



Synertec Corporation Ltd

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## ASX Announcement

2 August 2023

### FY23 Q4 Trading & Business Update

**Melbourne, Australia:** 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 June 2023 ("FY23 Q4" or the "Period"). All figures are unaudited unless stated otherwise.

#### Highlights

- The first Powerhouse unit ordered by Santos Limited (ASX:STO, Santos) under the Goods and Services Contract ("GSC") commenced successful commercial operations on 1 April 2023
- Synertec remains engaged with Santos in working towards a commercial roll-out of Powerhouse
- Synertec continue to progress further interest and opportunities with various large Australian and global companies for the application of Powerhouse across the energy, mining and other sectors
- The Engineering Division continues to grow and secure new contracts, increasing work in hand and providing a solid platform for future growth
- Group revenue and other income for the Period in the range of \$4.2-\$4.7 million, up circa 40% on the previous corresponding period ("pcp")
- Total FY23 Group revenue and other income range of \$15.0-\$15.5 million, up circa 25% on FY22 (and up circa 80% on FY21), and growth of 10% half-on-half during FY23
- The Company received funds from domestic institutional and sophisticated investors to raise \$8 million (before costs) through the issue of 36.4 million new shares at a price of \$0.22 per share
- Funds from the placement will be utilised to accelerate the rollout of its Powerhouse technology and other growth initiatives across the Group
- Group net cash at 30 June 2023 of approximately \$10.7 million

#### Synertec Managing Director, Michael Carroll, commenting on the Period said:

*"It was exceptionally pleasing to see the first commercial Powerhouse unit in operation with Santos for the entire quarter. The extensive factory, site and field testing de-risked the technology and ensured a seamless transition to commercial operation."*

*"We are continuing to progress a procurement plan with Santos for a potential future large scale commercial roll-out of Powerhouse across their well sites. More broadly, the large target market we see for Powerhouse across both domestic and international remote sites requiring continuous, reliable and critical base-load 100% renewable power provides a significant growth opportunity for Synertec."*

*"Our engineering business continues to perform strongly, delivering over \$19 million in revenue (including services to Technology) over FY23. With over 100 skilled professionals and a wide range of long-term contracts with blue-chip industrial customers and government utilities, the engineering business provides an exceptional profitable and cash flow positive business in its own right, as well as providing a large skilled workforce and business development network for our environmental technologies such as Powerhouse."*

*"Our recent share placement will provide the balance sheet strength to rapidly deploy Powerhouse across various customers and industries. I would like to thank all of our existing and new shareholders for their support."*

*"With a strong work in hand position for our engineering business, growing demand for Powerhouse and a strong balance sheet, Synertec is well positioned to deliver accelerated revenue growth in coming periods, delivering further real value for our shareholders."*



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## Technology Business Update

During the Period, Synertec's Technology Business continued to progress its environmentally friendly technology solutions to help the global energy 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 the world's ESG performance.

### Powerhouse Technology

The first Powerhouse unit purchased under the GSC with Santos commenced commercial operations on 1 April 2023 in Queensland, Australia.

The GSC sets the framework under which Santos can provide future commercial Purchase Orders to Synertec for the supply of Powerhouse units (refer to the Company's ASX announcement on 15 March 2023). The structure of the GSC, which is for a 7 year term with the option to extend by agreement by Santos, facilitates a number of potential long term beneficial outcomes for the parties, including:

- A financial platform for Synertec that will enable the accelerated roll-out of Powerhouse units to Santos; and
- Flexibility and efficiency for Santos to direct the supply of new Powerhouse units, as well as rapid re-deployment of Powerhouse units in use to alternate sites in response to operational requirements.

Synertec continue to progress further interest and opportunities with various large Australian and global companies for the application of Powerhouse across the energy, mining and other sectors.

## Engineering Business Update

The Synertec Group generated revenue and other income from its customers in the range of \$4.2 million to \$4.7 million for the Period, up circa 40% on the pcp. This will deliver total FY23 Group revenue and other income in the range of \$15.0 million to \$15.5 million, up circa 25% on FY22 (and circa 80% on FY21), and growth of 10% half-on-half during FY23.

Gross margins remain strong and in line with those achieved through FY23, with strategies in place to grow revenue, expand margins and enhance the profitability of the Engineering business in FY24.

Over FY23, the Engineering business segment has delivered circa \$19 million of revenue (up circa 40% on pcp) to customers, including services to our Technology business, resulting in profitable, cash flow positive growth. The Company secured new contracts and variations on a number of projects in the advanced manufacturing, rail and water sectors that extend the life and profitability of those projects. These awards in the Period further strengthen Engineering's work in hand position.

Across the Group, Synertec has approximately 120 highly skilled engineers and professionals and continues to recruit in response to the growing customer demand. Synertec's ability to attract and retain key talent is a positive reflection of the Company's culture and industry positioning.

## Corporate Update

In May 2023, following the first commercial order from Santos Limited (ASX:STO) for its Powerhouse technology, the Company raised \$8 million (before costs) through the issue of 36.4 million new shares at a price of \$0.22 per share ("Placement") to both new and existing domestic institutional and sophisticated investors. Funds raised will be used to accelerate the rollout of its Powerhouse technology, including purchase of long lead time components, expansion of the customer base across industries and the establishment of a dedicated assembly facility, as well as other growth initiatives across the Group.

**-ENDS-**

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

### 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.