 Mr Li Chen ..... Independent Non-executive Director, appointed 16 April 2021  
 Mr Steven Apedaile ..... Independent Non-executive Director, appointed 16 April 2021, and appointed Chairman on 8 November 2021

**Other Key Management Personnel**

Mr Michael van Uffelen ..... Chief Financial Officer and Company Secretary

**Remuneration Policy**

For the purposes of this report, the term key management personnel encompasses the Directors and the Chief Financial Officer/Company Secretary.

Each Director of the Company is entitled to such remuneration from the Company as shareholders approve at the annual general meeting, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting.

The Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives. The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team. Options can be issued as part of director and executive remuneration to encourage the alignment of personal and shareholder interests. The expected outcome of this remuneration structure is:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Company
- Competitiveness and reasonableness
- Acceptability to shareholders

Non-executive directors with significant shareholdings have not been drawing any fees to assist the Company with preserving cash.

To incentivise the executives with the strategic objectives of the Group to maximise shareholders wealth, the Company has previously offered key executives of the Company the ability to acquire shares in-lieu of remuneration. The Board will continue to monitor appropriate incentive schemes, including cash and share ownership plans, for the Company in future years.

The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

## DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

### Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

#### ***Non-Executive Director Remuneration***

##### *Objective*

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

##### *Structure*

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate remuneration for all non-executive Directors has been set at a maximum amount of \$300,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. All non-executive Directors do not receive retirement benefits.

All Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

#### ***Executive Directors and other Key Management Personnel Remuneration***

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of Directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

##### *Structure*

While it is intended to achieve the remuneration structure as mentioned in the Remuneration Policy, due to the current nature and performance of the Company's business operations, the rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration.

#### ***Other key management personnel***

Other key management personnel are remunerated in cash and are entitled to participate in any employee share ownership plans which may be introduced from time to time.

The remuneration of directors and executives is detailed under the heading "Compensation of Key Management Personnel" below.

**DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)**Compensation of Key Management Personnel

| 2022 Year                             | Salary & fees <sup>1</sup> | Non-monetary benefits | Post Employment Benefits | Share-based Payments <sup>2</sup> | Total          | Proportion of remuneration performance based % |
|---------------------------------------|----------------------------|-----------------------|--------------------------|-----------------------------------|----------------|--|
|                                       | \$                         | \$                    | \$                       | \$                                |                |  |
| <b>Directors</b>                      |                            |                       |                          |                                   |                |  |
| Mr W Knight <sup>3</sup>              | 16,367                     | -                     | 1,637                    | -                                 | 18,004         | 0%   |
| Mr J Upton                            | 240,000                    | -                     | -                        | 92,927                            | 332,927        | 28%  |
| Mr L Chen                             | 40,000                     | -                     | -                        | 92,927                            | 132,927        | 70%  |
| Mr S Apedaile                         | 43,959                     | -                     | 4,396                    | 46,463                            | 94,818         | 49%  |
| <b>Sub-total</b>                      | <b>340,326</b>             | <b>-</b>              | <b>6,033</b>             | <b>232,317</b>                    | <b>578,676</b> |  |
| <b>Other key management personnel</b> |                            |                       |                          |                                   |                |  |
| Mr M van Uffelen                      | 120,000                    | -                     | -                        | 37,171                            | 157,171        | 24%  |
| <b>Sub-total</b>                      | <b>120,000</b>             | <b>-</b>              | <b>-</b>                 | <b>37,171</b>                     | <b>157,171</b> | <b>24%</b>                                     |
| <b>Total</b>                          | <b>460,326</b>             | <b>-</b>              | <b>6,033</b>             | <b>269,488</b>                    | <b>735,847</b> | <b>37%</b>                                     |

1. Presented on an accruals basis  
 2. Represents an apportionment of the value of the underlying shares from grant date to the expected date of achievement of the performance hurdle. The actual benefit, if received, may differ materially. See below for further details.  
 3. Retired 8 November 2021

| 2021 Year                             | Salary & fees  | Non-monetary benefits | Post Employment Benefits | Share-based Payments | Total          | Proportion of remuneration performance based % <sup>8</sup> |
|---------------------------------------|----------------|-----------------------|--------------------------|----------------------|----------------|---|
|                                       | \$             | \$                    | \$                       | \$                   |                |   |
| <b>Directors</b>                      |                |                       |                          |                      |                |   |
| Mr W Knight <sup>1</sup>              | 10,000         | -                     | 950                      | 264,158              | 275,108        | -   |
| Mr J Upton <sup>1</sup>               | 50,000         | -                     | -                        | -                    | 50,000         | -   |
| Mr L Chen <sup>1</sup>                | 8,333          | -                     | -                        | -                    | 8,333          | -   |
| Mr S Apedaile <sup>1</sup>            | 8,333          | -                     | -                        | -                    | 8,333          | -   |
| Mr R Siemens <sup>2</sup>             | -              | -                     | -                        | -                    | -              | -   |
| Mr M Wilson <sup>2</sup>              | -              | -                     | -                        | -                    | -              | -   |
| Mr R O'Brien <sup>2</sup>             | -              | -                     | -                        | -                    | -              | -   |
| Mr D White <sup>2</sup>               | -              | -                     | -                        | -                    | -              | -   |
| Mr R Lau <sup>2</sup>                 | -              | -                     | -                        | -                    | -              | -   |
| <b>Sub-total</b>                      | <b>76,667</b>  | <b>-</b>              | <b>950</b>               | <b>264,158</b>       | <b>341,775</b> | <b>-</b>  |
| <b>Other key management personnel</b> |                |                       |                          |                      |                |   |
| Mr M van Uffelen <sup>3,6</sup>       | 25,000         | -                     | -                        | -                    | 25,000         | -   |
| Mr H Thong <sup>4</sup>               | 69,878         | -                     | -                        | -                    | 69,878         | -   |
| Mr T Jones <sup>7</sup>               | -              | 37,495                | -                        | -                    | 37,495         | -   |
| Mr R Molkenthin <sup>5</sup>          | 157,856        | -                     | 13,181                   | -                    | 171,037        | -   |
| Mr D Runciman <sup>6</sup>            | 66,500         | -                     | -                        | -                    | 66,500         | -   |
| <b>Sub-total</b>                      | <b>319,234</b> | <b>37,495</b>         | <b>13,181</b>            | <b>-</b>             | <b>369,910</b> | <b>-</b>  |
| <b>Total</b>                          | <b>395,900</b> | <b>37,495</b>         | <b>14,131</b>            | <b>264,158</b>       | <b>711,685</b> | <b>-</b>  |

1. Appointed 16 April 2021  
 2. Retired 16 April 2021  
 3. Appointed 19 April 2021  
 4. Appointed 5 March 2021, resigned 19 April 2021  
 5. Resigned 5 March 2021  
 6. Paid through third-party companies or arrangements with foreign operations, therefore no superannuation applies.  
 7. Includes provision of accommodation while in the USA and settlement of contract termination in prior years. T Jones no longer provides services to the Company.  
 8. None of the remuneration disclosed herein was performance related.

**DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)****Key management personnel (KMP) disclosures****(a) Option holdings of key management personnel***Year ended 30 June 2022*

No options were on issue to key management personnel.

*Year ended 30 June 2021*

5,000,000 unlisted options with an exercise price of \$0.086 on or before 12 April 2024 were issued to Mr Wayne Knight as part of his remuneration package. The fair value was calculated using a Black-Scholes Option pricing model and estimated to be \$0.053 per option.

**(b) Shareholdings of key management personnel***Ordinary shares*

The following table shows the movement during the year in the number of ordinary shares in Sprintex Limited held directly, indirectly or beneficially, by each key management personnel, including their related parties:

| <b>Year ended 30 June 2022</b>        | <b>Balance at start of the financial year/ date of appointment</b> | <b>Received as remuneration</b> | <b>Other changes<sup>i</sup></b> | <b>Balance at the end of financial year / date of retirement</b> |
|---------------------------------------|--|---------------------------------|----------------------------------|--|
| <b>Directors</b>                      |  |                                 |                                  |  |
| Mr W Knight (retired 8 November 2021) | -  | -                               | -                                | -  |
| Mr J Upton                            | 47,844   | -                               | 255,000                          | 302,844  |
| Mr L Chen                             | 7,034,883  | -                               | -                                | 7,034,883  |
| Mr S Apedaile                         | 2,717,588  | -                               | 572,919                          | 3,290,507  |
| <b>Other key management personnel</b> |  |                                 |                                  |  |
| Mr M van Uffelen                      | 28,541   | -                               | -                                | 28,541   |
|                                       | <b>9,828,856</b>   | <b>-</b>                        | <b>827,919</b>                   | <b>10,656,775</b>  |

i. Comprises of on-market purchases

| <b>Year ended 30 June 2021</b>        | <b>Balance at start of the financial year/ date of appointment</b> | <b>Received as remuneration</b> | <b>Other changes</b> | <b>Balance at the end of financial year / date of retirement</b> |
|---------------------------------------|--|---------------------------------|----------------------|--|
| <b>Directors</b>                      |  |                                 |                      |  |
| Mr W Knight <sup>i</sup>              | -  | -                               | -                    | -  |
| Mr J Upton <sup>i</sup>               | 47,844   | -                               | -                    | 47,844   |
| Mr L Chen <sup>i</sup>                | 7,034,883  | -                               | -                    | 7,034,883  |
| Mr S Apedaile <sup>i</sup>            | 2,717,588  | -                               | -                    | 2,717,588  |
| Mr R Siemens <sup>ii</sup>            | 61,822,000   | -                               | -                    | 61,822,000   |
| Mr M Wilson <sup>ii</sup>             | 15,166,090   | -                               | 10,146,790           | 25,312,880   |
| Mr R O'Brien <sup>ii</sup>            | 512,687  | -                               | -                    | 512,687  |
| Mr D White <sup>ii</sup>              | 235,169  | -                               | -                    | 235,169  |
| Mr R Lau <sup>ii</sup>                | 681  | -                               | -                    | 681  |
| <b>Other key management personnel</b> |  |                                 |                      |  |
| Mr M van Uffelen <sup>iii</sup>       | 28,541   | -                               | -                    | 28,541   |
| Mr R Molkenthin <sup>iv</sup>         | 567,350  | -                               | -                    | 567,350  |
|                                       | <b>88,132,833</b>  | <b>-</b>                        | <b>10,146,790</b>    | <b>98,279,623</b>  |

i. Appointed 16 April 2021

ii. Retired 16 April 2021

iii. Appointed 19 April 2021

iv. Resigned 5 March 2021

**DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)****(c) Loans from Directors**

2022:

There were no loans from Directors.

2021:

The Company issued securities to a number of investors in satisfaction of its obligations under a number of recapitalisation agreements including:

- 5,755,814 shares to Lidx Technology Limited (an entity controlled by Director, Li Chen) (Lidx) in lieu of a financing charge payable to Lidx and in lieu of repayment of \$440,000 owing under the loan agreement entered into between the Company and Lidx; and
- 10,146,790 shares to Wilson's Pipe Fabrication Pty Ltd (WPF) in lieu of part conversion of the amount owing to WPF of \$1,462,642.

\$930,000 was repaid to Wilson's Pipe Fabrication Pty Ltd ("WPF") a related party of the Company by virtue of WPF being an entity controlled by Mr Michael Wilson, a substantial shareholder and a former non-executive Director of the Company.

A loan from China Automotive Holdings Limited ("CAHL") a related party by way of a common former director, was extinguished by way of a debt settlement agreement, resulting in a reduction in borrowings of \$2,822,406, a reduction of \$809,314 in accrued interest and fees recorded in other payables and the recognition of other income loan forgiveness for \$3,631,720.

**(d) Performance rights of key management personnel**

On 23 February 2022, 14,500,000 performance rights were issued to key management personnel as part of the issue of 20,520 ,000 performance rights. A summary of the movements during the year follows:

| <b>Year ended 30 June<br/>2022</b>    | <b>Balance at start of<br/>the financial year/<br/>date of<br/>appointment</b> | <b>Received as<br/>remuneration</b> | <b>Other changes</b> | <b>Balance at the end<br/>of financial year /<br/>date of retirement</b> |
|---------------------------------------|--|-------------------------------------|----------------------|--|
| <b>Directors</b>                      |  |                                     |                      |  |
| Mr W Knight (retired 8 November 2021) | -  | -                                   | -                    | -  |
| Mr J Upton                            | -  | 5,000,000                           | -                    | 5,000,000  |
| Mr L Chen                             | -  | 5,000,000                           | -                    | 5,000,000  |
| Mr S Apedaile                         | -  | 2,500,000                           | -                    | 2,500,000  |
| <b>Other key management personnel</b> |  |                                     |                      |  |
| Mr M van Uffelen                      | -  | 2,000,000                           | -                    | 2,000,000  |
|                                       | -  | 14,500,000                          | -                    | 14,500,000   |

(i) 50% of 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

(ii) 50% of 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).

The fair value of the performance rights issued was assessed as follows:

|                                       | \$               |
|---------------------------------------|------------------|
| <b>Directors</b>                      |                  |
| Mr J Upton                            | 360,000          |
| Mr L Chen                             | 360,000          |
| Mr S Apedaile                         | 180,000          |
| <b>Other key management personnel</b> |                  |
| Mr M van Uffelen                      | <u>144,000</u>   |
|                                       | <u>1,044,000</u> |

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**DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)**

There were no performance rights on issue at 30 June 2021.

**END OF REMUNERATION REPORT**

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



**Jay Upton**  
CEO and Managing Director

Perth, 31 August 2022

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## CORPORATE GOVERNANCE OVERVIEW

The Board of Sprintex Limited is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the Group and its stakeholders.

A copy of the Sprintex 2022 Corporate Governance Statement, which provides detailed information about governance, and a copy of the Sprintex Limited Appendix 4G which sets out the Group's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) is available on the corporate governance section of the Group's website at [www.sprintex.com.au](http://www.sprintex.com.au).

The Board believes that the governance policies and practices adopted by Sprintex Limited during 2022 are in accordance with the recommendations contained in the ASX Principles.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2022

|   | NOTES    | 2022<br>\$         | 2021<br>\$         |
|---|----------|--------------------|--------------------|
| <b>Sales of goods and services</b>  |          | <b>493,318</b>     | <b>574,854</b>     |
| <b>Revenue</b>  |          | <b>493,318</b>     | <b>574,854</b>     |
| <b>Cost of goods sold</b>   |          | <b>(452,184)</b>   | <b>(242,020)</b>   |
| <b>Gross profit</b>   |          | <b>41,134</b>      | <b>332,834</b>     |
| Other income  | 5.1      | 1,610              | 134,308            |
| Research and development incentive grant  |          | 136,199            | 150,185            |
| Distribution and marketing expenses   | 5.4, 5.5 | (1,136,174)        | (770,267)          |
| Research and development expenses   | 5.6      | (1,310,693)        | (421,232)          |
| Joint venture / goodwill impairment expense   | 12       | -                  | (304,615)          |
| Impairment of assets  | 11       | (1,737,489)        | (973,033)          |
| Administration expenses   | 5.4, 5.5 | (1,865,253)        | (1,695,277)        |
| Other gains / (expenses)  | 5.2      | -                  | (20,302)           |
| <b>Operating profit / (loss)</b>  |          | <b>(5,870,666)</b> | <b>(3,567,399)</b> |
| Finance income  |          | -                  | 5,538              |
| Finance income / (costs)  | 5.3      | (11,662)           | 57,777             |
| Gain on extinguishment of financial liability   | 16       | -                  | 3,631,720          |
| <b>Profit (loss) before income tax expense (benefit)</b>                                  |          | <b>(5,882,328)</b> | <b>127,636</b>     |
| Income tax expense / (benefit)  | 6        | -                  | -                  |
| <b>Net profit (loss) for the year</b>   |          | <b>(5,882,328)</b> | <b>127,636</b>     |
| <b>Other comprehensive income, net of tax</b>   |          | -                  | -                  |
| <b>Items that may be reclassified subsequently to profit or loss</b>                      |          |                    |                    |
| Translation of foreign operations   |          | 1,122,054          | 544,573            |
| <b>Total other comprehensive income/(loss), net of tax</b>                                |          | <b>1,122,054</b>   | <b>544,573</b>     |
| <b>Total comprehensive income/(loss) for the year</b>                                     |          | <b>(4,760,274)</b> | <b>672,209</b>     |
| <b>Profit (loss) per share attributable to the ordinary equity holders of the Company</b> |          |                    |                    |
| Basic earnings (loss) per share (cents)   | 7        | (2.5)              | 0.1                |
| Diluted earnings (loss) per share (cents)   | 7        | (2.5)              | 0.1                |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2022

|                                      | NOTES | 2022             | 2021             |
|--------------------------------------|-------|------------------|------------------|
|                                      |       | \$               | \$               |
| <b>ASSETS</b>                        |       |                  |                  |
| <b>CURRENT ASSETS</b>                |       |                  |                  |
| Cash and cash equivalents            | 21(b) | 50,039           | 2,536,790        |
| Pledged bank deposits                | 9     | 30,000           | 30,000           |
| Trade and other receivables          | 10    | 190,881          | 392,040          |
| Inventories                          | 11    | 288,549          | -                |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>559,469</b>   | <b>2,958,830</b> |
| <b>NON-CURRENT ASSETS</b>            |       |                  |                  |
| Property, plant and equipment        | 13    | 1,060,294        | 246,965          |
| Right of use asset                   | 14    | 257,305          | 250,176          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>1,317,599</b> | <b>497,141</b>   |
| <b>TOTAL ASSETS</b>                  |       | <b>1,877,068</b> | <b>3,455,971</b> |
| <b>CURRENT LIABILITIES</b>           |       |                  |                  |
| Trade and other payables             | 15    | 312,149          | 245,001          |
| Borrowings                           | 16    | 13,586           | 10,805           |
| Provisions                           | 17    | 57,049           | 82,057           |
| Building lease liabilities           | 14    | 180,102          | 175,111          |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>562,886</b>   | <b>512,974</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |       |                  |                  |
| Borrowings                           | 16    | 50,157           | 7,203            |
| Building lease liabilities           | 14    | 93,485           | 90,895           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>143,642</b>   | <b>98,098</b>    |
| <b>TOTAL LIABILITIES</b>             |       | <b>706,528</b>   | <b>611,072</b>   |
| <b>NET ASSETS</b>                    |       | <b>1,170,540</b> | <b>2,844,899</b> |
| <b>EQUITY</b>                        |       |                  |                  |
| Contributed equity                   | 18    | 68,538,918       | 65,834,374       |
| Reserves                             | 20    | 2,290,666        | 787,241          |
| Accumulated losses                   |       | (69,659,044)     | (63,776,716)     |
| <b>TOTAL EQUITY</b>                  |       | <b>1,170,540</b> | <b>2,844,899</b> |

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2022

|   | Contributed<br>Equity<br>\$ | Share<br>Based<br>Payment<br>Reserve<br>\$ | Foreign<br>Translation<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$        |
|---|-----------------------------|--|---|-----------------------------|--------------------|
| <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 year   | -                           | -  | -                                       | (5,882,328)                 | (5,882,328)        |
| Movement in the foreign translation reserve                 | -                           | -  | 1,122,054                               | -                           | 1,122,054          |
| <b>Total Comprehensive loss for the year</b>                | <b>-</b>                    | <b>-</b>                                   | <b>1,122,054</b>                        | <b>(5,882,328)</b>          | <b>(4,760,274)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                             |  |   |                             |                    |
| Issue of shares   | 2,878,725                   | -  | -                                       | -                           | 2,878,725          |
| Share issue expenses  | (174,181)                   | -  | -                                       | -                           | (174,181)          |
| Performance Rights issued                                   | -                           | 381,371                                    | -                                       | -                           | 381,371            |
| <b>Balance at 30 June 2022</b>                              | <b>68,538,918</b>           | <b>743,266</b>                             | <b>1,547,400</b>                        | <b>(69,659,044)</b>         | <b>1,170,540</b>   |
| <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 year   | -                           | -  | -                                       | 127,636                     | 127,636            |
| Movement in the foreign translation reserve                 | -                           | -  | 544,573                                 | -                           | 544,573            |
| <b>Total Comprehensive gain for the year</b>                | <b>-</b>                    | <b>-</b>                                   | <b>544,573</b>                          | <b>127,636</b>              | <b>672,209</b>     |
| <b>Transactions with owners in their capacity as owners</b> |                             |  |   |                             |                    |
| Issue of shares   | 6,500,000                   | -  | -                                       | -                           | 6,500,000          |
| Issue of shares for satisfaction of loans                   | 2,974,225                   | -  | -                                       | -                           | 2,974,225          |
| Issue of shares for business acquisition                    | 327,311                     | -  | -                                       | -                           | 327,311            |
| Share issue expenses  | (444,408)                   | -  | -                                       | -                           | (444,408)          |
| Options issued  | -                           | 361,895                                    | -                                       | -                           | 361,895            |
| <b>Balance at 30 June 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>   |

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2022

|  | NOTES | 2022               | 2021               |
|--|-------|--------------------|--------------------|
|  |       | \$                 | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |       |                    |                    |
| Receipts from customers  |       | 694,477            | 575,258            |
| Payments to suppliers and employees                                |       | (5,259,871)        | (4,062,989)        |
| Interest and finance lease charges paid                            |       | (11,662)           | (1,746)            |
| Interest received  |       | -                  | 5,538              |
| Government grant received  |       | 286,384            | 134,307            |
| <b>Net cash flows used in operating activities</b>                 | 21(a) | <u>(4,290,672)</u> | <u>(3,350,035)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |       |                    |                    |
| Contribution to joint venture entity                               |       | -                  | (304,615)          |
| Payments for property, plant and equipment                         |       | (946,358)          | (53,022)           |
| <b>Net cash flows used in investing activities</b>                 |       | <u>(946,358)</u>   | <u>(357,637)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                        |       |                    |                    |
| Proceeds from borrowings   |       | 63,743             | 969,000            |
| Repayment of borrowings  |       | (18,008)           | (930,000)          |
| Proceeds from the issue of shares                                  |       | 2,878,725          | 6,500,000          |
| Share issue costs  |       | (174,181)          | (444,408)          |
| <b>Net cash flows generated from financing activities</b>          |       | <u>2,750,279</u>   | <u>6,094,592</u>   |
| <b>Net increase / (decrease) in cash and cash equivalents held</b> |       | (2,486,751)        | 2,386,920          |
| Cash and cash equivalents at the beginning of the financial year   |       | 2,536,790          | 146,260            |
| Cash acquired in a business combination                            |       | -                  | 3,610              |
| <b>Cash and cash equivalents at the end of the financial year</b>  | 21(b) | <u>50,039</u>      | <u>2,536,790</u>   |

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**1. Corporate information**

Sprintex Limited (the “Company”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group”). The nature of the operations and principal activities of the Group are described in the Directors’ Report.

**2. Significant accounting policies****a. Basis of Preparation*****Statement of compliance***

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and as appropriate for profit oriented entities.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 31 August 2022.

***Basis of measurement***

The financial report has also been prepared under the historical cost convention.

***Functional and presentation currency***

The financial report is presented in Australian dollars, which is the Company’s functional currency.

***Principles of consolidation***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sprintex Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Sprintex Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **b. Going concern**

The Group has net assets of \$1,170,540 (2021: \$2,844,899) and net current assets deficiency of \$3,417 (2021: \$2,295,672) as at 30 June 2022 and incurred a loss of \$5,882,328 (2021: profit of \$127,636) and net operating cash outflows of \$4,290,672 (2021: \$3,350,035) for the year ended 30 June 2022.

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 Malaysia and China.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business and economic activities and the realisation of assets and discharge of liabilities in the normal course of business. In arriving at this position, in the opinion of the directors the Company will, based on varying cash flow forecasts, have access to sufficient funds to meet administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

With the increasing disruption to normal economic and business activity, as a result of the COVID-19 pandemic announced by the World Health Organisation in March 2020 and the Federal Government's subsequent announcements of protocols that have already been instigated and the potential for others, the likelihood of normal business operating conditions prevailing in the near term is uncertain. This creates a level of uncertainty about the future trading outlook for all organisations in Australia and the Company is no exception. It is not possible to reliably assess the potential impacts at the present time.

Consequently, the Directors believe that the above factors represents a material uncertainty that casts significant doubt as to whether the Group will be able to continue as a going concern and pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

### **c. Functional and presentation currency**

The financial report is presented in Australian dollars, which is the functional currency and the presentation currency of the Company and its Australian subsidiaries.

### **d. New, revised or amending Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended 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.

### **e. Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**f. Revenue recognition**

The Group recognises revenue as follows:

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**g. Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**h. Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**i. Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity date of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing liabilities in current liabilities on the statement of financial position.

**j. Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 0 to 90 days.

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### **k. Inventories**

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials – purchase cost on a first in, first out basis.

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are assigned on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### **I. Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

#### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### *Recognition and de-recognition*

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

### **m. Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### **n. Joint arrangements**

Joint arrangements are classified as either a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is accounted for using the equity method. To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangements, the Group recognises its share of assets, liabilities, revenues and expenses of the operation.

The Company had an investment in a joint venture. The Company's investment in the joint venture was accounted for using the equity method of accounting as the joint venture provides the Group with rights to the net assets of the joint venture.

The joint arrangement concluded during the previous financial year with the entity becoming a subsidiary. Refer to the business combination note.

### **o. Property, plant and equipment**

#### *Recognition*

Plant and equipment and leasehold improvements are carried at cost, less accumulated depreciation/amortisation and any impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuer who apply the International Valuations Standards Committee's International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

#### *Depreciation and amortisation*

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

- Plant and Equipment: 15%
- Engineering Equipment and Software: 15%-37.5%
- Furniture and Office Equipment: 7.5%-37.5%
- Motor Vehicles: 18.75%
- Leasehold Improvements: 30%

The assets' residual values, useful lives and amortisation method are reviewed, and adjusted if appropriate, at each financial year end.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

*De-recognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

*Right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

**p. Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**q. Impairment of non-financial assets other than goodwill**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, management assess whether there is any indication that an asset may be impaired, where an indicator of impairment exists, management makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less cost to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

**r. Trade and other payables**

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and arise when the Group becomes obliged to make future payments in

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

**s. Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**t. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

*Service warranties*

Provision is made for the estimated liability on all products still under warranty at reporting date. The amount of the provision is the estimated cash flows expected to be required to settle the warranty obligations and is calculated based on a percentage of sales. The provision is not discounted to its present value as the effect of discounting is not material.

**u. Employee leave benefits***Wages, salaries, annual leave and non-monetary benefits*

Provision is made for the employee benefits accumulated as a result of the employee rendering services up to the reporting date. These benefits including on costs due to be settled within one year, together with benefits arising from wages and salaries, annual leave and non-monetary benefits which will be settled after one year, are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled.

*Long service leave*

Long service leave including on costs, payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

*Retirement benefit obligations*

The Group contributes to various superannuation plans in accordance with and at rates set down by law. Some employees contribute to these plans at differing percentages of their salaries.

The Group's contributions and costs are charged as an expense as incurred.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**v. Share based payment transactions**

The Group provides incentives to the key management personnel (KMP) of the Group in the form of share based payment transactions, whereby KMP render services in exchange for shares or rights over shares (“equity settled transactions”).

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted using a Black Scholes model to determine the fair value, which takes into account the factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share, the expected life of the option, and any barriers associated with vesting.

The fair value of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the option ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting reflects:

- the grant date fair value of the award,
- the extent to which the vesting period has expired, and
- the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where the terms of an equity settled option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity settled option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as if they were a modification of the original option, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**w. Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**x. Foreign currency translation**

The financial statements are presented in Australian dollars, which is Sprintex Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **3. Significant accounting estimates, assumptions and judgements**

#### **(a) Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

### *Revenue from contracts with customers involving sale of goods*

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Warranty provision*

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**4. Segment information****(a) Identification of reportable segments**

The Group identifies its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources. Operating segments are identified by management based on the similarity of the products produced and sold.

The Group is operating in one segment, being the manufacture and distribution of the patented range of Sprintex® superchargers.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

**(b) Geographic information and major customers**

|                      | <b>2022</b><br>\$ | <b>2021</b><br>\$ |
|----------------------|-------------------|-------------------|
| United States        | 252,807           | 419,571           |
| Australia            | 63,872            | 75,042            |
| United Arab Emirates | 5,523             | 8,222             |
| Other countries      | 171,116           | 72,019            |
| Total revenue        | <u>493,318</u>    | <u>574,854</u>    |

The revenue information above is based on the location of the customer.

**(c) Location of non-current assets**

Non-current assets for this purpose consist of property, plant and equipment. Non-current assets of the Company located in Australia amounted to \$430,800 (2021: \$65,673). Non-current assets located in the USA amounted to \$181,657 (2021: \$123,264), Malaysia \$16,206 (2021: 48,824) and China \$431,631 (2021: \$9,203).

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**5. Revenue and expenses**

|  | 2022<br>\$       | 2021<br>\$       |
|--|------------------|------------------|
| <b>5.1 Other income</b>  |                  |                  |
| Government grants – COVID-19   | -                | 134,308          |
| Sundry income  | 1,610            | -                |
| <b>Total other income</b>  | <u>1,610</u>     | <u>134,308</u>   |
| <b>5.2 Other (gains) expenses</b>  |                  |                  |
| Net foreign exchange loss  | -                | 20,302           |
| <b>Total other expenses</b>  | <u>-</u>         | <u>20,302</u>    |
| <b>5.3 Finance costs / (income)</b>  |                  |                  |
| Interest and finance charges / (gains)   | 11,662           | (57,777)         |
| <b>Total finance costs / (income)</b>  | <u>11,662</u>    | <u>(57,777)</u>  |
| <b>5.4 Employee payments including benefits expense</b>  |                  |                  |
| Salaries and wages   | 1,218,679        | 1,331,502        |
| Superannuation expense   | 28,640           | 42,935           |
| Other employment expense   | 65,228           | 189,156          |
| <b>Total employee payments including benefits expense</b>  | <u>1,312,547</u> | <u>1,563,593</u> |
| <b>5.5 Depreciation and amortisation expenses</b>  |                  |                  |
| Depreciation of property, plant and equipment  | 133,029          | 70,192           |
| <b>Total depreciation and amortisation</b>   | <u>133,029</u>   | <u>70,192</u>    |
| <b>5.6 Research and development expenses</b>   |                  |                  |
| Research and development staff costs   | 436,657          | 292,533          |
| Materials / service costs  | 874,036          | 128,699          |
| <b>Total research and development expenses</b>   | <u>1,310,693</u> | <u>421,232</u>   |
| <b>6. Income tax</b>   |                  |                  |
| <b>(a) Income tax recognised in profit/loss</b>  |                  |                  |
| No income tax is payable by the Group as it recorded a loss for income tax purposes for the period.  |                  |                  |
| <b>(b) Numerical reconciliation between income tax expense and the profit before income tax</b>  |                  |                  |
| The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows: |                  |                  |
|  | 2022<br>\$       | 2021<br>\$       |
| Profit (loss) before income tax expense  | (5,882,328)      | 127,636          |
| Income tax calculated at statutory tax rate of 25% (2021: 25%)   | (1,470,582)      | 31,909           |
| Permanent differences non-assessable/non-deductible  | -                | (55,365)         |
| Impact of reduction in future tax rates  | -                | -                |
| Tax losses and temporary differences not recognised  | 1,470,582        | 23,456           |
| <b>Aggregate income tax benefit</b>  | <u>-</u>         | <u>-</u>         |

The franking account balance at year end was \$Nil (2021: \$Nil)

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**(c) Unrecognised temporary differences**

At 30 June 2022, there are no unrecognised temporary differences associated with the Company's investments in subsidiaries as the Company has no liability for additional taxation should unremitted earnings be remitted (2021: \$Nil).

**(d) Unrecognised deferred tax balances**

|                                       | <b>2022</b>       | <b>2021</b>      |
|---------------------------------------|-------------------|------------------|
|                                       | \$                | \$               |
| Tax losses - USA (shown at 30%)       | 1,236,370         | 1,083,156        |
| Tax losses - Australia (shown at 25%) | 8,730,255         | 8,479,270        |
| Tax losses - Malaysia (shown at 25%)  | 158,898           | 29,090           |
| Tax losses - China (shown at 25%)     | 363,416           | 23,013           |
| <i>Deferred tax assets not booked</i> |                   |                  |
| Provisions and accruals               | 7,231             | 42,316           |
| Impairment provisions                 | 1,099,317         | 296,404          |
| Prepayments                           | (26,961)          | (18,063)         |
|                                       | <u>11,568,526</u> | <u>9,932,186</u> |

Unused tax losses available for offset against future taxable profits. Such losses may be carried forward indefinitely subject to meeting relevant statutory tests.

The net deferred tax asset arises from temporary differences but has not been recognised due to the unpredictability of future profit streams.

**7. Earnings per share**

|  | <b>2022</b>   | <b>2021</b> |
|--|---------------|-------------|
| Basic and diluted earnings (loss) per share (cents per share)  | (2.5)         | 0.1         |
| The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows: |               |             |
| Profit (loss) for the year   | \$(5,882,328) | \$127,636   |
| Weighted average number of shares outstanding during the year used in the calculations of basic earnings per share:            | 231,611,910   | 137,005,604 |

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted earnings per share.

**8. Remuneration of auditors**

|  | <b>2022</b>   | <b>2021</b>    |
|--|---------------|----------------|
|  | \$            | \$             |
| Amounts paid to the auditor or related company of the auditor: |               |                |
| • Audit and review of the financial report – current year      | 40,000        | 67,500         |
| • Audit and review of the financial report – prior year fees   | -             | 59,980         |
| • Investigating accountant's report                            | -             | 20,000         |
| Other services   |               |                |
| • Tax compliance   | -             | 4,750          |
| Total remuneration of auditors                                 | <u>40,000</u> | <u>149,730</u> |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**9. Pledged bank deposits**

|                  | 2022          | 2021          |
|------------------|---------------|---------------|
|                  | \$            | \$            |
| Deposits at call | 30,000        | 30,000        |
|                  | <u>30,000</u> | <u>30,000</u> |

Pledged bank deposits at 30 June 2022 represents a term deposit of \$30,000 supporting credit card facilities.

**10. Trade and other receivables**

|                                    | 2022           | 2021           |
|------------------------------------|----------------|----------------|
|                                    | \$             | \$             |
| Trade receivables                  | 46,366         | 4,263          |
| R&D tax incentive grant receivable | -              | 150,185        |
| Trade deposits (note a)            | 36,671         | 165,339        |
| Prepayments                        | 107,844        | 72,254         |
|                                    | <u>190,881</u> | <u>392,040</u> |

**(a) Expected credit losses**

Trade receivables are non-interest bearing and, where provided, are generally on 0-90 day terms. Expected credit losses are recognised when there is objective evidence that an individual trade receivable is impaired.

Trade deposits represent payments to suppliers with no history of unsatisfactory product quality or delivery default and are considered fully recoverable.

Based on past experience, management believes that no expected credit losses are necessary to be provided in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

**(b) Fair value and credit risk**

Due to the short-term nature of the receivables, their carrying value is assumed to approximate their fair value.

**11. Inventories**

|   | 2022           | 2021        |
|---|----------------|-------------|
|   | \$             | \$          |
| Finished goods – at cost                                    | 3,211,654      | 1,185,616   |
| Provision for impairment                                    | (2,923,105)    | (1,185,616) |
| Total inventories at lower of cost and net realisable value | <u>288,549</u> | <u>-</u>    |

Inventory in all locations other than China was fully impaired as a result of no sales contracts being in place to support net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**12. Investment in a joint venture**

Interests in joint venture are accounted for using the equity method of accounting. Information relating to the joint venture is set out below:

**Investment details**

|  | 2022 | 2021 |
|--|------|------|
|  | \$   | \$   |
| Unlisted Proreka Sprintex Sdn. Bhd. - 50% interest in 2020 | n/a  | n/a  |

Proreka Sprintex Sdn. Bhd. is a Malaysian company which owns and operates a facility in Malaysia which has been licenced by the Company to assemble and manufacture Sprintex products. In prior years the Company 50% was owned by the Company. The remaining 50% interest was acquired by the Company during the 2021 year. See Note 28 for details.

The Company's investment in the joint venture was considered to be fully impaired prior to the acquisition of the further 50% interest in 2021, at which time the joint venture entity became a subsidiary.

**13. Property, plant & equipment**

|                                | Manufacturing Plant<br>and<br>Equipment | Engineering<br>Equipment<br>and Software | Motor<br>Vehicles | Office<br>Furniture<br>and<br>Equipment | Total            |
|--------------------------------|---|--|-------------------|---|------------------|
| <b>Year ended 30 June 2022</b> |   |  |                   |   |                  |
| Opening net book amount        | 74,654                                  | 1,183                                    | 170,979           | 149                                     | 246,965          |
| Additions                      | 882,615                                 | -  | 63,743            | -                                       | 946,358          |
| Depreciation charge            | (99,411)                                | (1,183)                                  | (32,286)          | (149)                                   | (133,029)        |
| Closing net book amount        | <b>857,858</b>                          | -  | 202,436           | -                                       | <b>1,060,294</b> |

|                          | Manufacturing Plant<br>and<br>Equipment | Engineering<br>Equipment<br>and Software | Motor<br>Vehicles | Office<br>Furniture<br>and<br>Equipment | Total            |
|--------------------------|---|--|-------------------|---|------------------|
| <b>At 30 June 2022</b>   |   |  |                   |   |                  |
| Cost                     | 1,272,531                               | 31,562                                   | 511,160           | 11,994                                  | 1,827,247        |
| Accumulated depreciation | (414,673)                               | (31,562)                                 | (308,724)         | (11,994)                                | (766,953)        |
| Net book amount          | <b>857,858</b>                          | -  | 202,436           | -                                       | <b>1,060,294</b> |

|                                    | Manufacturing Plant<br>and<br>Equipment | Engineering<br>Equipment<br>and Software | Motor<br>Vehicles | Office<br>Furniture<br>and<br>Equipment | Total          |
|------------------------------------|---|--|-------------------|---|----------------|
| <b>Year ended 30 June 2021</b>     |   |  |                   |   |                |
| Opening net book amount            | 25,712                                  | 1,690                                    | 174,800           | 4,544                                   | 206,746        |
| Additions                          | -                                       | -  | 53,022            | -                                       | 53,022         |
| Acquired in a business combination | 57,389                                  | -  | -                 | -                                       | 57,389         |
| Depreciation charge                | (8,447)                                 | (507)                                    | (56,842)          | (4,395)                                 | (70,192)       |
| Closing net book amount            | <b>74,654</b>                           | 1,183                                    | 170,979           | 149                                     | <b>246,964</b> |
| <b>At 30 June 2021</b>             |   |  |                   |   |                |
| Cost                               | 389,916                                 | 31,562                                   | 447,417           | 11,994                                  | 880,889        |
| Accumulated depreciation           | (315,262)                               | (30,379)                                 | (276,438)         | (11,845)                                | (633,924)      |
| Net book amount                    | <b>74,654</b>                           | 1,183                                    | 170,979           | 149                                     | <b>246,965</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2022

**14. Right of use asset and liability**

|                                 | <b>2022</b>    | <b>2021</b>    |
|---------------------------------|----------------|----------------|
|                                 | \$             | \$             |
| Right of use asset              | <u>257,305</u> | <u>250,176</u> |
| Lease liabilities - current     | 180,102        | 175,111        |
| Lease Liabilities – non-current | <u>93,485</u>  | <u>90,895</u>  |
|                                 | <u>273,587</u> | <u>266,006</u> |

The Group has a property lease in Malaysia.

**15. Trade and other payables**

|                             | <b>2022</b>    | <b>2021</b>    |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| Trade payables              | 284,027        | 157,794        |
| Other payables and accruals | <u>28,122</u>  | <u>87,207</u>  |
|                             | <u>312,149</u> | <u>245,001</u> |

Trade payables are non-interest bearing and are predominately settled on 30 to 60 day terms.

**16. Borrowings**

|                                    | <b>2022</b>   | <b>2021</b>   |
|------------------------------------|---------------|---------------|
|                                    | \$            | \$            |
| <b>Current</b>                     |               |               |
| Finance lease liabilities (note a) | <u>13,586</u> | <u>10,805</u> |
| <b>Non-current</b>                 |               |               |
| Finance lease liabilities (note a) | <u>50,157</u> | <u>7,203</u>  |

- (a) The average effective interest rate on finance lease liabilities approximated 7.24% (2021: 8.50%) per annum in the year. The carrying value of leased plant and equipment as at 30 June 2022 was \$96,230 (2021: \$39,658). Other details of finance lease liabilities are disclosed in note 25.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2022

**17. Provisions**

|                                 | <b>2022</b>   | <b>2021</b>   |
|---------------------------------|---------------|---------------|
|                                 | \$            | \$            |
| Provision for warranty (note a) | 33,908        | 33,908        |
| Provision for employee benefits | 23,141        | 48,149        |
|                                 | <b>57,049</b> | <b>82,057</b> |

(a) Movements in the provision for warranty for the Company during the financial year are set out below:

|                                      | <b>2022</b>   | <b>2021</b>   |
|--------------------------------------|---------------|---------------|
|                                      | \$            | \$            |
| At 1 July                            | 33,908        | 33,908        |
| Provision adjustment during the year | -             | -             |
| Utilisation of provisions            | -             | -             |
| At 30 June                           | <b>33,908</b> | <b>33,908</b> |

*Warranty provision*

Under the terms of the Company's sales arrangements, the Company will rectify any product defects arising within one year of the date of sale. Provision is therefore made for the present value of the management's best estimate of the expected settlement under these agreements in respect of sales made within the year prior to the reporting date.

**18. Contributed equity**

|                                   | <b>2022</b>       | <b>2021</b>       |
|-----------------------------------|-------------------|-------------------|
|                                   | \$                | \$                |
| Paid up capital – ordinary shares | 70,598,473        | 67,719,748        |
| Capital raising costs capitalised | (2,059,555)       | (1,885,374)       |
|                                   | <b>68,538,918</b> | <b>65,834,374</b> |

**(a) Ordinary shares**

|  | Date       | Number of shares   | \$                |
|--|------------|--------------------|-------------------|
| <i>30 June 2022 movements in issued capital:</i> |            |                    |                   |
| Balance at 1 July 2021                           |            | 213,971,334        | 65,834,374        |
| Placement at \$0.075 per share                   | 9/11/2021  | 20,409,654         | 1,530,725         |
| Security placement plan at \$0.075               | 13/12/2021 | 973,335            | 73,000            |
| Placement at \$0.075 per share                   | 9/2/2022   | 6,666,670          | 500,000           |
| Placement at \$0.075 per share                   | 13/4/2022  | 5,333,334          | 400,000           |
| Placement at \$0.075 per share                   | 19/5/2022  | 2,666,667          | 200,000           |
| Placement at \$0.075 per share                   | 23/6/2022  | 2,333,333          | 175,000           |
| Costs relating to issue of shares                |            | -                  | (174,181)         |
| Balance at 30 June 2022                          |            | <b>252,354,329</b> | <b>68,538,918</b> |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022



|   | Date     | Number of shares | \$         |
|---|----------|------------------|------------|
| <i>30 June 2021 movements in issued capital:</i>                    |          |                  |            |
| Balance at 1 July 2020  |          | 100,000,000      | 56,477,246 |
| Conversion of debt to equity at \$0.086 per share:                  |          |                  |            |
| - Wilson's Pipe Fabrications Pty Ltd (i)                            | 28/10/20 | 10,146,790       | 872,624    |
| - Lidx Technology Limited (ii)                                      | 28/10/20 | 5,755,814        | 495,000    |
| - Ganado Investments Corporation (iii)                              | 29/12/20 | 18,681,395       | 1,606,601  |
| Purchase of 50% interest in joint venture at \$0.086 per share (iv) | 13/4/21  | 3,805,940        | 327,311    |
| Placement at \$0.086 per share                                      | 13/4/21  | 75,581,395       | 6,500,000  |
| Costs relating to issue of shares (v)                               |          | -                | (444,408)  |
| Balance at 30 June 2021   |          | 213,971,334      | 65,834,374 |

- i. 10,146,790 shares were issued to Wilson's Pipe Fabrication Pty Ltd (entity controlled by former director Michael Wilson) (WPF) in lieu of part conversion of the amount owing to WPF of \$1,462,642.
- ii. 5,755,814 shares to Lidx Technology Limited (an entity controlled by Director, Li Chen) (Lidx) in lieu of a financing charge payable to Lidx and in lieu of repayment of \$440,000 owing under the loan agreement entered into between the Company and Lidx.
- iii. the Company issued 18,681,395 shares to Ganado Investments Corporation Limited (GICL) in full and final repayment of the total amount of US \$1,110,000 owing to GICL.
- iv. The Company acquired the remaining interest in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd. (Sprintex Malaysia) that it did not already own, being a 50% interest held by AutoV Corporation Sdn. Bhd. (AutoV) (Acquisition) pursuant to a share sale agreement between the parties (Acquisition Agreement) for the issue to AutoV of US\$250,000 worth of Shares at a deemed issue price of \$0.086 per Share (refer to Note 28).
- v. Includes brokerage fee of \$390,000 paid to Indian Ocean Corporate Pty Ltd for arranging the placement of \$6,500,000.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid shares have no par value. There are no externally imposed capital requirements.

Voting at meetings is now conducted via a poll. Every member present at a meeting in person or by proxy shall have one vote.

There is no current on-market share buy-back.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**(b) Share Options***Options issued and exercised:*

The following is a summary of the movement in options during the 2022 year:

| Options                         | Expiry Date | Exercise Price | Notes | Opening balance | Issued     | Converted | Expired | Closing    |
|---------------------------------|-------------|----------------|-------|-----------------|------------|-----------|---------|------------|
| Unlisted                        | 12/04/2024  | \$0.086        |       | 5,000,000       | -          | -         | -       | 5,000,000  |
| Unlisted                        | 19/05/2024  | \$0.086        |       | 3,000,000       | -          | -         | -       | 3,000,000  |
| Unlisted                        | 19/05/2024  | \$0.150        |       | 2,000,000       | -          | -         | -       | 2,000,000  |
| Unlisted                        | 8/11/2022   | \$0.100        | (i)   | -               | 10,204,827 | -         | -       | 10,204,827 |
| Unlisted                        | 13/12/2022  | \$0.100        | (i)   | -               | 486,670    | -         | -       | 486,670    |
| Unlisted                        | 8/02/2023   | \$0.100        | (i)   | -               | 3,333,335  | -         | -       | 3,333,335  |
| Unlisted                        | 11/04/2023  | \$0.100        | (i)   | -               | 2,666,668  | -         | -       | 2,666,668  |
| Unlisted                        | 18/05/2023  | \$0.100        | (i)   | -               | 1,333,333  | -         | -       | 1,333,333  |
| Unlisted                        | 22/06/2023  | \$0.100        | (i)   | -               | 1,166,667  | -         | -       | 1,166,667  |
| Total                           |             |                |       | 10,000,000      | 19,191,498 | -         | -       | 29,191,498 |
| Weighted average exercise price |             |                |       |                 | \$0.099    | \$0.100   | -       | \$0.100    |

- (i) Options attaching to placements and a security purchase plan on the basis on the basis of 1 option for 2 shares issued.

During 2021, the following options were issued:

- 5,000,000 unlisted options with an exercise price of \$0.086 on or before 12 April 2024 were issued to Mr Wayne Knight as part of his remuneration package;
- 3,000,000 unlisted options with an exercise price of \$0.086 on or before 19 May 2024 were issued to an investor relations consultant as part of their remuneration package; and
- 2,000,000 unlisted performance options with an exercise price of \$0.015 on or before 19 May 2024, exercisable if SIX having traded at a minimum VWAP of \$0.15 over 5 consecutive trading days, were issued to an investor relations consultant as part of their remuneration package.

| Expiry Date | Exercise Price | Number Issued | Number Exercised | Number Remaining at 30 June 2022 |
|-------------|----------------|---------------|------------------|----------------------------------|
| 12 Apr 2024 | \$0.086        | 5,000,000     | -                | 5,000,000                        |
| 19 May 2024 | \$0.086        | 3,000,000     | -                | 3,000,000                        |
| 19 May 2024 | \$0.15         | 2,000,000     | -                | 2,000,000                        |

No options were exercised during the year ended 30 June 2021.

*Valuation of options*

Options were valued using a Black Scholes Option Pricing model. The fair value of Options is recognised as an expense at the date of issue using the following assumptions:

| Grant Date  | Number Issued | Exercise Price | Assumed Stock Price at Grant Date | Interest Rate | Volatility | Value Per Option (cents) |
|-------------|---------------|----------------|-----------------------------------|---------------|------------|--------------------------|
| 12 Apr 2021 | 5,000,000     | \$0.086        | \$0.086                           | 0.10%         | 100%       | 5.28                     |
| 19 May 2021 | 3,000,000     | \$0.086        | \$0.06                            | 0.11%         | 100%       | 3.26                     |
| 19 May 2021 | 2,000,000     | \$0.15         | \$0.06                            | 0.11%         | 100%       | 0                        |

Performance Options are valued when the performance hurdle is achieved.

The amount recognised as a share issue expense for Options issued during the 2022 year was nil (2021: \$361,894).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

### (c) Performance rights

During 2022, 20,520,000 performance rights were issued:

- 50% of 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% of 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).

#### *Valuation of performance rights*

Performance rights were valued using a Black Scholes Option Pricing model. The fair value of performance rights is recognised as an expense at the date of issue using the following assumptions:

| Grant Date | Number Issued | Exercise Price | Assumed Stock Price at Grant Date | Interest Rate | Volatility | Value Per Option (cents) |
|------------|---------------|----------------|-----------------------------------|---------------|------------|--------------------------|
| 23 Feb 22  | 20,520,000    | \$0.000        | \$0.072                           | 1.020%        | 100%       | 7.2                      |

Performance rights vest when the performance hurdle is achieved. The probability of the performance hurdles (noted above) being achieved and the performance rights vesting has been assessed at 100% as at 30 June 2022. The probability of vesting has been assessed on the basis of forecasts and budgets for the coming financial year, as supported by new contracts entered into with customers. As disclosed at Note 3, share-based payment transactions is considered to involve critical accounting judgement, estimation and assumptions. Management reassess the assumptions noted above at each reporting period end date.

The amount recognised as a share-based payments expense relating to performance rights during the 2022 year was \$381,371 (2021: nil).

### 19. Share-based payments

During 2022, 20,520,000 performance rights were issued:

- 50% of 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% of 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).

The amount recognised as a share-based payments expense relating to performance rights during the 2022 year was \$381,371 (2021: nil).

During 2021, the following options were issued:

- 5,000,000 unlisted options with an exercise price of \$0.086 on or before 12 April 2024 were issued to Mr Wayne Knight as part of his remuneration package;
- 3,000,000 unlisted options with an exercise price of \$0.086 on or before 19 May 2024 were issued to an investor relations consultant as part of their remuneration package; and
- 2,000,000 unlisted performance options with an exercise price of \$0.015 on or before 19 May 2024, exercisable if SIX having traded at a minimum VWAP of \$0.15 over 5 consecutive trading days, were issued to an investor relations consultant as part of their remuneration package.

See Note 18 for details.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**20. Reserves****(a) Share based payments reserve**

Share based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, management and consultants of the Company recognised in accordance with the accounting policy adopted for share-based payments and the amortisation of the value of performance rights at the value of the underlying shares at grant date to the expected date of achievement of the performance hurdle.

**(b) Foreign currency reserve**

On the translation of the subsidiaries of the Company a foreign exchange loss of \$1,122,054 (2021: gain of \$544,573), has been recognised in other comprehensive income.

**21. Statement of cash flows reconciliation**

|  | 2022               | 2021               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>(a) Reconciliation of cash flows from operating activities to operating earnings after income tax</b> |                    |                    |
| Operating profit (loss) before income tax  | (5,882,328)        | 127,636            |
| Add non-cash items:  |                    |                    |
| Depreciation and amortisation  | 133,029            | 70,192             |
| Interest and finance charges accrued   | -                  | 57,777             |
| Share based payments   | 381,371            | 361,894            |
| Impairment   | 1,737,489          | (2,998,046)        |
| Foreign exchange movement  | 1,122,054          | 544,573            |
| Changes in assets and liabilities  |                    |                    |
| Decrease / (increase) in trade and other receivables   | 201,159            | (149,781)          |
| Decrease / (increase) in inventories   | (2,026,038)        | 48,623             |
| Increase / (decrease) in trade and other payables  | 67,600             | (1,434,595)        |
| Increase / (decrease) in provisions  | <u>(25,008)</u>    | <u>21,692</u>      |
| Net cash flows used in operating activities  | <u>(4,290,672)</u> | <u>(3,350,035)</u> |

**(b) Reconciliation of cash and cash equivalents to cash flow statement of cash flow**

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following at 30 June:

|                          |        |                  |
|--------------------------|--------|------------------|
| Cash at bank and on hand | 50,039 | <u>2,536,790</u> |
|--------------------------|--------|------------------|

**Non-cash financing activities:**

During the 2021 financial year, shares with a value of \$2,974,225 were issued from the conversion of financial liabilities reducing financial liabilities by the same amount and financial liabilities with a value of \$3,631,720 were forgiven.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**22. Parent entity information****(a) Information relating to Sprintex Limited**

|  | 2022<br>\$          | 2021<br>\$          |
|--|---------------------|---------------------|
| Current assets   | 79,985              | 2,666,702           |
| Total assets   | <u>510,785</u>      | <u>2,732,375</u>    |
|  |                     |                     |
| Current liabilities                                      | 265,630             | 168,746             |
| Total liabilities  | <u>265,630</u>      | <u>168,746</u>      |
|  |                     |                     |
| Contributed equity                                       | 68,538,918          | 65,834,374          |
| Share based payment reserve                              | 743,266             | 361,895             |
| Accumulated losses                                       | <u>(61,663,896)</u> | <u>(59,859,749)</u> |
| Total shareholders' equity                               | <u>7,618,288</u>    | <u>6,336,520</u>    |
|  |                     |                     |
| Income / (loss) for the parent entity                    | (1,804,147)         | 4,017,824           |
| Total comprehensive income / (loss) of the parent entity | <u>(1,804,147)</u>  | <u>4,017,824</u>    |

**(b) Guarantees**

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

**(c) Commitments**

Commitments of the Company as at reporting date are disclosed in note 25 to the financial statements.

**(d) Tax consolidation**

The Company and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. The Company is the head entity of the tax consolidated group. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Incomes Taxes. There is no tax funding agreement in place.

**23. Related party disclosures***Key management personnel compensation*

The key management personnel compensation is as follows:

|                              | 2022<br>\$     | 2021<br>\$     |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 460,326        | 697,554        |
| Post employment benefits     | 6,033          | 14,131         |
| Share based payments         | <u>269,488</u> | <u>-</u>       |
| Total                        | <u>735,847</u> | <u>711,685</u> |

Please see the Remuneration Report for further details.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

*Subsidiaries*

The financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

| Name of Entity   | Country of Incorporation | % equity interest |      | Investment     |                |
|--|--------------------------|-------------------|------|----------------|----------------|
|  |                          | 2022              | 2021 | 2022           | 2021           |
| Sprintex Australasia Pty Limited   | Australia                | 100               | 100  | -              | -              |
| Sprintex USA, Inc.   | United States            | 100               | 100  | 50             | 50             |
| Sprintex Clean Air (Malaysia) Sdn. Bhd.<br>(formerly Proreka Sprintex Sdn. Bhd.) | Malaysia                 | 100               | 100  | 327,311        | 327,311        |
| Sprintex Energy Technology (Suzhou) Co., Ltd                                     | China                    | 100               | 100  | 201,359        | 201,359        |
|  |                          |                   |      | <u>528,720</u> | <u>528,720</u> |

Sprintex Australasia Pty Ltd holds patents.

Sprintex USA, Inc. was incorporated on 13 July 2012 to facilitate sales and distribution in the United States.

Sprintex Clean Air (Malaysia) Sdn. Bhd. (formerly Proreka Sprintex Sdn. Bhd.) operates a production facility in Malaysia. This entity was formerly jointly owned and became a subsidiary during 2021 (refer Note 28).

Sprintex Energy Technology (Suzhou) Co., Ltd was established in 2021 to pursue clean energy technology opportunities in China.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

*Sales and purchases with related parties*

| Related Party   | Purchases from Related Party | Sales to Related party |
|---|------------------------------|------------------------|
| <i>Joint venture in which the parent was a venturer</i> |                              |                        |
| Proreka Sprintex Sdn. Bhd.                              | 2022<br>2021<br>74,744       | n/a<br>-<br>-          |

*The ultimate parent*

Sprintex Limited is the ultimate parent, based and listed in Australia.

*Joint venture in which the entity was a venturer**Proreka Sprintex Sdn. Bhd.*

The Group had a 50% interest in the assets, liabilities and net income of Proreka Sprintex Sdn. Bhd. until 31 March 2021 at which time it became a subsidiary following the acquisition of the remaining 50% interest. See Note 28 for details.

**Transactions with key management personnel***Director advances*

During the 2021 year the Directors advanced funds to the Company during the year to provide short term liquidity support.

During the 2021 year the Company issued securities to a number of investors in satisfaction of its obligations under a number of recapitalisation agreements including:

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

- 5,755,814 shares to Lidx Technology Limited (an entity controlled by Director, Li Chen) (Lidx) in lieu of a financing charge payable to Lidx and in lieu of repayment of \$440,000 owing under the loan agreement entered into between the Company and Lidx; and
- 10,146,790 shares to Wilson's Pipe Fabrication Pty Ltd (WPF) in lieu of part conversion of the amount owing to WPF of \$1,462,642.

During the 2021 year, \$930,000 was repaid to Wilson's Pipe Fabrication Pty Ltd ("WPF") a related party of the Company by virtue of WPF being an entity controlled by Mr Michael Wilson, a substantial shareholder and a former non-executive Director of the Company.

During the 2021 year, a loan from China Automotive Holdings Limited ("CAHL"), a related party by way of a common former director, was extinguished by way of a debt settlement agreement, resulting in a reduction in borrowings of \$2,822,406, a reduction of \$809,314 in accrued interest and fees recorded in other payables and the recognition of other income loan forgiveness for \$3,631,720.

There were no such transactions with key management personnel in the 2022 year, other than key management personnel compensation as disclosed.

### 24. Contingent liabilities

There are no contingent assets nor other contingent liabilities as at 30 June 2022 (2021: \$367,949).

### 25. Commitments

#### (a) Finance lease and hire purchase commitments

The Company leases certain plant and equipment under finance leases expiring from 1 to 5 years. At the end of the lease terms the Company owns the equipment outright or has the option to purchase the equipment for the residual amount owing. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

|   | <b>2022</b>     | <b>2021</b>    |
|---|-----------------|----------------|
|   | \$              | \$             |
| Within one year                             | 13,586          | 12,551         |
| After one year but not more than five years | 63,403          | 8,368          |
| Total minimum lease payments                | <u>76,989</u>   | <u>20,918</u>  |
| Less: amounts representing finance charges  | <u>(13,246)</u> | <u>(2,910)</u> |
| Present value of minimum lease payments     | <u>63,743</u>   | <u>18,008</u>  |

Included in the financial statements as:

|  |               |               |
|--|---------------|---------------|
| Current interest-bearing liabilities (note 16)     | 13,586        | 10,805        |
| Non-current interest-bearing liabilities (note 16) | <u>50,157</u> | <u>7,203</u>  |
|  | <u>63,743</u> | <u>18,203</u> |

#### (b) Capital commitments

As at 30 June 2022 and 2021, the Company did not have any outstanding capital commitments in respect of acquisition of property plant and equipment contracted for but not provided for in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**26. Capital risk management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. There are no externally imposed capital requirements.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2022 and 2021, no dividends have been paid. The Company does not yet have a dividend policy and payment of future dividends will be dependent upon the future profitability and financial position of the Company.

**27. Financial risk management**

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

|                             | <b>2022</b> | <b>2021</b> |
|-----------------------------|-------------|-------------|
|                             | \$          | \$          |
| <b>Financial Assets</b>     |             |             |
| Cash and cash equivalents   | 50,039      | 2,536,790   |
| Pledged bank deposits       | 30,000      | 30,000      |
| Trade and other receivables | 190,881     | 392,040     |
|                             | <hr/>       | <hr/>       |
|                             | 270,920     | 2,958,830   |

**Financial Liabilities**

Financial liabilities at amortised cost:

|                              |         |         |
|------------------------------|---------|---------|
| - Trade and other payables   | 312,149 | 245,001 |
| - Loans and finance leases   | 63,743  | 18,008  |
| - Building lease liabilities | 273,587 | 266,006 |
|                              | <hr/>   | <hr/>   |
|                              | 649,479 | 529,015 |

**Financial risk management policies**

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**Specific financial risk exposures and management**

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity and foreign currency risk.

**Interest rate risk**

The Group is not exposed to any material interest rate risk.

**Credit risk**

The Group's credit risk is primarily attributable to its trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of each financial asset in the statement of financial position after deducting any expected credit losses.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 0 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

**Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases, committed available credit lines and raising additional capital. The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis and monitoring compliance with lending covenants on an ongoing basis.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

| <b>Year ended 30 June 2022</b>    |                        | <b>Total contractual undiscounted cash flow</b> | <b>Within 1 year or on demand</b> | <b>More than 1 year but less than 2 years</b> | <b>More than 2 years but less than 5 years</b> |
|-----------------------------------|------------------------|---|-----------------------------------|---|--|
|                                   | <b>Carrying amount</b> | \$  | \$                                | \$  | \$   |
| <b>Trade and other payables</b>   | 312,149                | 312,149   | 312,149                           | -   | -  |
| <b>Finance lease liabilities</b>  | 63,743                 | 63,743  | 13,586                            | 13,586  | 36,571   |
| <b>Building lease liabilities</b> | 273,587                | 273,587   | 180,102                           | 93,485  | -  |
|                                   | <b>649,479</b>         | <b>649,479</b>                                  | <b>505,837</b>                    | <b>107,071</b>                                | <b>36,571</b>                                  |

  

| <b>Year ended 30 June 2021</b>    |                        | <b>Total contractual undiscounted cash flow</b> | <b>Within 1 year or on demand</b> | <b>More than 1 year but less than 2 years</b> | <b>More than 2 years but less than 5 years</b> |
|-----------------------------------|------------------------|---|-----------------------------------|---|--|
|                                   | <b>Carrying amount</b> | \$  | \$                                | \$  | \$   |
| <b>Trade and other payables</b>   | 245,001                | 245,001   | 245,001                           | -   | -  |
| <b>Finance lease liabilities</b>  | 18,008                 | 18,008  | 10,805                            | 7,203   | -  |
| <b>Building lease liabilities</b> | 266,006                | 266,006   | 175,111                           | 90,895  | -  |
|                                   | <b>529,015</b>         | <b>529,015</b>                                  | <b>430,916</b>                    | <b>98,098</b>                                 | <b>-</b>                                       |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**Currency risk**

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euros, United States dollars, and Malaysian Ringgit. Currently, the Group does not have a policy to manage the currency risk arising from sales and purchases.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any currency risk associated with the Group's borrowings.

The following table details the Group's exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

Trade and other receivables  
Cash and cash equivalents  
Trade and other payables  
Overall net exposure

|                             | <b>2022</b>       | <b>2021</b>       |
|-----------------------------|-------------------|-------------------|
|                             | <b>US Dollars</b> | <b>US Dollars</b> |
| Trade and other receivables | 13,773            | 12,023            |
| Cash and cash equivalents   | 19,114            | 7,740             |
| Trade and other payables    | (15,450)          | (71,963)          |
| Overall net exposure        | <u>17,437</u>     | <u>(52,200)</u>   |

Trade and other receivables  
Cash and cash equivalents  
Trade and other payables  
Overall net exposure

|                             | <b>2022</b>             | <b>2021</b>             |
|-----------------------------|-------------------------|-------------------------|
|                             | <b>Malaysian Ringit</b> | <b>Malaysian Ringit</b> |
| Trade and other receivables | -                       | 428,243                 |
| Cash and cash equivalents   | 58,077                  | 128,430                 |
| Trade and other payables    | (202,791)               | (203,896)               |
| Overall net exposure        | <u>(144,714)</u>        | <u>352,777</u>          |

Trade and other receivables  
Cash and cash equivalents  
Trade and other payables  
Overall net exposure

|                             | <b>2022</b>         | <b>2021</b>         |
|-----------------------------|---------------------|---------------------|
|                             | <b>Chinese Yuan</b> | <b>Chinese Yuan</b> |
| Trade and other receivables | 497,397             | 8,000               |
| Cash and cash equivalents   | 74,810              | 448,175             |
| Trade and other payables    | (66,093)            | (13,217)            |
| Overall net exposure        | <u>506,114</u>      | <u>442,958</u>      |

**Fair value estimation**

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2022 and 2021.

The carrying value of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The directors consider that the change in interest rates will not cause a significant impact on the fair values of the financial liabilities.

No financial instruments are carried at fair value.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

**28. Business combinations**

On 31 March 2021 the Company acquired the remaining interest in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd. (Sprintex Malaysia), that it did not already own, being a 50% interest held by AutoV Corporation Sdn. Bhd. (AutoV) (Acquisition) pursuant to a share sale agreement between the parties (Acquisition Agreement) for the issue to AutoV of US\$250,000 (AUD 327,311) worth of Shares at a deemed issue price of \$0.086 per Share.

Details of the acquisition are as follows:

|   | <b>Fair value</b><br>\$ |
|---|-------------------------|
| Cash and cash equivalents   | 3,610                   |
| Trade and other receivables   | 104,806                 |
| Inventory   | -                       |
| Property, plant and equipment   | 57,389                  |
| Right of use assets   | 411,997                 |
| Trade and other payables  | (151,721)               |
| Building lease liabilities  | (427,327)               |
| Acquisition-date total fair value of the identifiable net assets acquired | (1,246)                 |
|   |                         |
| Shares issued to the vendor   | 327,311                 |
| Goodwill recognised   | 328,557                 |
| Impairment of goodwill  | <u>(328,557)</u>        |
| Net cash used   | -                       |
|   |                         |

Goodwill was assessed as being impaired in the previous financial year (2021) based on assessing the cash consumed in this business unit.

During the 2022 financial year, no business combinations were undertaken.

**29. Events subsequent to reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Subsequent to year end, the Company issued 2,000,000 shares at \$0.075 and 1,000,000 options with an exercise price of \$0.10 on or before 27 July 2023 to raise \$150,000 and secured a short-term loan of \$352,500.

Apart from the item above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

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**DIRECTORS' DECLARATION**  
FOR THE YEAR ENDED 30 JUNE 2022

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

1. In the opinion of the directors:
  - a. The financial statements, notes and the Remuneration Report in the Directors' Report designated as audited are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
    - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
  - b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and
  - c. subject to note 2(b) to the financial statements, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.
  - d. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.



**Jay Upton**  
CEO and Managing Director  
Perth, 31 August 2022

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

### Report on the Financial Report

#### Opinion

We have audited the accompanying financial report of Sprintex Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Sprintex Limited is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) of the financial report, which indicates that the consolidated entity had a net current asset deficiency of \$3,417 as at 30 June 2022 and incurred a net loss for the year of \$5,882,328 and operating cash outflows of \$4,290,672 for the year ended 30 June 2022. As stated in Note 2(b), these conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt about 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.

#### Independence

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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. The matter below was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

### Carrying value and existence of inventory

#### Why significant

As at 30 June 2022 the carrying value of inventory was \$288,549 (2021: \$nil), as disclosed in Note 11. The carrying value of inventory comprised finished goods – at cost \$3,211,654 less a provision for impairment \$(2,923,105). Inventory is held in China, Malaysia and the USA.

The Group's accounting policy in respect of inventory is outlined in Note 2(k).

Inventory is considered a key audit matter in the current audit period due to:

- significance of the inventory balance to the Group's financial statements as at 30 June 2022;
- significant effort required to organise the year-end stocktake;
- significant effort required to audit the cost and carrying value of inventories; and
- significant level of management estimate and judgement required in determining the appropriate level of provision for impairment.

#### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- to verify the existence of inventory:
  - counted a sample of inventory items during attendance at the year-end stocktake;
  - obtained the final inventory listing to confirm that the actual physical quantities counted for the sample inventory items were accurately reflected in the final inventory listing as at 30 June 2022.
- to assess whether inventory has been accounted for in accordance with AASB 102 *Inventories* and the Group's accounting policy as outlined in Note 2(k):
  - tested a sample of inventory items to supporting cost documentation;
  - tested a sample of inventory items to supporting net realisable value documentation (such as sales contracts, orders and customer invoices);
  - assessed whether inventory is measured at the lower of cost or net realisable value in accordance with AASB 102 *Inventories*.
- challenging whether managements' assessment that the provision for impairment of inventory is appropriate, including evaluating the appropriateness of the assumptions used based on our knowledge of the client and industry.
- assessing the appropriateness of the related disclosures in Note 11.

## Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Sprintex Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### PKF BRISBANE AUDIT



TIM FOLLETT  
PARTNER

BRISBANE  
31 AUGUST 2022

**ASX ADDITIONAL INFORMATION**

FOR THE YEAR ENDED 30 JUNE 2022

The following additional information is provided in accordance with the listing rules and is current as at 12 August 2022.

**(a) Distribution of equity securities****(i) Ordinary share capital**

254,354,329 fully paid ordinary shares are held by 740 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders, by size of holding:

| <b>Holding</b>   | <b>Fully Paid<br/>Ordinary<br/>Shares</b> |
|------------------|---|
| 1 - 1,000        | 140                                       |
| 1,001 - 5,000    | 110                                       |
| 5,001 - 10,000   | 132                                       |
| 10,001 - 100,000 | 251                                       |
| 100,001 and over | 107                                       |
|                  | <b>740</b>                                |

There were 366 holders with less than a marketable parcel.

**(b) Substantial shareholders**

The following parties are substantial shareholders at the date of this report:

| <b>Ordinary shareholders</b>                  | <b>Fully paid ordinary shares</b> |                                |
|---|-----------------------------------|--------------------------------|
|   | <b>Number</b>                     | <b>% of issued<br/>capital</b> |
| China Automotive Holdings Limited             | 33,154,390                        | 13.03%                         |
| Mr Michael John Wilson + Mrs Megan Joy Wilson | 32,000,000                        | 12.58%                         |
| Euro Mark Limited                             | 23,361,084                        | 9.18%                          |
| E&E TURBO-POWER CO LIMITED                    | 15,697,582                        | 6.17%                          |
| MR DAVID PAUL STEICKE                         | 14,583,333                        | 5.73%                          |
|   | <b>118,796,389</b>                | <b>46.69%</b>                  |

**ASX ADDITIONAL INFORMATION**

FOR THE YEAR ENDED 30 JUNE 2022

**(c) Twenty largest shareholders**

The 20 largest shareholders of fully paid ordinary shares on the company's register were:

|  | <b>Name</b>  | <b>Units</b>       | <b>% of Units</b> |
|--|--|--------------------|-------------------|
| 1  | <b>GROUP # 17737</b>   | <b>43,504,493</b>  | <b>17.1</b>       |
| .  | CITICORP NOMINEES PTY LIMITED  | 43,504,493         | 17.1              |
| 2  | <b>GROUP # 5293</b>  | <b>32,000,000</b>  | <b>12.58</b>      |
| .  | MR MICHAEL JOHN WILSON + MRS MEGAN JOY WILSON<br><THE WILSON S/F A/C>                | 3,000,000          | 1.18              |
| .  | MR MICHAEL JOHN WILSON + MRS MEGAN JOY WILSON  | 29,000,000         | 11.4              |
| 3  | EURO MARK LIMITED  | 23,361,084         | 9.18              |
| 4  | <b>GROUP # 47472</b>   | <b>19,232,678</b>  | <b>7.56</b>       |
| .  | BNP PARIBAS NOMS PTY LTD <DRP>   | 19,232,678         | 7.56              |
| 5  | E&E TURBO-POWER CO LIMITED   | 15,697,582         | 6.17              |
| 6  | MR DAVID PAUL STEICKE  | 14,583,333         | 5.73              |
| 7  | <b>GROUP # 21736</b>   | <b>10,055,802</b>  | <b>3.95</b>       |
| .  | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>                                    | 4,746,578          | 1.87              |
| .  | NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>                                   | 5,309,224          | 2.09              |
| 8  | PRIMARY SECURITIES LTD <ANADARA ASX SP OPP FUND A/C>                                 | 6,000,000          | 2.36              |
| 9  | LIDX TECHNOLOGY LIMITED  | 5,755,814          | 2.26              |
| 10   | MR JASON ALAN CARROLL  | 5,750,000          | 2.26              |
| 11   | ELLIOTS ELEVEN LTD   | 5,000,000          | 1.97              |
| 12   | BELLRAY HOLDINGS PTY LTD   | 4,535,490          | 1.78              |
| 13   | INDIAN OCEAN SECURITIES PTY LTD <CLIENT HOLDING A/C>                                 | 4,468,857          | 1.76              |
| 14   | AUTOV CORPORATION SDN BHD  | 3,805,940          | 1.5               |
| 15   | <b>GROUP # 34986</b>   | <b>3,290,507</b>   | <b>1.29</b>       |
| .  | POWERTRAVELLER PTY LTD   | 127                | 0                 |
| .  | MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <THE APEDAILE SUPER FUND A/C> | 113,308            | 0.04              |
| .  | MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <APEDAILE FAMILY A/C>         | 467,856            | 0.18              |
| .  | MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <THE APEDAILE S/F A/C>        | 2,709,216          | 1.07              |
| 16   | MR ZHENGLIANG WU   | 2,666,667          | 1.05              |
| 17   | KING CORPORATE PTY LTD   | 2,388,743          | 0.94              |
| 18   | GUANGZHOU FINANCIAL PTY LTD  | 2,214,729          | 0.87              |
| 19   | CHINA TONGHAI SECURITIES LTD   | 2,000,000          | 0.79              |
| 20   | INVESTORLEND PTY LTD <CLIENT HOLDING A/C>  | 1,875,993          | 0.74              |
| <b>Totals: Top 20 holders of SIX ORDINARY FULLY PAID</b> |  | <b>208,187,712</b> | <b>81.85</b>      |
| <b>Total Remaining Holders Balance</b>                   |  | <b>46,166,617</b>  | <b>18.15</b>      |
| <b>Total Holders Balance</b>                             |  | <b>254,354,329</b> | <b>100</b>        |

**ASX ADDITIONAL INFORMATION**

FOR THE YEAR ENDED 30 JUNE 2022

**(d) Holders of over 20% of unlisted securities**Unlisted options with an exercise price of \$0.10 on or before 13 December 2022:

| <b>Rank</b>  | <b>Name</b>                   | <b>Units</b>   | <b>% of Units</b> |
|--|-------------------------------|----------------|-------------------|
| 1  | CITICORP NOMINEES PTY LIMITED | 400,000        | 82.19             |
| <b>Totals: Top 1 holders of SIX72447 UO13122022/\$0.10</b> |                               | <b>400,000</b> | <b>82.19</b>      |
| <b>Total Remaining Holders Balance</b>                     |                               | <b>86,670</b>  | <b>17.81</b>      |
| <b>Total Holders Balance</b>                               |                               | <b>486,670</b> | <b>100</b>        |

Unlisted options with an exercise price of \$0.10 on or before 12 April 2023:

No holders have more than 20%.

Unlisted options with an exercise price of \$0.10 on or before 18 May 2023:

| <b>Rank</b>   | <b>Name</b>      | <b>Units</b>     | <b>% of Units</b> |
|---|------------------|------------------|-------------------|
| 1   | MR ZHENGLIANG WU | 1,333,333        | 100               |
| <b>Totals: Top 20 holders of SIX72453 UO18052023/\$0.10</b> |                  | <b>1,333,333</b> | <b>100</b>        |
| <b>Total Remaining Holders Balance</b>                      |                  | <b>0</b>         | <b>0</b>          |
| <b>Total Holders Balance</b>                                |                  | <b>1,333,333</b> | <b>100</b>        |

Unlisted options with an exercise price of \$0.10 on or before 23 June 2023:

| <b>Rank</b>   | <b>Name</b>       | <b>Units</b>     | <b>% of Units</b> |
|---|-------------------|------------------|-------------------|
| 1   | EURO MARK LIMITED | 1,166,667        | 100               |
| <b>Totals: Top 20 holders of SIX72454 UO23062023/\$0.10</b> |                   | <b>1,166,667</b> | <b>100</b>        |
| <b>Total Remaining Holders Balance</b>                      |                   | <b>0</b>         | <b>0</b>          |
| <b>Total Holders Balance</b>                                |                   | <b>1,166,667</b> | <b>100</b>        |

Unlisted options with an exercise price of \$0.10 on or before 28 July 2023:

| <b>Rank</b>  | <b>Name</b>                    | <b>Units</b>     | <b>% of Units</b> |
|--|--------------------------------|------------------|-------------------|
| 1  | MR KELVIN LIM MING KEN         | 333,333          | 33.33             |
| 2  | MMR CORPORATE SERVICES PTY LTD | 333,333          | 33.33             |
| <b>Totals: Top 2 holders of SIX72455 UO28072023/\$0.10</b> |                                | <b>666,666</b>   | <b>66.67</b>      |
| <b>Total Remaining Holders Balance</b>                     |                                | <b>333,334</b>   | <b>33.33</b>      |
| <b>Total Holders Balance</b>                               |                                | <b>1,000,000</b> | <b>100</b>        |

Unlisted options with an exercise price of \$0.086 on or before 28 October 2023:

| <b>Rank</b>  | <b>Name</b>     | <b>Units</b>     | <b>% of Units</b> |
|--|-----------------|------------------|-------------------|
| 1  | MR WAYNE KNIGHT | 5,000,000        | 100               |
| <b>Totals: Top 20 holders of SIX72402 UO28102023/\$0.086</b> |                 | <b>5,000,000</b> | <b>100</b>        |
| <b>Total Remaining Holders Balance</b>                       |                 | <b>0</b>         | <b>0</b>          |
| <b>Total Holders Balance</b>                                 |                 | <b>5,000,000</b> | <b>100</b>        |

**ASX ADDITIONAL INFORMATION**

FOR THE YEAR ENDED 30 JUNE 2022

Unlisted options with an exercise price of \$0.086 on or before 13 April 2024:

| <b>Rank</b>  | <b>Name</b>              | <b>Units</b>     | <b>% of Units</b> |
|--|--------------------------|------------------|-------------------|
| 1  | KNIGHTCORP CAPITAL TRUST | 5,000,000        | 100               |
| <b>Totals: Top 20 holders of SIX72439 UO13042024/\$0.086</b> |                          | <b>5,000,000</b> | <b>100</b>        |
| <b>Total Remaining Holders Balance</b>                       |                          | <b>0</b>         | <b>0</b>          |
| <b>Total Holders Balance</b>                                 |                          | <b>5,000,000</b> | <b>100</b>        |

Unlisted performance options with an exercise price of \$0.015 on or before 19 May 2024:

| <b>Rank</b>   | <b>Name</b>                       | <b>Units</b>     | <b>% of Units</b> |
|---|-----------------------------------|------------------|-------------------|
| 1   | ROYAL EXCHANGE SECURITIES PTY LTD | 2,000,000        | 100               |
| <b>Totals: Top 20 holders of SIX72441 UO18052024/\$0.15</b> |                                   | <b>2,000,000</b> | <b>100</b>        |
| <b>Total Remaining Holders Balance</b>                      |                                   | <b>0</b>         | <b>0</b>          |
| <b>Total Holders Balance</b>                                |                                   | <b>2,000,000</b> | <b>100</b>        |

Unlisted options with an exercise price of \$0.086 on or before 19 May 2024:

| <b>Rank</b>  | <b>Name</b>                       | <b>Units</b>     | <b>% of Units</b> |
|--|-----------------------------------|------------------|-------------------|
| 1  | ROYAL EXCHANGE SECURITIES PTY LTD | 3,000,000        | 100               |
| <b>Totals: Top 20 holders of SIX72440 UO18052024/\$0.086</b> |                                   | <b>3,000,000</b> | <b>100</b>        |
| <b>Total Remaining Holders Balance</b>                       |                                   | <b>0</b>         | <b>0</b>          |
| <b>Total Holders Balance</b>                                 |                                   | <b>3,000,000</b> | <b>100</b>        |

**(e) Additional ASX required disclosures not made elsewhere**

In accordance with Listing Rule 4.10, the Company confirms:

- There is no current on-market share buy-back; and
- The Company used its cash and assets in a form readily convertible to cash that it has at the time of admission to the Official List of the ASX in a way consistent with its business objectives.