



ASX Announcement

3 May 2024

Synertec Transforms Capital Structure - Secures up to \$15m Debt Facility & \$7m Placement

Highlights

- Debt facility (“the Facility”) of up to A\$15m executed with Altor Capital
- Binding commitments from domestic institutional and sophisticated investors to raise A\$7m through the issue of 87.5m shares at a price of A\$0.08 per share (“the Placement”)
- The Facility and Placement strengthens the balance sheet, providing flexible and balanced capital to accelerate the rollout of Synertec’s 100% renewable microgrid technology, ‘Powerhouse’
- Securing debt validates the bankability of Powerhouse and will help provide the capital flexibility to drive improved financial performance, deliver returns to shareholders, and minimise dilution and funding costs
- This combined capital package of up to A\$22m will take Synertec through to profitability and supports its vision to create a high growth ASX listed technology design and development company enabling a low carbon future through innovative technology solutions by commercialising scalable, environmentally friendly and energy efficient technology for global markets

Melbourne, Australia: Technology design and development growth company, Synertec Corporation Limited (ASX: SOP, “Synertec”, “the Company” or “the Group”) is pleased to announce that it has transformed its capital structure, securing a debt facility of up to A\$15m (“the Facility”) with Altor Capital Pty Ltd (“Altor”) and a share placement (“the Placement”) of A\$7m.

Debt Facility secures up to \$15 million of available capital

The Facility will be available in two tranches, with an immediate progressive draw of a A\$10m tranche, with a subsequent A\$5m tranche which is available subject to Altor’s review once the initial tranche has been fully drawn. Altor’s provision of funding follows extensive technical and financial due diligence, including site visits to Synertec’s Powerhouse assembly facility in Brisbane and independent review of the technology.

The Facility will be used to fund the upfront capital expenditure for the future rollout of Powerhouse units, which are typically provided to customers on a Build Own Operate Maintain (‘BOOM’) basis. Powerhouse is a Predictive Intelligence solar & battery system providing highly reliable 100% renewable base load power for remote operations.

In connection with the Facility, A\$2.5m of warrants will be issued to Altor. The warrants will not be quoted on the ASX and can be converted into fully paid ordinary shares in the Company upon exercise equal to a 30% premium to the 30-day VWAP as at today. The warrants will be issued using the Company’s existing placement capacity under ASX Listing Rule 7.1. Key terms of the Facility and the warrants are set out in the Appendix to this announcement.

The next two Powerhouse units nearing completion and deployment with Santos remain on time and within budget and have been funded from internal cashflow and do not require funds from the Facility.

Synertec remains actively engaged with Santos, as well as a range of other potential customers across various industries, for the deployment of Powerhouse. With strong operational performance and proven economics, the capital flexibility and availability provided by the Facility and the Placement will ensure that Synertec is appropriately capitalised to drive scalability in the assembly and delivery of future Powerhouse units to a point where the Powerhouse business is profitable and generating substantial operating cash flows for the Group.

Synertec’s Managing Director, Mr. Michael Carroll, said:

“Following extensive conversations with multiple parties that have expressed interest in funding Powerhouse to its next level of maturity, we are delighted to be working with Altor Capital. The combination of the Facility and the Placement provides the capital required to scale the assembly and deployment of future Powerhouse units, and demonstrates bankability of the product.”



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The Facility represents an important corporate step for Synertec, introducing our first debt funding package, which will help provide the capital flexibility we require to drive improved financial performance. Importantly, the mix of both debt and equity delivers the optimal balance of capital ensuring that we maximise returns and minimise dilution and financing costs.

“The Altor team undertook extensive technical, financial and commercial due diligence on the Synertec Group and our Powerhouse technology, including visits to the assembly facility in Brisbane and independent technical reviews prior to committing to funding, which has provided positive third-party verification on the merit and outlook we see with Powerhouse.

“We have always maintained that the large target market we see for Powerhouse across both domestic and international markets requiring reliable, continuous, affordable and sustainable base load power, provides a significant growth opportunity for Synertec and one that has the potential to substantially elevate Synertec’s financial profile in coming years.

“With a proven operational track record, a scalable assembly model, strong economics, engagement with a diverse potential client base and now access to capital, we have established the foundations to provide the opportunity to rapidly scale the deployment of Powerhouse and create meaningful value for our shareholders.

“I would like to thank our existing institutional shareholders for their continued support of our business which is a positive endorsement of our strategy and outlook.”

Altor Capital Management’s Chief Investment Officer, Ben Harrison, commented:

“We are extremely excited about the opportunity to partner with Synertec and its world-leading Powerhouse technology as it seeks to enter a significant production and delivery phase following the commercialisation of the technology. We understand Synertec’s core business, their target markets and customers for Powerhouse, and see a tremendous opportunity unfolding which is backed by a quality management and technical team with a blue chip customer base and a strong track record of growth”.

About Altor

Altor invests in emerging growth companies across the full capital stack including credit, equity and quasi-equity/debt and employs an extensive investment process that aligns with their mandate and philosophy. Altor has worked closely with Synertec’s management and board to tailor a funding structure that aligns with their needs.

Placement raises \$7 million

Synertec is pleased to announce it has received binding commitments from institutional and sophisticated investors to raise \$7 million (before costs) through a Placement of 87.5 million new fully paid ordinary shares in Synertec at \$0.080 per share (‘Placement Price’). The Placement Price is a 17.5% discount to the last closing price of \$0.097 as at Tuesday 30 April 2024, and 18.6% discount to the 5-day VWAP of \$0.098 per share up to, and including, Tuesday 30 April 2024.

The Placement has been completed using the Company’s existing placement capacity under ASX Listing Rule 7.1 and 7.1A. All shares issued under the Placement will rank equally with the Company’s existing fully paid ordinary shares.

The proceeds of the Placement will be applied towards balance sheet support for the future rollout of Powerhouse Technology, Powerhouse growth initiatives, including further development for alternate applications and working capital requirements.

Settlement of the Placement is expected to occur on Wednesday, 8 May 2024. New shares are expected to be issued on Thursday, 9 May 2024 and will commence trading on a normal settlement basis the same day.

Synertec shares are expected to resume normal trading on the ASX from market open today, Friday 3 May 2024.

Unified Capital Partners acted as Lead Arranger for the Debt Facility and Lead Manager to the Placement.

-ENDS-

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This ASX announcement is authorised by the Directors of Synertec Corporation Limited (ASX: SOP).



Appendix

Material Terms of the Debt Facility Agreement

Lender	Altor Capital Pty Ltd ATF Altor AlFi Income Fund
Loan Amount	Total of A\$15 million comprised of: <ul style="list-style-type: none"> • Tranche 1: up to A\$10m • Tranche 2: up to A\$5m (subject to Altor's review once Tranche 1 has been fully drawn). If Altor decides not to proceed with Tranche 2, it will be cancelled but Tranche 1 remains on foot on the same terms.
Interest Rate	Three-month BBSY plus margin of 9.00%. BBSY subject to a floor of 3.00% and a cap of 5.35%.
Repayment	<ul style="list-style-type: none"> • Amortisation will not occur within the first 24 months from the first drawdown. • There will be a 6-month interest holiday on each drawdown where interest will accrue and capitalise monthly. • Principal holiday of 24 months from first drawdown with principal repayment amount equal to 30% of the outstanding loans payable, leaving a 70% balloon payment at the completion of the term.
Financial Covenants	Compliance around EBITDA subject to a standard cure period. Additionally, the Borrower must ensure that, at all times: <ul style="list-style-type: none"> • Gross Leverage requirement based on gross debt less unrestricted debt to a trailing EBITDA, to be first measured as at 31 December 2026; • Minimum Unrestricted Cash Balance requirements; • Borrowing Base requirement where the total amount drawn cannot exceed the borrowing base of 70% of the balance of: <ol style="list-style-type: none"> a. Cash at bank; plus b. Inventory; plus c. Receivables; plus d. Property, plant and equipment; plus e. Contract assets.
Voluntary Prepayments	The Borrower may voluntarily prepay any portion of the Facility at any time prior to the Termination Date, provided that at least 45 business days' notice is provided to the Lender and subject to payment of a Prepayment Premium <ul style="list-style-type: none"> • Made within less than 24 months of Financial Close (being the first drawing under the Facility): 2.5% of the amount prepaid. • Made within 24-36 months of Financial Close: 1.5% of the amount prepaid.
Security	<ul style="list-style-type: none"> • A first-ranking General Security Deed over the assets and undertakings of the Obligors. • Specific Security Deed (via a PMSI over each Powerhouse unit).
Warrants	The Company will issue the Lender/s (or its nominee(s)) warrants as a Condition Precedent to Financial Close on the following terms: <ul style="list-style-type: none"> • Amount: value of \$2,500,000. • Number of warrants to be issued equal to \$2,500,000 divided by the Exercise Price (rounded up to the nearest whole number). • Consideration: No amount is payable for the issue of the warrants. • Expiry Date: The warrants will expire on the date which is 60 months from Financial Close. They will remain on issue until the Expiry Date, regardless of whether the Facility Agreement is still in effect or amounts are outstanding under it. • Warrant exercise: Each warrant may be exercised for one ordinary share at any time prior to the Expiry Date by the Lender paying to the Company the Exercise Price for each warrant.



	<p>Any warrants not exercised prior to the Expiry Date will automatically lapse and be cancelled.</p> <ul style="list-style-type: none">• Exercise Price: The price equal to a 30% premium to the 30-day VWAP as at trading day immediately prior to the earlier of the day of Financial Close or announcement of the funding, subject to the adjustment set out below.• Adjustment to Exercise Price: a change to the Exercise Price will be made to take account of any pro-rata issue (other than a bonus issue) before a warrant is exercised in accordance with ASX Listing Rule 6.22. The number of shares issued on exercise of the warrants will be adjusted in the event of a reorganisation event or bonus issue occurring before expiry of the warrants in accordance with the ASX Listing Rules.
Termination Date	48 months from the date of signing the Facility Agreement. The parties may agree to a 12-month extension of the Termination Date at any time prior to the Termination Date, subject to mutual agreement.
Other	The Debt Facility Agreement includes customary conditions precedent, representations and warranties, undertakings, events of default and review events for a financing of this nature.

-ENDS-

About Synertec:

Synertec Corporation Ltd (ASX: SOP) is a technology design and development growth company enabling a low carbon future through innovative technology solutions. Commercialising scalable, environmentally friendly and energy efficient technology for global markets in energy, critical infrastructure and advanced manufacturing through innovative partnerships with a portfolio of blue-chip customers, Synertec is proactively participating in the world's transition to a low carbon economy in a practical way for the benefit of future generations.

Forward-looking statements:

This document contains certain forward looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "targets" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates provided in this document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur. Actual results, performance or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based.