

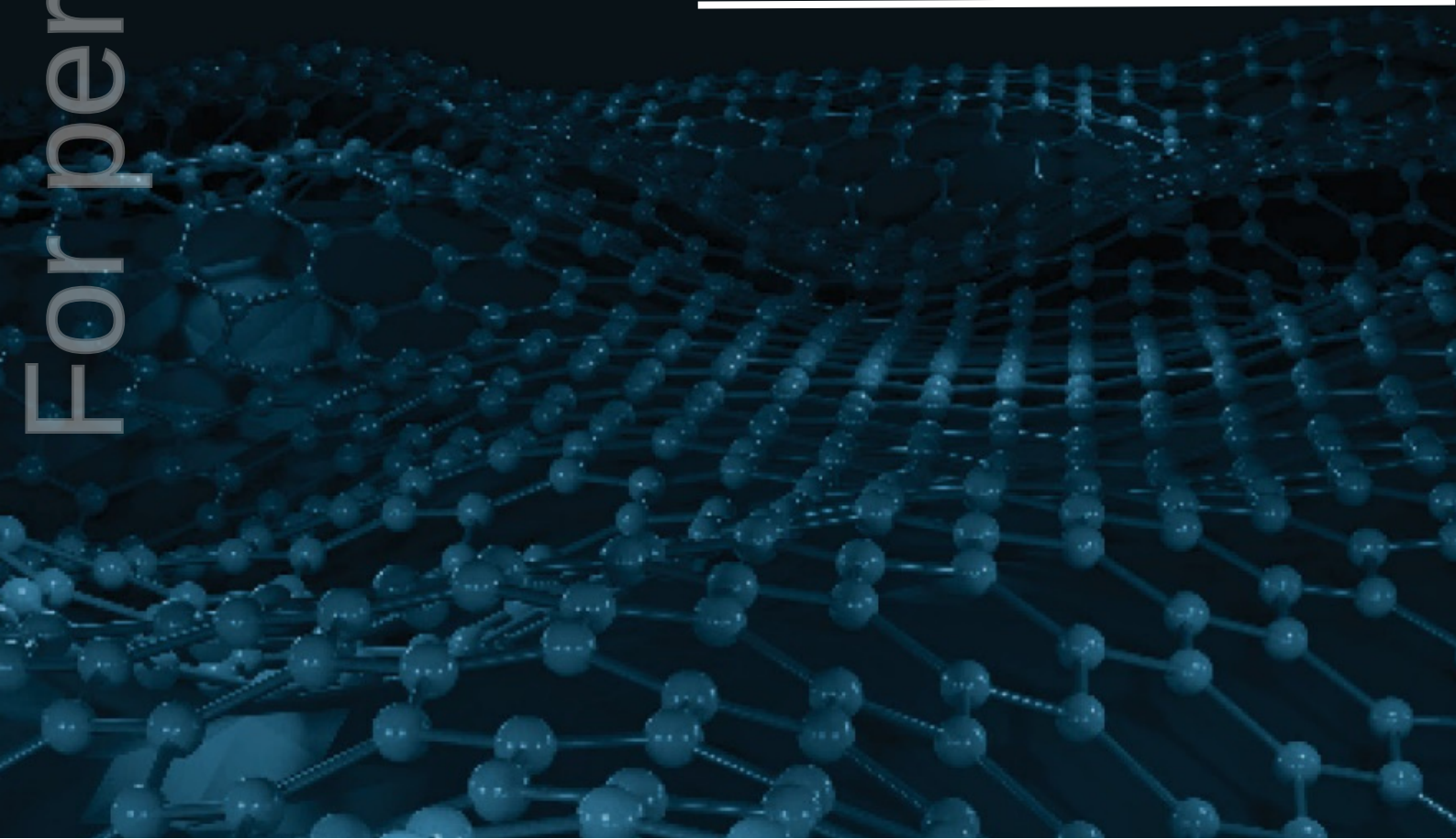
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Sparc Technologies Limited

Annual Report - 30 June 2023

ACN 009 092 068





Directors

Stephen Hunt
Daniel Eddington
Stephanie Moroz

Company secretary

Adrien Wing

Registered office

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

Principal place of business

51 Rundle Street
Kent Town
Adelaide SA 5067

Share register

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

Phone: 1300 554 474

Auditor

BDO Audit Pty Ltd
Level 7
420 King William Street
Adelaide SA 5000

Solicitors

HWL Ebsworths
Westpac House
Level 21
91 King William Street
Adelaide, SA 5000

Bankers

NAB
Adelaide Office
Ground Level
22-28 King William Street
Adelaide SA 5000

Stock exchange listing

Sparc Technologies Limited shares are listed on the Australian Securities Exchange (ASX code: SPN)

Website

www.sparctechnologies.com.au

Corporate Governance Statement

www.sparctechnologies.com.au

The directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group') consisting of Sparc Technologies Limited (formerly Acacia Coal Limited) (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

1. Company details

Name of entity: Sparc Technologies Limited
ABN: 13 009 092 068
Reporting period: For the year ended 30 June 2023
Previous period: For the year ended 30 June 2022

2. Results for announcement to the market

	2023 \$A	2022 \$A		Percentages Change
Revenues from ordinary activities	10,400	-	up	-
Loss from ordinary activities after tax attributable to the members	(4,494,520)	(14,201,975)	up	32%
Loss for the period attributable to members	(4,494,520)	(14,201,975)	up	32%

Dividends (distributions)

No dividend has been paid during the year ended 30 June 2023

The directors have not proposed a dividend for the year ended 30 June 2023

3. Net Tangible Assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.00	4.41

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Sparc Hydrogen Pty Ltd	52%	52%	(205)	(669)

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

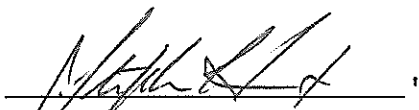
8. Attachments

Details of attachments (if any):

The Annual Report of Sparc Technologies Limited for the year ended 30 June 2023 is attached.

9. Signed

Signed



Stephen Hunt
Director
Adelaide

Date: 29 August 2023

Chairman's Letter



Dear Shareholder,

It is a pleasure to write to you on behalf of the Board of Sparc Technologies to reflect on the achievements of the company in FY 2023, as well as to provide some insight to the direction of your company in the ensuing 12 months.

FY 2023 saw Sparc Technologies focus its business on a number of key technology and product areas, namely graphene additive materials in coatings and composites, photocatalytic green hydrogen technology and sustainable hard carbon anodes for use in sodium ion batteries. Increasingly, sustainability has become a core tenet of the company with improvements to environmental outcomes a major focus of the products Sparc is developing and increasingly moving towards commercialisation.

Graphene

The incorporation of graphene into high performance anti-corrosive coatings and composites remains a core focus for Sparc. During FY 2023 we commissioned our ecosparc® production facility which enables us to produce and market commercial volumes of our graphene based additives. The production facility has sufficient capacity to supply graphene additive into more than 5 million litres of paint. With this capability, Sparc is actively engaged in pursuing coatings trials and sales with infrastructure owners including, defence, mining, oil and gas and government. In parallel, multiple global and domestic coatings companies continue to undertake product evaluation and testing of ecosparc in their products. Sparc is also employing substantial resources into demonstrating the cost and sustainability advantages of ecosparc to potential customers and end users and we look forward to providing further information on this during FY 2024.

Sparc is also implementing diversification strategies to apply the excellent performance results and knowledge gained in coatings, to composite materials where the inclusion of graphene additives has demonstrated improvements in performance. Sparc is partnering with a global composite company to undertake trials of Sparc's product and similar to our strategy with coatings, composites end users are also being targeted.

Sparc Green Hydrogen

During FY 2023 a number of key milestones were ticked off by Sparc Hydrogen, a joint venture between Sparc Technologies (52%), the University of Adelaide (28%) and Fortescue Future Industries (20%).

In October 2022, Sparc announced the completion of a preliminary Techno Economic Analysis (TEA) into the photocatalytic water splitting (PWS) technology under development. The TEA confirmed the potential for Sparc Hydrogen's technology to play a significant role in producing low cost green hydrogen and to be a potential game changer for the industry through avoiding electrolysis. Completely aside from comparing levelized cost of hydrogen, photocatalytic water splitting provides flexibility and scalability advantages over conventional green hydrogen processes.

The positive outcomes of the TEA, together with ongoing research and development work undertaken at the University of Adelaide, led to a decision to accelerate on-sun testing of the technology. Sparc Hydrogen will conduct the first on-sun testing of its patent pending PWS reactor at the CSIRO Energy Centre in Newcastle during Q3 2023. Optimising and testing prototypes in the laboratory and in the field is a forerunner to Sparc Hydrogen developing a pilot plant which incorporates a concentrated solar system together with Sparc Hydrogen's PWS reactor in 2024.

Chairman's Letter



Sparc Hydrogen hired its first direct employee in March 2023, an experienced project manager in the energy sector, to support development activities for the on-sun prototype and pilot plant. Prototype development will be funded within an increased Stage 1 budget for Sparc Hydrogen announced in March 2023 whilst a final investment decision on a pilot plant is contingent on the shareholders agreeing to move to Stage 2 of the joint venture. Sparc Hydrogen is actively seeking financial assistance from state and federal governments to support these workstreams. Importantly, the patent application securing the IP for the project is progressing towards national phase applications having been published in October 2022. This IP is exclusively licenced by the University of Adelaide to Sparc Hydrogen and is to be assigned to Sparc Hydrogen on completion of the research milestones.

Sodium Ion Battery

In keeping with a renewed commitment and focus on environmental and sustainable technologies, Sparc's 100% owned sodium-ion battery (SIB) anode project with the Queensland University of Technology represents a great deal of promise. Sparc's aim is to improve existing hard carbon anodes used in SIBs with more sustainable production methods and improved anode performance. In March 2023, Sparc announced exceptional initial results from the project with anode materials produced from 100% bio-waste feedstock demonstrating ~45% higher reversible capacities than commercial benchmarks. Current work is focused on testing alternative sources of bio-waste and ongoing testing and optimisation of electro-chemical performance.

SIBs represent an exciting alternative to Lithium-ion batteries in that they do not use scarce minerals (i.e. derivatives of regular salt instead of lithium, cobalt and nickel in the cathode), are cheaper when produced at scale and do not suffer from overheating and safety associated with thermal runaway which is a growing issue in the industry. We are seeing major global companies increasingly adopt sodium-ion battery technology for energy storage applications and in certain smaller EV cars and scooters. Given the clear advantages of sodium-ion batteries and the momentum behind this chemistry from global companies, Sparc continues to leverage its exposure and evaluate new opportunities in this next generation battery chemistry.

In closing, Sparc Technologies is clearly focussed on producing innovative technology solutions which have a positive impact on reversing earth's climate emergency. We are also cognisant of our own responsibilities as an entity to ensure that our activities are carried out to the highest ESG standards.

We are determined to fulfil our responsibility in supporting the UN Sustainable Development Goals (SGDs). Within the 2024 financial year, we will be conducting a materiality assessment to fast-track our sustainability journey and to identify and address the most significant sustainability impacts within our business. To put these words into action, we have recently employed a new staff member whose primary focus will be to conduct and implement our sustainability assessment and accelerate our sustainability activities.

As a green technology company, we feel it is our responsibility to lead by example in sustainable practice.

The Board and I are very excited about the future for Sparc Technologies. On behalf of Board, I would like to thank you for your support and look forward to continuing our journey together.

Mr Stephen Hunt
Chairman



Directors

The following persons were directors of Sparc Technologies Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Bartels	Managing Director	(Resigned 28 March 2023)
Stephen Hunt	Executive Chairman	
Daniel Eddington	Non-Executive Director	
Stephanie Moroz	Non-Executive Director	

Principal activities

Sparc is focused on developing new technologies in graphene additive materials, photocatalytic green hydrogen and sodium-ion batteries, which have a positive impact on climate change and sustainability. Sparc continues to work with partners in Australia and globally to commercialise its products.

Dividends

No Dividends were declared or paid during the financial year.

Review of operations

For the year ended 30 June 2023, the Group recorded a loss after tax of \$4,494,520 after taking into account non-cash share-based payments of \$773,015.

The Group had working capital of \$2,378,901 (30 June 2022: \$1,662,447). The Group had negative cash flows from operating activities for the year amounting to \$2,474,180 (30 June 2022: \$4,607,702).

Sparc Graphene



Sparc has spent over 4 years developing a graphene based additive product, ecosparc®, which has demonstrated up to 40% anti-corrosion improvement in commercially available epoxy coatings. FY 2023 has been a busy year.

During FY 2023, the following milestones were achieved by Sparc Technologies:

- Commissioning of the manufacturing plant in Adelaide which enables the manufacture of sufficient Graphene Based Additive, ecosparc®, to treat millions of litres of paint.
- Continued testing, both in house and through independent 3rd parties, of graphene in alternate paints to demonstrate repeatability and various testing regimes, to build knowledge and data of performance improvements. Positive results obtained, which confirm previous testing and extend our understanding of the mechanism by which graphene is working.
- Commencement of the journey to ISO9001 certification
- Continued testing of grades of graphene to diversify sourcing and risk mitigation of supply, to the extent of assessing graphene from various global geographies.
- Testing of Graphene based additives within global and regional paint manufacturer labs.



- Presentation of Technology at multiple conferences and discussions (AMPP, AM2D)
- Provisional filing of patents to protect company IP (Corrosion and Antifouling)
- Participation in multiple collaborative projects with Universities on Smart Composites, Antifouling, Concrete
- Commencement of Chemical Registration Process of Graphene
- Commenced targeting asset owners as customers/users of the product for the purpose of obtaining trials – mining, defence, government infrastructure.
- Improved understanding of Dispersion of Graphene into polymers



Sparc Hydrogen

Sparc Hydrogen is a joint venture, (Sparc Technologies 52%, The University of Adelaide 28% and Fortescue Future Industries 20%), developing next generation green hydrogen technology using a process known as photocatalytic water splitting (PWS). This process using only sunlight, water and a photocatalyst, is an alternative to producing green hydrogen via electrolysis. Sparc Hydrogen's patent pending solar reactor is demonstrated to improve the efficiency of PWS to separate hydrogen from water using concentrated solar. Given lower infrastructure requirements and energy use, the 'Sparc Green Hydrogen' process has the potential to deliver a cost and flexibility advantage over electrolysis.

During FY 2023, the following milestones were achieved by Sparc Hydrogen:

- Delivery of a preliminary Techno Economic Analysis (TEA) which demonstrated the potential to produce low-cost green hydrogen with flexibility and scalability advantages compared to electrolysis.
- Publication of an international PCT patent application relating to the PWS reactor technology under development.
- Approval to increase the Sparc Hydrogen Stage 1 budget by ~A\$1.1m funded through recycling R&D tax credits.
- Hired an experienced project manager to lead development of the on-sun prototype and pilot plant activities.
- Delivery of a high-power solar simulator from the United States to allow advanced testing of laboratory prototypes.
- Progressed development of the first on-sun demonstration of the PWS reactor through a prototype to be tested at the CSIRO Energy Centre in Newcastle (as announced to the market on 3 July 2023) which will advance TRL¹ from 4 to 5.

In addition to these highlights, continued experimental progress was achieved by the University of Adelaide research team led by Professor Greg Metha during the period. A portion of the additional funding approved by the Sparc Hydrogen board in March 2023 has been applied to building the research team and increasing laboratory resources.

Looking forward to FY 2024, Sparc Hydrogen will have a strong focus on bringing the technology out of the laboratory into testing under real-world conditions. Prototyping at CSIRO Energy Centre in Newcastle will occur during the second half of calendar year 2023 which will produce valuable insights and data for development of a larger PWS reactor suitable for a pilot plant. Development activities including technical studies, site selection, equipment supply and financing will ramp up ahead of a decision to move to Stage 2 of the joint venture, currently expected in mid-2024.

¹ Technology readiness level



Sparc Hydrogen continued

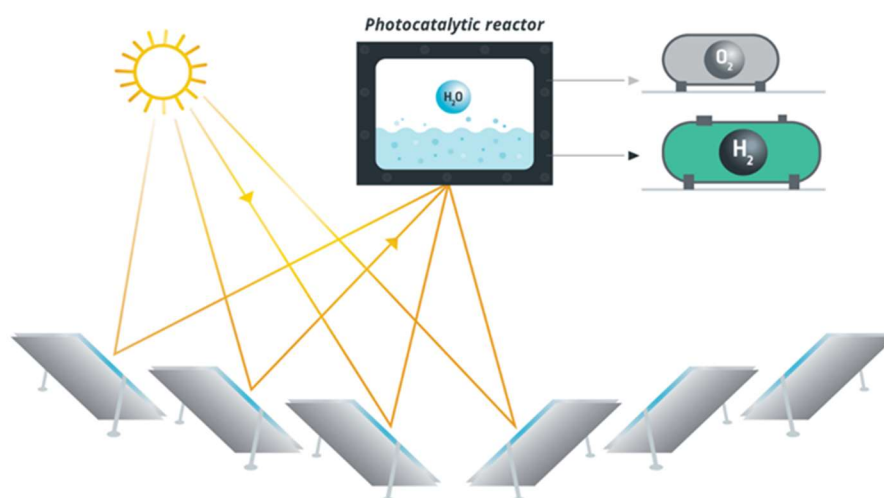


Figure 1: Sparc Green Hydrogen schematic demonstrating combination of concentrated solar and photocatalytic water splitting

Sodium Ion Batteries

In September 2022, Sparc entered a research project with the Queensland University of Technology (QUT) to develop sustainable hard carbon anode materials for sodium-ion batteries (SIBs). The project is seeking to develop a novel process for the production of hard carbon using sustainably sourced green bio-waste materials which is faster and less energy intensive than conventional pyrolysis. Initial results, as reported in March 2023, were highly encouraging with reversible capacities averaging ~45% higher than commercial benchmarks across multiple trials (Figure 2). Recent and ongoing work on this project includes:

- Characterisation and electrochemical testing of hard carbon materials in half cell formats.
- Developing methods to improve initial coulombic efficiencies.
- Testing of alternative samples of bio-waste feedstock to provide early indications of product quality and consistency.
- Developing and testing full cells using commercially available cathode and electrolyte materials.
- Developing a cost and energy model to ascertain the potential competitive advantages of the process.
- Engagement with industry players.

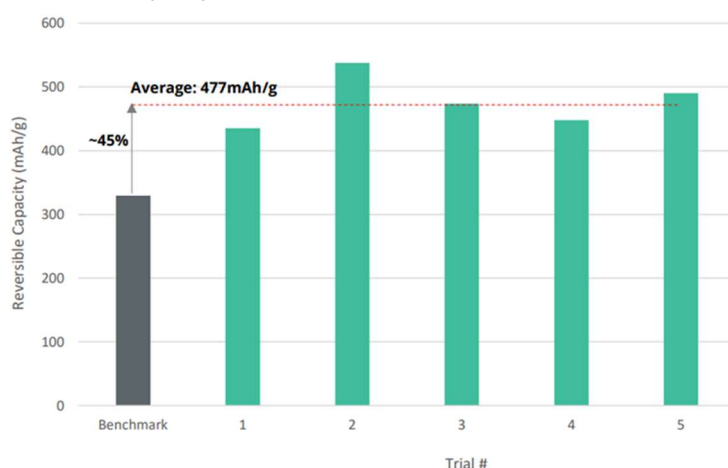
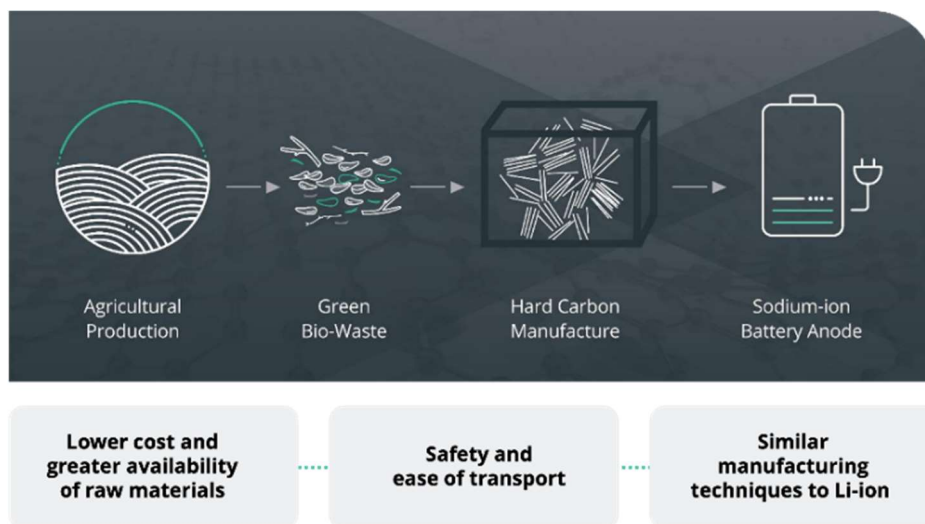


Figure 2 – Hard carbon anode discharge capacity from preliminary optimised process conditions (QUT research project)



Sustainability

Sparc Technologies is clearly focused on producing innovative technology solutions which have a positive impact on reversing earth's climate emergency. We are also cognisant of our own responsibilities as an entity to ensure that our activities are carried out to the highest ESG standards.

We are determined to fulfil our responsibility in supporting the UN Sustainable Development Goals (SDGs). Within the current financial year, we will be conducting a materiality assessment to fast-track our sustainability journey and to identify and address the most significant sustainability impacts within our business. To put these words into action, we have recently employed a new staff member whose primary focus will be to conduct and implement our sustainability assessment and accelerate our sustainability activities.

As a green technology company, we feel it is our responsibility to lead by example in sustainable practice.

Significant changes in the state of affairs

Mr Michael Bartels resigned as Managing Director on 28 March 2023.

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

For a complete list of ASX announcements, please refer to Sparc's website, www.sparctechnologies.com.au

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Directors assessment of business opportunities and management of operations include consideration of the impact of such activities on the environment and climate change. The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.



Information on directors

Name: Stephen Hunt (appointed 12 November 2020)
Title: Executive Chairman
Qualifications: BBus. (Marketing), MAICD
Experience and expertise: Mr Hunt has over 20 years experience as a Director of ASX listed companies. Mr Hunt is currently a non-executive director of 5E Advanced Materials, Inc. (Nasdaq: FEAM) (ASX: 5EA)
Special responsibilities: Chairman
Interests in shares: 7,757,533 Ordinary shares, 2,000,000 performance shares and 1,500,000 options

Name: Daniel Eddington (appointed 12 November 2020)
Title: Non-Executive Director
Qualifications: BCom. and Grad. Diploma in Finance.
Experience and expertise: Daniel has over 20 years experience in financial markets across multiple sectors including the resource, energy and industrial sectors. Mr Eddington is currently a non-executive director of Osmond Resources Limited (ASX:OSM) and Jade Gas Holdings (ASX:JGH)
 Mr Eddington specialises in equity capital markets and has been responsible for IPOs placements, reverse takeovers, underwritings, corporate negotiations and corporate advisory for companies predominately in the resources sector
Interests in shares: 2,880,769 Ordinary shares, 2,000,000 performance shares and 1,000,000 options

Name: Stephanie Moroz (appointed 2 March 2022)
Title: Non-Executive Director
Qualifications: B.A.Sc (Engineering Physics), Grad.Dip. (Energy & Carbon Studies), Master of Business
Experience and expertise: Stephanie has over 25 years' experience and global industry expertise in hydrogen, batteries, nano-materials and combustion engines. Following an international corporate career in automotive manufacturing, she led two materials technology companies through high growth periods, including multi-million dollar capital raises. Stephanie's current primary role is Innovation Manager at global energy company EDL, based in Brisbane, Queensland. Within this role she leads the Technology Team in evaluating new technologies and business models for potential applications including energy storage, remote power generation, renewable fuels and decarbonisation. Stephanie is currently Chair of the Renewable Hydrogen Directorate, Clean Energy Council
Interests in shares: 1,000,000 unlisted options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Adrien Wing B.Bus is a Certified Practising Accountant. He has worked in audit and corporate advisory for a chartered accounting firm before moving to assist a number of public companies listed on the ASX as a corporate account consultant and company secretary. Mr Wing was appointed on 12 November 2020 and is engaged through Northern Star Corporate Pty Ltd.



CORPORATE GOVERNANCE

The Board oversees the Company's business and is responsible for the overall corporate governance of the Company. It monitors the operations, financial position and performance of the Company and oversees its business strategy, including approving the strategy and performance objectives of the Company.

The Board is committed to maximising performance and generating value and financial returns for Shareholders.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

The Company's Corporate Governance Plan, including key policies, is available on the Company's website at www.sparctechnologies.com.au/about-us/corporate-governance

DIRECTORS' MEETINGS

The number of meetings of the company's Board of Directors ('the Board') during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Stephen Hunt	12	12
Daniel Eddington	12	12
Michael Bartels	9	9
Stephanie Moroz	12	12

Held: represents the number of meetings held (8) and circular resolutions (4) during the time the director held office. The Board manages the function of the audit committee.

REMUNERATION REPORT (AUDITED)

The Directors of the Company present this Remuneration Report for the Group for the year ended 30 June 2023. The information provided in this Report has been audited as required by s 308(3C) of the Corporations Act 2001 (Cth) (Corporations Act) and forms part of the Directors' Report.

The Remuneration Report outlines the Company's key remuneration activities during the financial year ended 30 June 2023 and remuneration information pertaining to the Company's Directors and senior management personnel who are the key management personnel (KMP) of the Group for the purpose of the Corporations Act and Accounting Standards. These are the personnel who have authority and responsibility for planning, directing and controlling the activities of the Company.

The report is structured as follows:

1. Remuneration Governance
2. Directors and Key Management Personnel (KMP)
3. Remuneration Policy
4. Remuneration Components
5. Details of Directors' and KMP Remuneration
6. Key Terms of Employment Contracts
7. Terms and Conditions of Performance Shares
8. Directors and KMP Equity Holdings
9. Other Transactions with Directors and KMP

1. REMUNERATION GOVERNANCE

Consistent with the Board's Charter, the Board has taken the decision that at this early stage of the Company's growth a separate Remuneration and Nomination Committee is not warranted. Accordingly, the Board as a whole carries out the functions of the Remuneration and Nomination Committee, as described in the Committee Charter. Where appropriate, this is undertaken by Non-executive Directors only, without the presence or participation of the Executive Director/s.



The Board reviews any matters of significance affecting the remuneration of the Board and employees of the Company. The primary remuneration purpose of the Board is to fulfil its responsibilities to shareholders, including by:

- Ensuring that executive remuneration demonstrates a clear relationship between key executive performance and remuneration;
- Fairly and responsibly rewarding executives, having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
- Reviewing the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- Reviewing and approving any equity-based plans and other incentive schemes;
- Clearly distinguishing the structure of Non-executive Director (NED) remuneration from that of executive directors and senior executives, and recommending NED remuneration to the Board;
- Arrange the performance evaluation of the Board, its Committees, individual Directors and senior executives on an annual basis; and
- Oversee the annual remuneration and performance evaluation of the senior executive team.

The Board Charter and the Remuneration and Nomination Committee Charter, which outlines the terms of reference under which the Committee operates, are available in the Corporate Governance Plan at www.sparctechnologies.com.au/aboutus/corporate-governance

2. DIRECTORS AND KEY MANAGEMENT PERSONNEL (KMP)

The directors and KMP of the Group during the year were:

	Period of Responsibility in FY23	Position
Non-Executive Directors		
Daniel Eddington		Non- executive Director
Stephanie Moroz		Independent Non- executive Director
Executive Directors		
Stephen Hunt		Executive Chairman
Michael Bartels	Resigned 28 March 2023	Managing Director
Key Management Personnel		
Adrien Wing		Company Secretary
Kristen Kubank		Chief Financial Officer
Denis Wright		General Manager - Graphene
Nick O'Loughlin		General Manager – Renewable Energy

3. REMUNERATION POLICY

The Company's remuneration framework for Directors and senior executives has been designed to remunerate fairly and responsibly, balancing the need to attract and retain key personnel with a prudent approach to management of costs. The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

Non-Executive Director Remuneration

The Board aims to remunerate each Non-executive Director (NED) for their time, commitment and responsibilities at market rates for comparable companies. The Board determines the annual level of fees payable to Non-executive Directors and intends to review their remuneration annually, based on market practice, duties and accountability and subject to the maximum aggregate amount per annum as approved by shareholders. Fees for Non-executive Directors are not linked to the performance of the Group, other than participation in performance shares and options to acquire ordinary shares (refer to section 8 for share plans). The Board approves a letter of appointment setting out the key terms and conditions of appointment for each Non-executive Director. Non-executive Directors receive statutory superannuation guarantee payments and Non-executive Directors do not receive any other retirement benefits.

Executive Remuneration

It is intended that executive remuneration reviews will be undertaken annually by the Board to ensure that the remuneration framework remains aligned to business needs. The Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent; and
- Aligned to the Company's strategic and business objectives and the creation of shareholder value.



4. REMUNERATION COMPONENTS

Non-Executive Directors

Non-executive Directors receive a fixed fee for their participation on the Board and may include performance-based remuneration. These are set with reference to the Company's performance and the market capitalisation. No additional fee is paid for service on Board sub-committees.

Non-Executive Director fees are determined by the Board within an aggregate fee pool limit as approved by shareholders. The current aggregate fee pool, as set out in the Constitution in Rule 7.8 detailing initial fees to Directors, is \$300,000.

Executive Directors

Executive Directors' remuneration comprises fixed remuneration (salary) and may include performance-based remuneration. These are set with reference to the Company's performance and the market capitalisation. Fixed remuneration, which reflects the individual's role and responsibility as well as their experience and skills, includes base pay and statutory superannuation.

DIRECTOR AND KMP REMUNERATION

Remuneration for the financial year ended 30 June 2023

Table 1 For the consolidated group (accounting parent) for Sparc Technologies Limited

2023	Short-term benefits (\$)				Post-employment (\$)	Share-based payments (\$)		
	Cash salary and fees	Short-term incentive	Annual Leave	Other	Superannuation	Performance Shares	Options	Total share-based payments
Non-Executive Directors								
Daniel Eddington ¹	\$57,216				\$6,013	\$56,715		\$56,715
Stephanie Moroz	\$55,091				\$5,790			\$0
Executive Directors								
Stephen Hunt ¹	\$187,254				\$19,680	\$56,715		\$56,715
Michael Bartels (resigned 28 March 2023) ¹	\$175,992		\$30,715		\$25,657	\$234,066		\$234,066
Key Management Personnel								
Adrien Wing ²	\$60,000					\$21,268		\$21,268
Kristen Kubank ³	\$87,260				\$9,162		\$190,750	\$190,750
Denis Wright ⁴	\$206,050				\$21,635		\$106,750	\$106,750
Nick O'Loughlin ⁵	\$113,496				\$11,928		\$106,750	\$106,750
Total	\$942,359	\$0	\$30,715	\$0	\$99,865	\$368,764	\$404,250	\$773,014
2023	Termination (\$)		Other long-term benefits (\$)		Total (\$)		Total "at risk" (%)	
Non-Executive Directors								
Daniel Eddington			-		-	\$119,944		47%
Stephanie Moroz			-		-	\$60,881		0%
Executive Directors								
Stephen Hunt						\$263,649		22%
Michael Bartels (resigned 28 March 2023)		\$61,800				\$528,230		44%
Key Management Personnel								
Adrien Wing						\$81,268		26%
Kristen Kubank						\$287,172		66%
Denis Wright						\$334,435		32%

Sparc Technologies Limited
Directors' report
30 June 2023



Nick O'Loughlin			\$232,174	46%
Total	\$61,800	\$0	\$1,907,753	

1. Amounts stated in the tables above represent the annual expense recognised over the vesting period other than Michael Bartels whose unamortised performance share balance as at 1 July 2022 has been fully expensed in the current financial year.
2. Mr Wing has a contract to supply company secretarial services to Sparc Technologies Ltd through Northern Star Corporate Pty Ltd. The fees are \$5,000 per month plus GST.
3. Ms Kubank was issued 250,000 options for ordinary shares with an expiry date of 1 July 2026 and a call price of \$0.90. There are no performance options attached to the options
4. Mr Wright was issued 250,000 options for ordinary shares with an expiry date of 1 July 2026 and a call price of \$0.90. There are no performance options attached to the options
5. Mr Nick O'Loughlin was issued 250,000 options for ordinary shares with an expiry date of 1 July 2026 and a call price of \$0.90. There are no performance options attached to the options

Table 2 Sparc Technologies Limited for the full year ended 30 June 2022

2022	Short-term benefits (\$)				Post-employment (\$)	Share-based payments (\$)		
	Cash salary and fees	Short-term incentive	Annual Leave	Other	Superannuation	Performance Shares	Options	Total share-based payments
Thomas Spurling (resigned 28 February 2022)	32,000	-	-	-	3,200	-	-	-
Daniel Eddington	55,412	-	-	-	5,541	56,715 ²	1,142,000 ⁴	1,198,715
Stephanie Moroz (appointed 2 March 2022)	18,182	-	-	-	1,818		584,000	584,000
Stephen Hunt	161,350	-	-	-	16,135	56,715 ²	1,713,000	1,769,715
Michael Bartels	241,800	-	-	-	24,180	63,805 ²	1,713,000	1,776,805
Adrien Wing ¹	60,000	-	-	-	-	21,268 ²	-	21,268
Total	568,744	-	-	-	50,874	198,503	5,152,000	5,350,503

2022	Termination (\$)	Other long-term benefits (\$)	Total (\$)	Total "at risk" (%)
Non-Executive Directors				
Thomas Spurling (resigned 2 March 2022)	-	-	35,200	0%
Daniel Eddington	-	-	1,259,668	95%
Stephanie Moroz (appointed 2 March 2022)	-	-	604,000	97%
Executive				
Stephen Hunt	-	-	1,947,200	91%
Michael Bartels	-	-	2,042,785	87%
Key Management Personnel				
Adrien Wing	-	-	81,268	26%
Total	-	-	5,970,121	

1. Mr Wing has a contract to supply company secretarial services to Sparc Technologies Ltd through Northern Star Corporate Pty Ltd. The fees are \$5,000 per month plus GST.
2. 7,000,000 performance shares were issued to the Directors and Key Management Personnel as follows: (1) 2,250,000 performance shares to Mr Tom Spurling, (2) 2,000,000 performance shares to Mr Stephen Hunt, (3) 2,000,000 performance shares to Mr Daniel Eddington, (4) 750,000 performance shares to Mr Adrien Wing. The performance shares will convert into ordinary shares in the company on a one for one basis where on satisfaction of the following milestone: (1) GTS generates annual Operating Revenue of at least \$3 million from the Graphene projects or Graphene Technology over an audited financial year; and (2) the Company achieves a market capitalisation (based on the Company's VWAP) of \$50 million or more. On 1 March 2021 Thomas Spurling's performance shares were cancelled and re-issued to Michael Bartels as Chief Executive Officer. The accounting standards classify this as a forfeiture with no expense recognised in relation to Thomas Spurling's Performance Shares.
3. Ms Moroz was issued 1,000,000 options for ordinary shares with an expiry date of 28 February 2026 and a call price of \$1.20. There are no performance conditions attached to the options.
4. Mr Eddington was issued 1,000,000 options for ordinary shares with an expiry date of 30 September 2025 and a call price of \$1. There are no performance options attached to the options.
5. Mr Hunt was issued 1,500,000 options for ordinary shares with an expiry date of 30 September 2025 and a call price of \$1. There are no performance options attached to the options.
6. Mr Bartels was issued 1,500,000 options for ordinary shares with an expiry date of 30 September 2025 and a call price of \$1. There are no performance options attached to the options.



The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration		% At risk - STI		% At risk - LTI	
	2023	2022	2023	2022	2023	2022
Non-Executive Directors						
Daniel Eddington	53%	5%	0%	0%	47%	95%
Stephanie Moroz	100%	3%	0%	0%	%	97%
Executive Directors						
Stephen Hunt	78%	9%	0%	0%	22%	91%
Michael Bartels (resigned 28 March 2023)	56%	13%	0%	0%	44%	87%
Key Management Personnel						
Adrien Wing	74%	74%	0%	0%	26%	26%
Kristen Kubank	34%	-	-	-	66%	-
Denis Wright	68%	-	-	-	32%	-
Nick O'Loughlin	54%	-	-	-	46%	-

Share-based compensation

Issue of performance shares

No new performance shares were issued during the period. Amounts stated in the tables above represent the annual expense recognised over the vesting period other than Michael Bartels whose unamortised performance share balance as at 1 July 2022 has been fully expensed in the current financial year.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant Date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Stephanie Moroz	1,000,000	2 March 2022	n/a	28 February 2026	\$1.20	\$0.584
Daniel Eddington	1,000,000	30 November 2021	n/a	30 September 2025	\$1.00	\$1.142
Stephen Hunt	1,500,000	30 November 2021	n/a	30 September 2025	\$1.00	\$1.142
Michael Bartels	1,500,000	30 November 2021	n/a	30 September 2025	\$1.00	\$1.142
Kristen Kubank	250,000	19 August 2022	n/a	1 July 2026	\$0.90	\$0.7630
Denis Wright	250,000	18 July 2022	n/a	1 July 2026	\$0.90	\$0.4270
Nick O'Loughlin	250,000	18 July 2022	n/a	1 July 2026	\$0.90	\$0.4270

Options carry no right no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options may be exercised anytime before the expiry date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

No options issued to directors or key management personnel as part of their compensation lapsed during the year.

Additional information

The earnings for the Group for the three years to 30 June 2023 are summarised below:



	2023	2022	2021
Sales revenue	0	0	0
EBITDA	(4,147,307)	(14,009,117)	(5,511,729)
EBIT	(4,478,713)	(14,181,511)	(5,618,637)
Profit after income tax	(4,494,520)	(14,201,975)	(5,633,511)

The factors that are considered to affect total shareholder return ("TSR") are summarised below:

	2023	2022	2021
Share price at financial year end (\$)	\$0.265	\$0.64	\$0.27
Total dividends declared (cents per share)	-	-	-
Basic earnings per share (cents per share)	(05.72)	(18.87)	(10.01)

6. KEY TERMS OF EMPLOYMENT CONTRACTS

Non-Executive Directors

Based on the Non-Executive Director letters of appointment with each of Daniel Eddington and Stephanie Moroz that amongst other things, in consideration for their services, the Company has paid the following fees, plus statutory superannuation:

Daniel Eddington \$57,216 per annum and Stephanie Moroz \$55,091 per annum incorporating all changes since initial letter of appointment.

Each Non-Executive Director is also entitled to be reimbursed reasonable expenses incurred in performing their duties. The appointment of the Non-Executive Directors is subject to the provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors.

The appointment of a Non-Executive Director will automatically cease at the end of any meeting at which the relevant Director is not re-elected as a Director by shareholders. A Director may terminate their directorship at any time by advising the Board in writing.

The Letters of Appointment otherwise contain terms and conditions that are considered standard for agreements of this nature and are in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Ed).

Executives

Managing Director

Mr Michael Bartels, who was engaged as the Managing Director and Chief Executive officer (Managing Director) of the Company resigned effective from 28 March 2023. Mr. Bartels received a base salary of \$247,200 per annum plus statutory superannuation for services rendered under the executive services agreement. The Company also, subject to certain conditions, reimbursed the Managing Director for all reasonable travelling intra/interstate or overseas, accommodation and general expenses incurred in the performance of all duties in connection with the business of the Company. Mr. Bartels retains his 2,250,000 performance shares the conditions of which have been varied in line with his departure from the Company.

The termination provisions in the executive services agreement are on standard commercial terms and generally require a minimum period of notice prior to termination. The Company elected to pay the Managing Director three months' salary in line with the executive services agreement.

Chairman

The Company entered into an Executive Services Agreement with Stephen Hunt, whereby he was engaged as the Executive Chairman of the Company. Stephen Hunt receives a base salary of \$192,816 per annum plus statutory superannuation for services rendered (set at 75% working capacity) under the executive services agreement. The Company will also, subject to certain conditions, reimburse the



Executive Chairman Director for all reasonable travelling intra/interstate or overseas, accommodation and general expenses incurred in the performance of all duties in connection with the business of the Company. Mr. Hunt has also been issued 2,000,000 performance shares which are subject to the conditions set out above.

The termination provisions in the executive services agreement are on standard commercial terms and generally require a minimum period of notice prior to termination. If the Company elects to terminate the executive services agreement without reason, it must pay the Executive Chairman three months' salary.

Company Secretary

During FY21, Adrien Wings services as Company Secretary (CS) were undertaken in accordance with a contractor agreement between the Company and Northern Star Corporate Pty Ltd, an entity controlled by Adrien Wing (CS Agreement). Under the CS Agreement, Northern Star Corporate Pty Ltd provides the services of Adrien Wing in the position of CS at a monthly fee of \$5,000 plus GST. The contract is ongoing and subject to termination by either party with a notice period of one month in writing. The CS Agreement otherwise includes standard commercial terms.

Adrien Wing holds 750,000 performance shares which are subject to the conditions set out above and also 1,000,000 options.

7. TERMS AND CONDITIONS OF PERFORMANCE SHARES

Performance Shares that are issued to Stephen Hunt (Director), Daniel Eddington (Director), and Adrien Wing (Company Secretary) on 12 November 2020 will convert into ordinary shares on a one-for-one basis upon satisfaction of the following milestones:

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

Upon the resignation of Mr Bartels the conditions pertaining to his 2,250,000 performance shares were changed. The performance shares will convert into ordinary shares on a one-for-one basis upon satisfaction of the following milestones:

- The Company achieving a market capitalisation (based on the Company's VWAP) of \$50,000,000 or more; and
- 100% of the performance share entitlement if the Company generating annual operating revenue from contracts and Graphene Projects or Graphene Technology in existence at 28 March 2023 of at least \$3,000,000 for the period ending 30 June 2023; or
- 50% of performance shares entitlement if the Company generating annual operating revenue from contracts and Graphene Projects or Graphene Technology in existence at 28 March 2023 of at least \$3,000,000 within the period 1 July 2023 to 31 December 2023; or
- 25% of performance shares entitlement if the Company generating annual operating revenue from contracts and Graphene Projects or Graphene Technology in existence at 28 March 2023 of at least \$3,000,000 within the period 1 January 2024 to 30 June 2024; or
- 0% of performance shares entitlement if the Company generating annual operating revenue from contracts and Graphene Projects or Graphene Technology in existence at 28 March 2023 of at least \$3,000,000 after 30 June 2024

Performance shares issued by the Company carry no rights to dividends, hold no voting rights, capital or wind up rights and are not transferable.

8. DIRECTOR AND KMP EQUITY HOLDINGS

Details of the number of ordinary shares held by Directors and KMP in the Company are set out below. This includes shares held directly, indirectly, or beneficially by Directors and KMP, including related party holdings.

Details of the number of ordinary shares held by Directors and KMP in the company are set out below.

	Balance 1 July 2022	Received as part of remuneration	Additions	Disposals	Balance 30 June 2023
Non Executive Directors					
Daniel Eddington ¹	2,880,769	-	-	-	2,880,769
Stephanie Moroz	-	-	-	-	-



Executive					
Stephen Hunt ²	7,757,533	-	-	-	7,757,533
Michael Bartels					
Adrien Wing	-	-	-	-	-
Total	10,638,302	-			10,638,302

- At the 30 June 2023 Mr Daniel Eddington holds 2,780,769 ordinary shares in joint names with Julie Eddington. Dejul Trading Pty Ltd is a nominee of Mr Eddington and holds 100,000 ordinary shares.
- At 30 June 2023 DFM Trust a nominee of Mr Hunt holds 3,565,416 ordinary shares and SB Hunt Super Pty Ltd a nominee of Mr Hunt holds 2,362,287 ordinary shares. Minerals and Metals Marketing Pty Ltd a nominee of Mr Hunt holds 1,829,830 ordinary shares.

Details of the number of performance shares held by Directors and KMP in the company are set out below.

	Balance 1 July 2022	Received as part of remuneration	Additions	Disposals/ Other	Balance at 30 June 2023
Non Executive Directors					
Daniel Eddington	2,000,000		-	-	2,000,000
Stephanie Moroz	-	-	-	-	-
Stephen Hunt	2,000,000		-	-	2,000,000
Michael Bartels ⁵	2,250,000		-	(2,250,000)	-
Adrien Wing	750,000		-	-	750,000
Total	7,000,000		-	(2,250,000)	4,750,000

Details of the number of options held by Directors and KMP in the company are set out below

	Balance 1 July 2022	Received as part of remuneration	Additions	Disposals/ Other	Balance at 30 June 2023
Non Executive Directors					
Daniel Eddington ³	1,000,000	-		-	1,000,000
Stephanie Moroz ²	1,000,000	-			1,000,000
Executive					
Stephen Hunt ³	1,500,000		-	-	1,500,000
Michael Bartels ⁵	1,500,000	-	-	(1,500,000)	-
Key Management Personnel					
Adrien Wing ¹	1,000,000	-	-	-	1,000,000
Denis Wright ⁴		250,000			250,000
Kristen Kubank ⁴		250,000			250,000
Total	6,000,000	500,000		(1,500,000)	5,000,000

- Mr Adrien Wing holds 1,000,000 unlisted options exercisable at \$0.60 expiring 31 December 2023.
- Ms Stephanie Moroz holds 1,000,000 unlisted options exercisable at \$1.20 expiring 28 February 2026.
- Mr Daniel Eddington, Mr Mike Bartels & Mr Stephen Hunt issued options exercisable at \$1 expiring 30 September 2025
- Mr Denis Wright, & Ms Kristen Kubank issued options exercisable at \$0.90 expiring 1 July 2026



5. Mr Mike Bartels is no longer employed as a member of KMP at 30 June 2023

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

This concludes the remuneration report, which has been audited.

Shares under option

The following ordinary shares of Sparc Technologies Limited were reserved for issue during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Grant Date	Expiry Date	Exercise Price	Number under option
18 July 2022	1 July 2026	\$0.90	500,000
19 August 2022	1 July 2026	\$0.90	250,000
9 November 2022	30 November 2024	\$1.00	4,442,308

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Performance Shares

No new performance shares of Sparc Technologies Limited were issued during the year ended 30 June 2023 and up to the date of this report:

Grant Date	Expiry Date	Exercise Price	Number under option
-------------------	--------------------	-----------------------	----------------------------

4,750,000 performance shares have been issued in previous financial years with no fixed vesting date. The performance shares will convert into ordinary shares in the company on a one for one basis where on satisfaction of the following milestone: (1) GTS generates annual Operating Revenue of at least \$3 million from the Graphene projects or Graphene Technology over an audited financial year; and (2) the Company achieves a market capitalisation (based on the Company's VWAP) of \$50 million or more.

2,250,000 performance shares issued in previous years have had their performance conditions changed as highlighted in section 7, Terms and Conditions of Performance Shares.

Performance shares issued by the Company carry no rights to dividends, hold no voting rights, capital or wind-up rights and are not transferable.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.



Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 26 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.

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

BDO Audit Pty Ltd will be nominated to continue in office in accordance with section 327 of the Corporations Act 2001 at the Company's forthcoming annual general meeting.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Stephen Hunt

Director

29 August 2023 (Adelaide)

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

As lead auditor of Sparc Technologies Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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



Andrew Tickle
Director

BDO Audit Pty Ltd

Adelaide, 29 August 2023



Contents

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023	18
Consolidated statement of financial position as at 30 June 2023	19
Consolidated statement of changes in equity for the year ended 30 June 2023	20
Consolidated statement of cash flows for the year ended 30 June 2023	21
Notes to the Financial Statements	22
Directors' Declaration	41
Independent auditor's report	42
Shareholder information	43

General information

The financial statements cover Sparc Technologies Limited as a Group consisting of Sparc Technologies Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Sparc Technologies Limited's functional and presentation currency.

Sparc Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Sparc Technologies Limited
Level 2
480 Collins Street
Melbourne VIC 3000

Principal place of business

Sparc Technologies Limited
51 Rundle Street
Adelaide SA 5067

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2023. The directors have the power to amend and reissue the financial statements.



**Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2023**

Consolidated Group			
	Note	Year ended 30 Jun 2023 \$	Year ended 30 Jun 2022 \$
Revenue			
Other Income	3	956,824	610,833
Expenses			
Research and development		824,506	1,969,752
Professional and consulting fees		541,244	591,586
Travel		139,922	57,535
Share based payments	18	773,015	5,632,902
Listing expense		0	28,486
Employee Expenses		1,810,346	1,896,032
Recapitalisation expense		0	-
Depreciation and amortization		331,406	172,394
Interest on lease liabilities		15,807	20,465
Loss on disposal of financial asset		0	108
Net loss on subsidiary		205,537	3,767,780
Other expenses		809,562	675,769
Total Operating expenses	4	5,451,344	14,812,809
(Loss) before income tax expense		(4,494,520)	(14,201,975)
Income tax expense			
(Loss) for the year		(4,494,520)	(14,201,975)
Other comprehensive income			
Total comprehensive loss attributable to equity holders of the parent entity		(4,494,520)	(14,201,975)
Earnings per share for loss attributable to equity holders of the parent entity:			
Basic (cents per share)	32	(5.72)	(18.87)
Diluted (cents per share)	32	(5.72)	(18.87)

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



Consolidated statement of financial position as at 30 June 2023

Consolidated Group			
	Note	Year ended 30 Jun 2023 \$	Year ended 30 Jun 2022 \$
Current assets			
Cash and cash equivalents	6	2,956,622	2,135,857
Receivables	7	81,591	628,590
Other	8	46,167	43,676
Current tax assets		-	-
Total current assets		3,084,380	2,808,123
Non-current assets			
Financial Assets	16	-	-
Property, plant and equipment	9	499,350	505,084
Other assets	10	30,000	30,000
Intangible assets	11	44,378	102,902
Right of use asset	12	282,576	361,357
Investment in Associate	13	464,224	669,760
Total non-current assets		1,320,528	1,669,103
Total assets		4,404,908	4,477,226
Current liabilities			
Trade and other payables	14	449,451	337,340
Employee Benefits		69,383	95,860
Lease liability	15	122,208	107,951
Other Current Liabilities		64,437	
Total current liabilities		705,479	541,151
Non-current liabilities			
Lease liability	15	193,649	291,068
Total non-current liabilities		193,649	291,068
Total liabilities		899,128	832,219
Net assets/(deficit)		3,505,780	3,645,007
Equity			
Issued capital	17	21,186,526	18,138,943
Reserves	18	8,288,129	6,980,419
Accumulated (losses)	22	(25,968,875)	(21,474,355)
Total equity/(deficit)		3,505,780	3,645,007

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



Consolidated statement of changes in equity for the year ended 30 June 2023

	Contributed Equity	Share based payment	Accumulated Losses	Total
Balance at 1 July 2021	9,345,737	1,316,623	(7,272,379)	3,389,981
Shares issued, net of transaction costs, in the year	2,632,696	-	-	2,632,696
Shares issued on exercise of options	1,090,510	(120,010)	-	970,500
Shares issued in relation to the loss of control of subsidiary	4,950,000			4,950,000
Share based payment expense in the year	120,000	5,783,806		5,903,806
Total of transactions with owners	8,793,206	5,663,796	-	14,457,002
(Loss) for the year			(14,201,975)	(14,201,975)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(14,201,975)	(14,201,975)
Balance at 30 June 2022	18,138,943	6,980,419	(21,474,355)	3,645,007
Balance at 1 July 2022	18,138,943	6,980,419	(21,474,355)	3,645,007
Shares issued, net of transaction costs, in the year	2,670,499	619,500		3,289,999
Shares issued on exercise of options	377,084	(84,805)		292,279
Shares issued in relation to the loss of control of subsidiary				
Share based payment expense in the year		773,015		773,015
Total of transactions with owners			(4,494,520)	(4,494,520)
(Loss) for the year				
Other comprehensive income for the year				
Total comprehensive income for the year			(4,494,520)	(4,494,520)
Balance at 30 June 2023	21,186,526	8,288,129	(25,968,875)	3,505,780

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



Consolidated statement of cash flows for the year ended 30 June 2023

Consolidated Group			
	Note	Year ended 30 Jun 2023 \$	Year ended 30 Jun 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(4,037,150)	(4,789,757)
Interest Paid		-	(20,465)
Interest Received		7,051	308
R&D tax refund	5	1,541,478	199,751
Other Income		14,441	2,461
Net cash (used in) operating activities	29	(2,474,180)	(4,607,702)
Cash flows from investing activities			
Payment for intangible assets		(57,297)	(91,964)
Payment for property, plant and equipment		(101,715)	(218,936)
Purchase of Financial Assets		-	-
Proceeds from loan with associate			620,000
Net cash provided by/(used in) investing activities		(159,012)	309,100
Cash flows from financing activities			
Proceeds from issue of shares		3,826,084	3,771,200
Share issue costs		(210,000)	(168,004)
Payment for lease liabilities (principal and interest)		(162,127)	(102,143)
Net cash provided by financing activities		3,453,957	3,501,053
Net increase/(decrease) in cash and cash equivalents		820,765	(797,549)
Cash and cash equivalents at the beginning of the year		2,135,857	2,933,406
Cash and cash equivalents at the end of the year	6	2,956,622	2,135,857

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

The above statement of cash flows should be read in conjunction with the accompanying notes



Notes to the Financial Statements

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

A number of new and amended accounting standards are effective for the current reporting period, however, the change to the Group's accounting policies arising from these standards has not required the Group to make retrospective adjustments as a result of adopting these standards. The adoption of the new and amended accounting standards has therefore had no material impact on the Group for the year ended 30 June 2023.

Other amendments and interpretations relevant to the Group in a future period

A number of new and amended Accounting Standards and Interpretations have been issued that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group is currently in the process of assessing the following new and amended pronouncements:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (applicable for annual reporting periods beginning on or after 1 January 2023).*
AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. This Standard is not expected to significantly impact the Group's financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As presented in the financial statements, the Group incurred a loss before comprehensive income of \$4,494,520 and had net cash outflows from operating activities of \$2,474,180 for the year ended 30 June 2023.

The Directors believe it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report given the ability of the Group to raise additional capital either through an additional placement and/or the exercise of options and the receipt of the 2023 R&D Incentive Payment and control expenditure.

However, there remains a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the entity does not continue as a going concern.



Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sparc Technologies Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Sparc Technologies 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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Sparc Technologies 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 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.

Revenue recognition

The Group recognises revenue as follows:

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.

Government grants

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

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The group has incurred significant losses in conducting its business. No income tax expense has been provided, however tax losses may be available when the Group is able to generate sufficient income in the future.

The Group is not currently consolidated under the tax consolidation regime.

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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 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 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are generally due for settlement within 30 days.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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 Group 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.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.



Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

Research costs are expensed in the period in which they are incurred.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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 Group'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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.



Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.



Issued capital

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Sparc Technologies Limited, 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 financial year.

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Lease assets

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities



At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

The application of the above accounting policy for the year ended 30 June 2022 resulted in the recognition of a right-of-use asset with an aggregate carrying amount of \$361,357 (referred to in these financial statements as "Right-of-use asset") and a corresponding lease liability as at 1 November 2020. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities is 4.39%.

Note 2. 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 Group 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. Refer to note 18 for further information.

Estimation of useful lives of assets

The Group 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.

Income tax

The Group 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 Group recognises liabilities for anticipated tax audit issues based on the Group'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 Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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.

Note 3. Other Income

Interest
 Rent
 Other
 R&D Incentive

Consolidated	
2023	2022
7,051	308
2,400	6,000
10,400	-
936,973	604,525
956,824	610,833



Note 4. Expenses

	Consolidated	
	2023	2022
Profit before income tax includes the following specific expenses:		
<i>Depreciation and Amortisation</i>		
Leasehold Improvements	23,443	18,071
Plant & Equipment	85,314	52,367
Building right-of use assets	108,138	101,956
Patents	551	(1,802)
Patents Impairment Charge	113,960	-
<i>Total Depreciation and Amortisation</i>	331,406	172,394
<i>Finance Costs</i>		
Interest charges on building lease	15,807	20,465
<i>Superannuation Expense</i>		
Defined contribution superannuation expense	159,879	167,596
<i>Share-based payments expense</i>		
Share-based payments expense	773,015	5,632,902
<i>Research costs</i>		
Research Costs	824,506	1,969,752

Note 5. Income tax expense

	Consolidated	
	2023	2022
a. Current R&D tax receivable		
Opening balance	604,505	199,731
Adjustment to other income		20
R&D tax incentive - refundable	936,720	604,505
Refunds received	(1,541,225)	(199,751)
Closing Balance	0	604,505

The Company and its subsidiaries are currently not consolidated for tax purposes.

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2023	2022
Cash at bank	2,956,622	2,135,857
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	2,956,622	2,135,857
Balance as per statement of cash flows	2,956,622	2,135,857



Note 7. Current assets - trade and other receivables

	Consolidated	
	2023	2022
Other Debtors	218	-
R&D Tax Incentive receivable		604,525
GST Credits	81,373	24,065
	<u>81,591</u>	<u>628,590</u>

Note 8. Current assets – other

	Consolidated	
	2023	2022
Prepayments	46,167	43,676

Note 9. Non-current assets - property, plant and equipment

	Consolidated	
	2023	2022
Leasehold improvements at cost	105,466	96,315
Less accumulated depreciation	(43,611)	(20,168)
	<u>61,855</u>	<u>76,147</u>
Plant and Equipment at Cost	614,076	521,512
Less accumulated depreciation	(176,581)	(92,575)
	<u>437,495</u>	<u>428,937</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below

	Leasehold Improvements	Plant and equipment	Total
Balance at 30 June 2022	76,147	428,937	505,084
Additions	9,151	93,872	103,023
Depreciation expense	(23,443)	(85,314)	(108,757)
Balance at 30 June 2023	<u>61,855</u>	<u>437,495</u>	<u>499,350</u>

Note 10. Non-current assets- other

	Consolidated	
	2023	2022
Deposits on capital purchases		-
Security bond	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

Note 11. Non-current assets – intangibles

	Consolidated	
	2023	2022
Patents - at cost	47,716	116,126
Less Accumulated amortisation	(3,338)	(13,224)
	<u>44,378</u>	<u>102,902</u>



Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Patents
Balance at 30 June 2022	102,902
Additions	55,987
Impairments	(113,960)
Amortisation expense	(551)
Balance at 30 June 2023	44,378

Note 12. Non-current assets - right-of-use assets

	Consolidated	
	2023	2022
Land and Buildings -right-of-use	361,357	530,425
Less Accumulated depreciation	(78,781)	(169,068)
	<u>282,576</u>	<u>361,357</u>

The Group leases land and buildings for its offices and research facilities under a five-year agreement with an option to extend for a further term. The lease has an annual rent reviews to CPI and a market review if renewed.

Note 13. Investment in associate

	2023	2022
Investment in Sparc Hydrogen Pty Ltd	464,224	669,760
	<u>464,224</u>	<u>669,760</u>

Summarised statement of financial position

Current assets	945,574	1,287,540
Non-current assets	928	-
Total assets	<u>946,502</u>	<u>1,287,540</u>
Current liabilities	54,375	-
Non-current liabilities	-	-
Total liabilities	<u>54,375</u>	<u>-</u>
Net assets	<u>892,127</u>	<u>1,287,540</u>

Summarised statement of profit or loss and other comprehensive income

Revenue	419,674	-
Expenses	(815,087)	(962,460)
Profit before income tax	(395,413)	(962,460)
Income tax expense	-	-
Profit after income tax	(395,413)	(962,460)
Other comprehensive income	-	-
Total comprehensive income	<u>(395,413)</u>	<u>(962,460)</u>

Reconciliation of the consolidated entity's carrying amount



Opening carrying amount	669,760	-
Share of profit after income tax	(205,536)	669,760
Closing carrying amount	<u>464,224</u>	<u>669,760</u>

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2023	2022
Trade payables	250,184	253,413
Other payables	199,266	83,927
	<u>449,451</u>	<u>337,340</u>

Note 15. Current liabilities - lease liabilities

	Consolidated	
	2023	2022
Lease liability - current	122,208	107,951
Lease liability – non current	193,649	291,068

Note 16 Non-current assets - financial assets at fair value through profit or loss

	Consolidated	
	2023	2022
Listed ordinary shares - designated at fair value through profit or loss	-	-
(a) <i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	-	108
Revaluation reduction	-	108
Closing fair value	<u>-</u>	<u>-</u>

The group holds financial assets at FVTPL that have been revalued and reported at fair value at balance date. Any revaluation gain or loss are recognised in profit and loss. When financial assets are disposed of, it will be recognised in profit or loss at that time.

(b) Fair value hierarchy

The following table provides the fair value classification of those assets and liabilities held by the Group that are measured either on a recurring or non-recurring basis at fair value.

	Level 1
	\$
<i>Financial assets at fair value through profit or loss</i>	
30-Jun-23	-
30-Jun-22	<u>108</u>

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models.



These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 17. Equity - issued capital

	30 June 2023		30 June 2022	
	No.	\$	No.	\$
Balance at beginning of year	79,336,794	18,138,943	70,463,500	9,345,737
Shares issued in GTS to consultants and management ¹			-	-
Shares issued to advisors ¹	353,848	230,000	187,294	120,000
Share placement ²	5,030,767	3,270,000	4,000,000	2,800,000
Shares issued on exercise of options ³	924,265	377,084	1,685,000	1,090,510
Share issued - other			1,000	700
Shares issued – Sparc Hydrogen transaction			3,000,000	4,950,000
Share issue costs ⁴	-	(829,501)	-	(168,004)
Balance at end of year	85,645,674	21,186,526	79,336,794	18,138,943

1 In November 2022 353,848 ordinary shares were issued @ \$0.65 to Canaccord Genuity for advisory fees with regards to the share placement

2 In November 2022 Sparc Technology was successful in finalising a share placement of 5,030,767 ordinary shares issued @ \$0.65

3 Options were exercised as following

- On 20 September 2022 300,000 \$0.35 options with an expiry date of 1 June 2024 were converted to 300,000 shares.
- On 10 November 2022 215,000 \$0.30 options with an expiry date of 9 August 2023 were converted to 215,000 shares.
- On 6 April 2023 409,265 \$0.30 options with an expiry date of 12 Nov 2023 were converted to 409,265 shares

4. The following fees were incurred with regards to the November 2022 capital raising

- \$210,000 Ex GST for advisor fees
- 1,750,000 options were issued with a fair value at grant date of \$0.3486

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position. The Group has no borrowings.

In order to maintain or adjust the capital structure, the Group may, return capital to shareholders, issue new shares or sell assets to increase cash.

The Group will look to raise capital when an opportunity to invest in new technology, a business or company is seen as value adding relative to the current company's share price at the time of the investment.

Performance Shares

As at the 30 June 2023 there are 7,000,000 performance shares on issue with nil exercise price. Performance shares issued by the Company carry no rights to dividends, hold no voting rights, capital or wind up rights. The performance shares expire five years from issue. To the extent that a milestone for a performance share has not been achieved by expiry, such performance shares will automatically consolidate into a sum total of one performance share, which will then convert into one ordinary share.

The performance shares will convert into ordinary shares on a one-for-one basis upon satisfaction of the following milestones:

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

Upon resignation, Mike Bartel's performance shares were amended to included the following milestones:

- From resignation to 30 June 2023, 100% of performance shares
- From 30 June to 31 Dec 2023, 50% of performance shares
- From 1 Jan 2024 to 30 June 2024, 25% of performance shares
- The milestone revenue needs to come from those companies that have signed CAs, NDA's or MTAs at the time of resignation.



Note 18. Equity - reserves

Share based payment reserve

	30 June 2023	30 June 2022
	\$	\$
Option reserve	7,371,735	6,432,789
Performance share reserve	916,394	547,630
Share based payment reserve at end of year	8,288,129	6,980,419

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

Movement in Share based payment reserve - options

	30 June 2023
	\$
Balance at beginning of year	6,432,789
Issue of shares to consultants and management	-
Issue of options to consultants ¹	610,000
Exercise of Options ²	(84,804)
Issue of options to employees ³	404,250
Balance at end of year	7,371,735

- 1,750,000 options were issued @ \$0.348 to Canaccord Genuity as part of the share placement on a 1 option for 2 shares basis. The \$1 options have an expiry date of 30 November 2024
- During the period Options were exercised as follows
 - 300,000 options with an exercise price of \$0.35 and initial fair value at grant date of \$0.17, the value of which was moved from Share Based Payment Reserve to Contributed Equity
 - 409,265 with an exercise price of \$0.30 and initial fair value at grant date of \$0.0826, the value of which was moved from Share Based Payment Reserve to Contributed Equity
- The following options were issued to employees
 - on the 18 July 2022 Mr Wright was issued 250,000 options for ordinary shares with an expiry date of 1 July 2026 and a call price of \$0.90. The fair value at grant date was calculated as \$0.4270. There are no performance options attached to the options.
 - on the 18 July 2022 Mr O'Loughlin was issued 250,000 options for ordinary shares with an expiry date of 1 July 2026 and a call price of \$0.90. The fair value at grant date was calculated as \$0.4270. There are no performance options attached to the options.
 - on the 19 August 2022 Ms Kubank was issued 250,000 options for ordinary shares with an expiry date of 1 July 2026 and a call price of \$0.90. The fair value at grant date was calculated as \$0.7630. There are no performance options attached to the options.

Movement in Share based payment reserve – performance shares

	30 June 2023
	\$
Balance at beginning of year	547,630
Issue of performance shares to Directors ¹	368,764
Balance at end of year	916,394

¹ On 12th November 2020 7,000,000 performance shares were issued to Directors with an exercise price of \$nil.

The expense relating to these performance shares is being expensed over the expected vesting period of five years. Upon the resignation of Mr Bartels the conditions pertaining to his 2,250,000 performance shares were changed and subsequently been assessed the fair value of the performance shares with the new conditions is less than the performance shares before the changed conditions. The remaining unrecognized expense as at 30 June 2023 was subsequently recognized and brought to account. The recognized expense amounted to \$170,261.

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

- Dividend yield: nil %
- Expected volatility: 80%
- Risk free interest rate: 0.41%
- Expected life of options (years): 5
- Exercise price: \$nil



- Grant date share price: \$0.20
- Fair value per performance share: \$0.14

Share Based Payment Expense for the year

\$

Options

Expense options to consultants

Subscription contribution by consultants

Issue of options to employees

404,250

Performance Rights

Expense of performance shares to Directors

368,765

Shares

Shares issued to advisors

773,015

Share Based Payments (employee and directors)

773,105

Professional and consulting fees

Note 19 Segment Information

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments.

Note 20 Subsequent Events

No other matters or circumstances that have arisen since the end of the year to the date of this report that have significantly affected or may significantly affect either:

The entity's operations in future financial years;

The results of those operations in future financial years; or The entity's state of affairs in future financial years

Note 21 Contingent Liability

There are currently no contingent liabilities.

Note 22. Equity - retained profits

Consolidated

Retained earnings at the beginning of the financial year

2023	2022
(21,474,355)	(7,272,379)
(4,494,520)	(14,201,975)
(25,968,875)	(21,474,355)

Loss after income tax expense for the year

Retained losses at the end of the financial year

Note 23. Commitments

Expenditure commitments

The Group has the following commitments as at 30 June 2023.

The Group entered into a Technology License Agreement (the "TLA") with the University of Adelaide on 6th March 2020 to exploit certain technology in accordance with the terms and conditions of the Agreement. As a result of entering into the TLA, as at 30 June 2023, the Group is committed to spending a minimum of \$500,000 per annum on research.

The Group entered into a Strategic Partnership Agreement (the "SPA") with the University of Adelaide on 15th January 2020 to work together for the purpose of management and potential commercialisation of the TLA. As a result of entering into the TLA as well as other graphene projects, as at 30 June 2023, the Group is committed to provide \$500,000 per annum towards the Strategic Partnership with the University of Adelaide in 2023 under a project agreement. Amounts spent under the SPA are considered to contribute to the \$500,000 required to be



spent under the TLA. The commitment is for a period of four (4) years until 31 December 2023.

The Group entered into a GEIT Hub Collaboration Agreement (the "GHCA") with the University of Adelaide and various parties on 28 June 2017 (and amended on 2 October 2019 and 28 July 2020) to set out the terms of collaboration on the 'Graphene Hub'. As a result of entering into the GHCA, as at 30 June 2023, the Group is committed to spending a minimum of \$80,000.

Leasing commitments

The Group entered into a lease for its office facility at 51 Rundle Street, Kent Town, SA on 1 November 2020. The lease term is for an initial 5 years with an option to extend for a further 3 years. At balance date, the Group has assessed the probability of exercising this option as low and have therefore excluded the option period from the lease calculations. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

	Office Lease
	\$
Right-of-use asset	
Balance as at 30 June 2022	361,357
Amortisation for year	(78,781)
Carrying amount as at 30 June 2023	282,576
	Office Lease
	\$
Lease liability	
Balance as at 30 June 2022	399,019
Interest expense for year	15,807
Payments for lease liabilities for year (change arising from financing activity)	(128,322)
Add back NPV adjustment for CPI in lease payments	29,353
Carrying amount as at 30 June 2023	315,857
	As at
	30 Jun 2023
	\$
Amounts recognised in statement of cash flows	
Interest expense on lease liability for year	15,807
Payments for principal portion of lease liabilities for year	112,515
Total cash outflow in relation to leases for year	128,322

The incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities is 4.39%

Note 24. Leasing commitments - additional

Lease commitments

	Consolidated	
	2023	2022
Minimum lease commitments payable (undiscounted):		
1 year or less	122,208	123,012
Between 1 and 2 years	127,683	123,012
Between 2 and 3 years	65,966	123,012
Between 3 and 4 years		61,506
Between 4 and 5 years		-
	315,857	430,542

Note 25. Key management personnel disclosures

	Consolidated	
	2023	2022
<i>Compensation</i>		



The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

Short term employee benefits	1,072,939	568,744
Post employment benefits	61,800	50,874
Long term benefits		-
Share based payments	773,014	5,350,503
	1,907,753	5,970,121

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the Group's auditors', their network firms and unrelated firms:

	Consolidated	
	2023	2022
Audit services – BDO Audit Pty Ltd		
Audit of financial statements	34,000	35,948
Other Services – BDO		
Taxation Services	16,458	4,935
Advisory	12,373	5,060
	28,831	9,995
	62,831	45,943

Note 27. Related party transactions

Parent entity

Sparc Technologies Limited is the parent entity.

Subsidiaries

Interest in subsidiaries are set out in note 31

Key management personnel

Disclosures related to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties

During 2023, there were no payments made to related parties of Directors.

Note 28. Parent entity information

Set out below is supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Consolidated	
	2023	2022
Loss of after income tax	(2,058,467)	(12,474,731)
Total comprehensive loss	(2,058,467)	(12,474,731)
<i>Statement of financial position</i>		
Total current assets	8,549,486	6,134,417
Total assets	9,361,564	7,195,535
Total current liabilities	255,130	288,508
Total liabilities	448,779	579,576
Equity		
Issued capital	19,577,887	16,530,304
Reserve	8,220,929	6,913,219
Accumulated losses	(18,886,032)	(16,827,565)



Total equity

8,912,785	6,615,959
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Note 29. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023	2022
Loss after tax	(4,494,520)	(14,201,976)
Depreciation & amortisation	331,406	172,394
Net fair value loss on Associate	205,537	3,660,804
Interest RTU Adjustment	1,035	-
Share based payments	773,015	5,903,806
Reverse acquisition costs	-	-
Decrease/(Increase) in receivables	604,505	(3,539)
Increase in Other	1,640	(23,488)
Increase in Tax Receivable	-	(404,774)
Increase in other assets	-	-
(Decrease)/Increase in trade payables	148,643	221,485
Increase in employee benefits	(45,441)	67,586
	2,020,340	9,594,274
Net cash from operating activities	(2,474,180)	(4,607,702)

Note 30. Financial risk

The Group's financial instruments consist mainly of cash at bank and payables.

The Group has not formulated any specific management objectives and policies in respect of debt financing, derivatives or hedging activity. Should the group change its position in the future, a considered summary of these policies will be disclosed at that time.

The Group's current exposure to the risk of changes in the market is managed by the Board. The Board is of the opinion that the carrying amount of the Group's financial instruments approximate their fair value.

Liquidity risk

The liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Sparc Operations Limited	Australia	100.00%	100.00%

Note 32 Earnings per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.



Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2023	2022
	\$'000	\$'000
Loss after income tax	(4,494,520)	(14,201,976)
Profit after income tax attributable to the owners of Sparc Technologies Limited	(4,494,520)	(14,201,976)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	83,367,643	75,266,509
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	83,367,643	75,266,509
	Cents	Cents
Basic earnings per share	(5.72)	(18.87)
Diluted earnings per share	(5.72)	(18.87)



Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Stephen Hunt
Chairman

29 August 2023
Adelaide

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sparc Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) 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 are independent of the Group in accordance with 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's 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 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group 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.

Key audit matters

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. These matters were 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 these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Share based payments

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
During the year ended 30 June 2023, the Company issued options to employees including key management personnel which were accounted for as share based payments under AASB 2: Share Based Payments. Share-based payments are a complex accounting area including assumptions utilised in the fair value calculations and judgments regarding the options issued during the year. There is a risk in the financial report that amounts are incorrectly recognised and/or inappropriately disclosed. Refer to Note 1 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions.	Our audit procedures included but were not limited to: • Evaluating management's assessment of the valuation and recognition of the options. • Obtaining an understanding of the key terms and conditions of the performance shares and options by inspecting relevant agreements. • Holding discussions with management to understand the share based payment arrangements in place • Recalculating the estimated fair value of the options using the valuation methodology selected, including assessing the reasonableness of the methodology used and key inputs used in the Group's valuation model. • Reviewing the adequacy of the Group's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policy adopted.

Other information

The directors are responsible for the other information. The other information comprises the information contained in Directors' report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's letter, which is expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's letter, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors 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 ability of the group 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 Group or to cease operations, or has 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Sparc Technologies Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

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.

A stylized blue ink signature of the BDO firm, written in a cursive, flowing script.

BDO Audit Pty Ltd

A blue ink signature of Andrew Tickle, written in a cursive, flowing script.

Andrew Tickle

Director

Adelaide, 29 August 2023

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Shareholder information

Distribution of equitable securities as at date of report

Analysis of number of equitable security holders by size of holding:

	Ordinary Shares	
	Number of holders	% Of total shares issued
1 to 1,000	1,340	31.08
1,001 to 5,000	1,509	35.00
5,001 to 10,000	528	12.25
10,001 to 100,000	822	19.07
100,001 and over	112	2.60
	4,311	100.00
Holding less than a marketable parcel	1,878	43.56

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number held	% Of total shares issued
THE UNIVERSITY OF ADELAIDE	3,842,643	4.49
STEPHEN BRIAN HUNT	3,565,416	4.16
INNOVATION AND COMMERCIAL PARTNERS PTY LTD	2,721,000	3.18
DANIEL WILLIAM EDDINGTON & JULIE EDDINGTON	2,680,769	3.13
CANE ASSET MANAGEMENT PTY LTD	2,554,187	2.98
STEPHEN BRIAN HUNT & JOHN HUNT	2,287,287	2.67
BLAMNCO TRADING PTY LTD	2,250,000	2.63
MS MARNIE JANE EDDINGTON	2,234,397	2.61
MINERALS AND METALS MARKETING PTY LTD	1,829,830	2.14
ANDREW GARNET SMITH & SALLYANNE MAREE SMITH	1,372,372	1.60
RED DOG #1 PTY LTD	1,009,814	1.18
MR EDWARD MALOUF	985,770	1.15
BNP PARIBAS NOMS PTY LTD	907,653	1.06
THOMAS ANTHONY SPURLING	859,887	1.00
MR TIMOTHY JAMES FLAVEL	757,457	0.88
SHARESIES NOMINEE LIMITED	682,746	0.80
MR JOSEPH PATRICK BURKE	640,475	0.75
ALFRED A DEANS PTY LTD	600,000	0.70
JOMALCO PTY LTD	595,000	0.69
FOXHAYES CAPITAL PTY LTD	500,000	0.58
	32,876,703	38.39



Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	18,842,308	145
Performance Shares	7,000,000	4

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held	% Of total shares issued
Innovation & Commercial Partners Pty Ltd <ATF The Adelaide Research & Innovation Investment Trust> & The University of Adelaide	6,563,643	7.66
Stephen Brian Hunt	7,757,533	9.05

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted Securities

The Company confirms the following securities will be subject to restriction pursuant to the ASX Listing Rules for the periods outlined below:

Class	Number	Restriction Period
Performance Rights	7,000,000	24 months from the date of official quotation

Other

- The name of the Company Secretary is Adrien Wing.
- The registered address in Australia is Level 2, 480 Collins Street, Melbourne VIC 3000
- Registers of securities are held at the following address: Link Market Services, Tower 4, 727 Collins Street, Melbourne VIC 3008.
- Stock Exchange Listing: Quotation has been granted for all ordinary shares on all Member Exchanges of the ASX Limited

Corporate Governance: A copy of the Company's Corporate Governance Statement is available on the Company's website at <https://sparctechnologies.com.au/>.