



## ASX Announcement

24 October 2022

### FY23 Q1 Trading & Business Update

**Melbourne, Australia:** Diversified technology design and development growth company, Synertec Corporation Limited (ASX: SOP, "Synertec", "the Company" or "the Group") is pleased to provide an update on its activities for the quarter ended 30 September 2022 ("FY23 Q1" or the "Period"). All figures are unaudited unless stated otherwise.

#### Highlights

- **Powerhouse technology milestones achieved during the Period include:**
  - Positive results from extensive Site Acceptance Testing ('SAT') program with Santos Limited ('Santos', ASX:STO) in remote central Queensland
  - SAT declared as complete
  - Powerhouse has been successfully integrated into Santos' operating systems and Santos are now monitoring its real-time performance
  - Given the positive performance of Powerhouse, cutover of the system to the gas wells has been agreed with Santos and is scheduled to commence in October
  - Powerhouse enters the final stage of the testing and verification process
- Group revenue and other income (unaudited) for the Period of approximately \$4.0 million, up circa 22% on prior quarter and 47% on the previous corresponding period ('pcp') – the fifth consecutive quarter of growth
- Gross margins remain in line with those achieved in FY22 and as budgeted
- Group net cash as at 30 September 2022 of approximately \$7.8 million
- The Engineering Division continues to secure new contracts, increasing work in hand position and providing platform for future growth
- Key engineering services contract wins include award to perform the design, supply, manufacture, construction, installation, integration, testing and commissioning of Plant Management System (PMS) and Control and Monitoring System (CMS) upgrades for the Melbourne Underground Rail Loop
- Successful \$5.0 million placement to domestic institutional and sophisticated investors with funds to support the execution of the Company's growth strategy

#### Synertec Managing Director, Michael Carroll, commenting on FY22 Q1 said:

*"Powerhouse continues to prove its technical credentials as a reliable and commercial solution to reduce the carbon footprint of remote industrial operations. The operational performance of the system, and the accuracy of our modelling to actual data exceeded expectations and has provided a solid foundation for the commencement of field trials with Santos. The successful completion of this trial is the final step prior to the potential commercial deployment of Powerhouse. As the world continues to transition to a carbon-free future, technologies such as Powerhouse will allow our customers to achieve their decarbonisation goals and deliver strong sustainable returns for our Company and our stakeholders.*

*"With the continued positive financial and operational performance of our Engineering business and the commercialisation of our technologies that help the global energy industry transition to a low carbon future, Synertec is well positioned to deliver growth in FY23 and beyond."*



## Technology Business Update

During the quarter Synertec's Technology Business continued to progress its environmentally friendly technology solutions to help the global energy industry transition to a low carbon future and reduce its environmental footprint.

Synertec is committed to being an impact investment for shareholders and local communities, and to ensuring the Company is supporting its partners in the collective endeavour to improve ESG performance.

### Powerhouse Technology

Powerhouse was installed on Santos' gas well site in remote central Queensland in July this year following completion of extensive Factory Acceptance Testing during Q4 of FY22. During most of Q1 FY23 the Powerhouse System was subjected to extensive SAT under varying loads and conditions to determine operational limits and establish the remote control and communication system network, while establishing, performing and documenting routine operating and maintenance procedures.

The performance of the Powerhouse System under SAT conditions has exceeded expectations, with key results including;

- average load under testing in the range of 20-50% above site requirements;
- prediction accuracy of solar irradiance and available energy has been proven to be within 5% of actual performance;
- battery performance has been within Synertec's expectations and supplier's operating recommendations, indicating long and reliable battery life as highly achievable; and
- other key Synertec modelling has been proven to be within 5-10% of actual performance.

Given the positive performance of Powerhouse over a prolonged SAT period, the data reported to Santos by Synertec, and Santos' own daily monitoring of Powerhouse's performance, the cutover to the final field trial phase has been agreed.

The Powerhouse system involves a combination of an easily deployable industrial-scale solar panel array, battery storage, and sophisticated predictive algorithms to optimise the generation and consumption of renewable electricity without the need for a back-up power source like hybrid renewable solutions which rely on diesel or gas powered generators, or mains grid power.

#### Key Technical and Operational Milestones

Phase	Estimated Completion	Status
Concept design	Q4 FY21	Complete
Statement of requirements approved	Q1 FY22	Complete
Front End Engineering Design (FEED)	Q2 FY22	Complete
Procurement of key equipment inputs	Q3 FY22	Complete
Detailed design	Q3 FY22	Complete
Beta testing software & load management	Q3 FY22	Complete
Fabrication	Q4 FY22	Complete
Factory Acceptance Testing (FAT)	Q4 FY22	Complete
Commercial terms for prototype agreed	Q4 FY22	Complete
Site Acceptance Testing (SAT)	Q4 FY22	Complete
Field Trial Period commencement	Q2 FY23	In-progress
Commercial terms beyond prototype agreed	H2 FY23	In-progress
Completion/sign-off	H2 FY23	



Synertec Corporation Ltd  
ABN 37 161 803 032

T +61 (0)3 9274 3000  
info@synertec.com.au  
www.synertec.com.au

Ground Floor  
2-6 Railway Parade, Camberwell  
Victoria, 3124, AUSTRALIA  
www.synertec.com.au

## Mr. Carroll said:

*“The performance of the units through an extensive Site Acceptance Test program over the past three months with Santos in remote central Queensland has delivered operational performance ahead of site requirements and proven the accuracy of our modelling and the strength of the artificial intelligence of the system.”*

## Engineering Business Update

Synertec's Engineering Business generated revenue and other income (unaudited) in the range of \$4.0 million for the Period, up 22% versus the June quarter (Q4 FY22) and up 47% on the pcp – the fifth consecutive quarter of growth. The Engineering business was profitable during the period and provided approximately \$0.6m of engineering services to the Group's Technology business.

During the period, the Engineering business secured a number of customer contracts to be performed over the next 1-2 years including an award to perform the design, supply, manufacture, construction, installation, integration, testing and commissioning of the MURL Plant Management System (PMS) and Control and Monitoring System (CMS) upgrades for the Melbourne Underground Rail Loop.

The project includes upgrades of essential fire safety equipment and systems within Melbourne's City Loop and underground stations, including fire suppression systems, smoke ventilation and evacuation equipment. Synertec will leverage its extensive knowledge of advanced process control systems, functional safety and systems engineering to deliver this project for the benefit of Victoria's travelling public.

This engagement, which is currently effective, provides for payments for services on an ongoing basis and if completed in full has a total estimated price of circa \$2.5 million and estimated completion date of December 2023. This contract award continues to demonstrate Synertec's growing reputation for addressing complex challenges with innovative solutions and strengthens Synertec's long-standing commercial relationship with Metro Trains Melbourne.

## Mr. Carroll said:

*“Synertec continues to deliver high calibre engineering expertise across a range of disciplines and end markets. The quality of our work and staff is reflected in the ongoing engagement of Synertec with long standing counterparties in Australia's critical infrastructure, such as Melbourne Metro Trains. With a growing order book and the increasing number of blue-chip customers we engage with across our target sectors, this continues to provide both a financial platform and a strong and experienced technical skill set to drive our transition technologies and grow out the engineering business.”*

## Corporate Update

As announced to the ASX on 13 September 2022, Synertec received binding commitments from institutional and sophisticated investors to raise \$5.0 million (before costs) through a Placement of 31.25 million new fully paid ordinary shares in Synertec at \$0.16 per share ('Placement Price'). The Placement Price was a 13.5% discount to the last closing price of \$0.185 as at Thursday, 8 September 2022, and 14.1% discount to the 5-day VWAP of \$0.186 per share up to, and including, Thursday, 8 September 2022.

The Placement was completed using the Company's existing placement capacity under ASX Listing Rule 7.1. All shares issued under the Placement ranked equally with the Company's existing fully paid ordinary shares.

**-ENDS-**

### For more information and all media enquiries, please contact:

Mr. David Harris  
Executive Director & Company Secretary  
Phone: +61 (3) 9274 3000  
Email: [david.harris@synertec.com.au](mailto:david.harris@synertec.com.au)

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

### About Synertec:

Synertec Corporation Ltd (ASX: SOP) is a diversified 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.