



ASX Announcement

30 August 2023

FY23 Financial Results & Key Achievements

Melbourne, Australia: Technology design and development growth company, Synertec Corporation Limited (ASX: SOP, "Synertec", "the Company" or "the Group") is pleased to provide a summary of the Company's key achievements and financial performance for the year ended 30 June 2023 ("FY23" or the "year").

Highlights

- Total FY23 Group revenue and other income of \$15.6 million, up 29% on FY22
- Group net cash at 30 June 2023 of \$10.7 million, and nil working capital debt or covenants from its bank, provides a strong foundation for strategic growth
- Powerhouse technology commercialised
 - The first Powerhouse 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, resources and other sectors
- The Engineering business continues to grow and secure new contracts, increasing work in hand and pipeline providing a solid platform for growth
 - The Engineering business generated \$14.6 million external revenue, and has returned to a self-sustaining, profitable business delivering a Normalised EBITDA* of \$1.3 million (FY22 loss of \$0.2 million) and net operating cash flows of \$1.5 million (FY22 outflow of 1.1 million)
 - The Company secured approximately \$25 million in new contract awards and existing contract extensions with a range of tier-one counterparties including Melbourne Water, Thales and the Melbourne underground rail loops

Summary FY23 Financial Results	FY23 (\$m)	FY22 (\$m)	% Change
Group Net Cash	10.7	4.1	Up 159
Group Cash receipts from customers	15.9	11.8	Up 35
Group Revenue & other income	15.6	12.1	Up 29
Engineering Consultancy Services Revenue	10.4	8.8	Up 18
Engineering EBITDA	1.3	(0.2)	Up 115
Engineering Operating Cash Flows	1.5	(1.1)	Up 236
Normalised Group EBITDA*	(2.4)	(1.5)	Down 54
Group EBITDA	(5.0)	(3.5)	Down 44
Normalised Group Net Loss After Tax*	(3.0)	(1.9)	Down 56

* Normalised EBITDA excludes costs which are discretionary for the purposes of exploring strategic long term growth opportunities and/or activities and expenses which are not considered to be typical ongoing operational overheads for the business.



Synertec Managing Director, Michael Carroll, commenting on the year said:

“The commercialisation of Powerhouse was a significant achievement for the Company in FY23 and a milestone that reflects both the exceptionally robust operational performance of Powerhouse and the dedication and hard work of our highly skilled teams across both Engineering and Technology which have worked together to fully develop, commercialise and maintain the system. The Powerhouse technology, which has a large target market of domestic and international remote sites requiring reliable and continuous baseload 100% renewable power, provides a significant growth opportunity for Synertec.

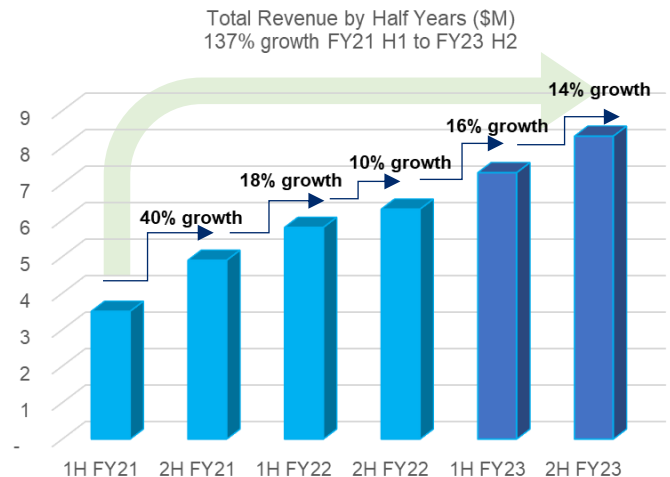
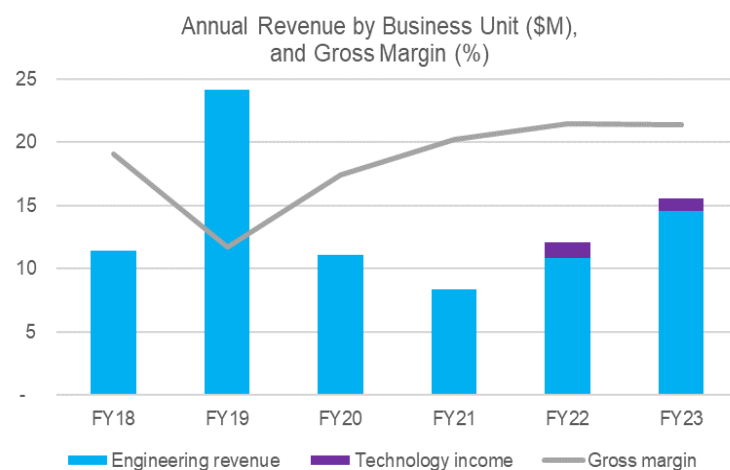
“Our Engineering business continued to prosper through the period, almost doubling revenue and workforce on FY21 as the business continues to recover strongly from the impacts of COVID and demonstrating its financial self-sustainability with a Normalised EBITDA of \$1.3 million and positive operating cash flows of \$1.5 million for the year. With a number of new contracts secured during the year, the Engineering business has solid work in hand and a large pipeline of work which should continue to underpin growth.

“A strong balance sheet, tangible growth opportunities and the natural synergies between our Technology and Engineering businesses, positions Synertec to deliver further growth.”

Financial Highlights

Group net cash at 30 June 2023 of \$10.7 million (30 June 2022: \$4.1 million) provides a strong foundation for strategic growth.

Synertec generated external revenue and other income for the year ended 30 June 2023 (“FY23”, or “year”) of \$15.6 million, up 29% on the prior comparable period (“pcp”) (30 June 2022: \$12.1 million).



Graph 1 – Annual Revenue and Gross Margin Performance since ASX listing

Graph 2 – Total Revenue Growth 137% by Half Years FY21–FY23

While overall Engineering gross margin (versus FY22) has stabilised, the Engineering consultancy services gross margin continued to grow. This was offset by planned increased procurement activity in FY23 across Technology and rail projects. The business continues to derive a higher proportion of revenue from consultancy services (generally higher margin and less project risk than fixed price contracts) across all four of the Group’s target sectors being critical infrastructure, water, energy and advanced manufacturing.

The Group’s Normalised EBITDA for the period was a loss of \$2.4 million (30 June 2022: loss of \$1.6 million). Normalised EBITDA excludes costs which are discretionary for the purposes of exploring strategic long term growth opportunities and/or activities and expenses which are not considered to be typical ongoing operational overheads for the business. In FY23 there was continued investment to provide for the Group’s efficient and controlled future growth by improving key platforms including strengthening the management team, IT systems, cyber security and its human resources function.

The Company’s Normalised Net Loss After Tax was \$3.0 million (30 June 2022: \$1.9 million Loss).

Powerhouse Technology

Powerhouse, a Predictive Intelligence solar & battery system providing reliable continuous 100% renewable base load power for remote locations, achieved a significant milestone during the year commencing commercial operations with Santos on 1 April 2023 in Queensland, Australia.



The Company and Santos agreed a Goods and Services Contract ('GSC') that sets the framework under which Santos can provide future commercial Purchase Orders to Synertec for the supply of Powerhouse units. The structure of the GSC, which is for a 7-year term with the option to extend, facilitates a number of potential long term beneficial outcomes for the parties, including:

- A financial platform for the parties 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, resources and other sectors.

Engineering Business Update

Total revenue for the Engineering business grew 45% on pcp to \$19.1 million (30 June 2022: \$13.1 million). This includes services and materials provided to the Technology business of \$4.4 million (30 June 2022: \$2.2 million) contributing to the development of the Group's three key environmentally friendly technology solutions to help global industry transition to a low carbon future and reduce its environmental footprint. All inter-segment services and materials are conducted at arm's length prices based on prices charged to customers in stand-alone sales of identical goods or services.

As a result of the continued strategy of a change in mix of revenues in the Engineering business from predominantly fixed price solutions to consultancy services over the past three years, Engineering gross margins have strengthened and consolidated. This is reflected in the Normalised EBITDA of \$1.3 million (30 June 2022: loss of \$0.2 million) and positive operating cash flows of \$1.5 million (30 June 2022: outflow of \$1.1 million). Combined with strong revenue growth during the period, the Engineering business has demonstrated its ability to operate as a self-sustaining, profitable and cash flow positive business line.

The Engineering business continues to grow in scale as the Company expanded its portfolio of customers across target industries. During FY23 the Company secured over \$25 million in new contract awards and existing contract extensions with a range of tier-one counterparties. These recent contract awards reflect Synertec's best-in-class controls, automation and process engineering expertise, and are contributing to a strong platform for profitable growth by improving key drivers such as work in hand, utilisation and sell rates.

Key contract wins during the period include:

- \$10m+ award to support project work across Melbourne Water's operational asset base.
- \$3m+ award to perform the design, supply, manufacture, construction, installation, integration, testing and commissioning of PMS (plant management system) and CMS (control and monitoring system) upgrades for the Melbourne underground rail loops.
- \$1m award for the upgrade of a Thales facility which produces advanced energetic materials to the Australian Defence Force.
- Other engineering services to improve gas supply infrastructure with APA Group (ASX:APA) and Woodside Energy (ASX:WDS).

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

-ENDS-

For more information and all media enquiries, please contact:

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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.