



**SYNERTEC**

Synertec Corporation Limited

# APPENDIX 4E STATEMENT

PRELIMINARY FINAL REPORT

## COMPANY DETAILS

Name of entity: **Synertec Corporation Limited**

ARBN: **161 803 032**

Reporting Period: **For the financial year ending 30th June, 2024.**

Previous corresponding period: **For the financial year ending 30th June, 2023.**

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30.6.2024 \$	30.6.2023 \$	Up/Down	Change \$	Change %
Revenues from ordinary activities	19,667,189	15,558,759	Up	4,108,430	26%
Loss from ordinary activities after tax attributable to the owners of Synertec Corporation	(7,258,228)	(5,862,539)	Down	(1,395,689)	24%
Loss for the period attributable to the owners of Synertec Corporation	(7,258,228)	(5,862,539)	Down	(1,395,689)	24%

**Dividends** No dividends were declared, paid or recommended in respect of the current year (pcp: nil)

<b>Net tangible assets</b>	30.6.2024 Cents	30.6.2023 Cents
Net tangible assets per ordinary security	0.02	0.03

**Control gained over entities** Not applicable

**Loss of control over entities** Not applicable

**Details of associates and joint venture entities** Not applicable

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

The accounts have been audited and a copy of the Auditor's Report is included within the Annual Financial Report which accompanies this report.

**Attachments** Details of attachments (if any)

The Annual Report of Synertec Corporation Limited for the year ending 30 June, 2024 is attached.

**Signed**

**Mr. Michael Carroll**  
Managing Director  
Melbourne, Australia  
30 August 2024

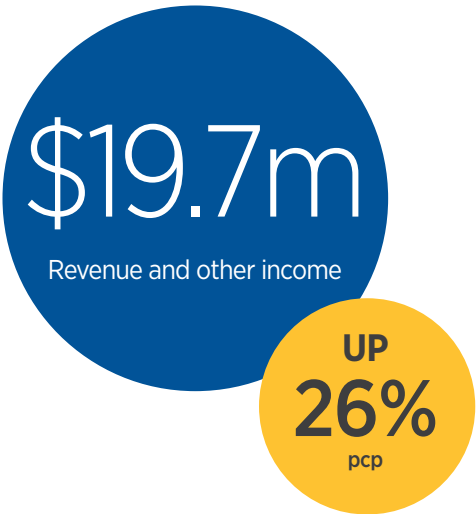


SYNERTEC

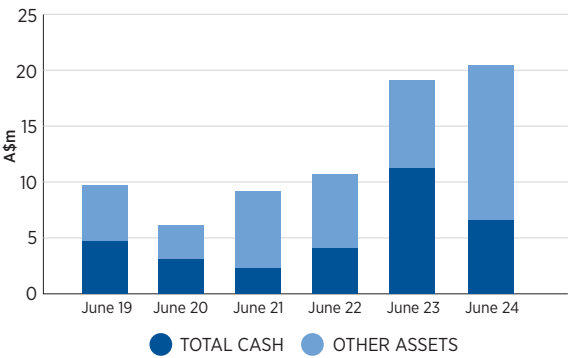
**Synertec Corporation Limited**  
(ASX:SOP)  
2024 Annual Report



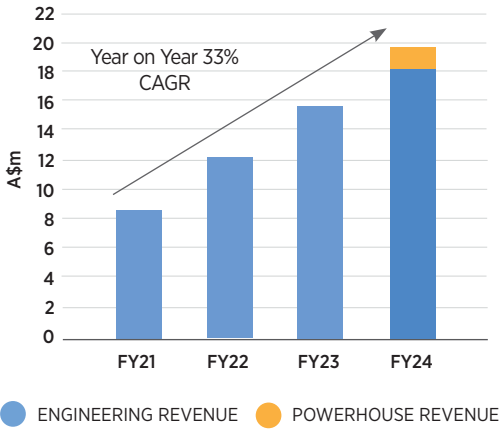
# Annual Overview



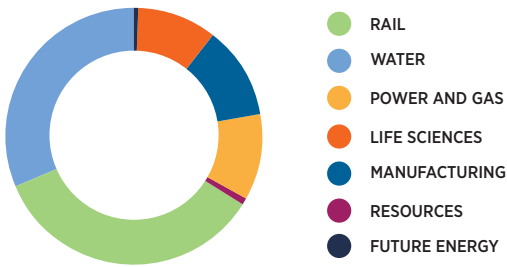
ROBUST FINANCIAL POSITION



STRONG AND CONSISTENT REVENUE GROWTH



FY24 REVENUE BY INDUSTRY







Luke from Synertec at the new ANZAC Station

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# We are Synertec



Ashleigh Mulcahy

## Head of Business Transformation

For as long as I can remember I have been interested in problem solving, and changing things for the better. This led me to study a unique combination of Politics and Materials Engineering at University – one focused on solving world issues, the other technical problems.

Lacking the hard-edge required to move into world politics, I started my career in steel manufacturing. I focused on analysing steel defects and continuously improving manufacturing processes. When the opportunity to join Synertec presented itself – I jumped – excited by the opportunity to work in a professional, project-based environment.

That was over 11 years ago now, and my career here has presented numerous opportunities for me to develop and grow, whilst always working to solve problems and improve processes and systems. I've had the opportunity to manage complex projects, support the IPO and listing process, prepare company budgets and financial reports, implement company-wide systems, and lead strategy development and performance reporting.

Every day has offered new challenges and learning opportunities, and I am proud of the role I've played in supporting Synertec's growth and transformation. I love working with people and tackling a wide range of topics, and I'm inspired by the incredible team and the progress we've achieved together at Synertec. As Head of Business Transformation, I am excited to help guide the next chapter of Synertec's journey.



Mukesh Muruganandan

## Team Manager - Automation

My journey into engineering began with my father, an electrical engineer whose passion inspired me. His career took our family across various countries, including Singapore, Indonesia, and Australia, exposing me to diverse cultures and environments. Upon returning to Melbourne for Year 12, I faced a pivotal decision between science and engineering but ultimately, choosing engineering was straightforward due to its broad opportunities. I studied Electrical and Computer systems, with a keen interest in Control systems and Automation. I always enjoyed spending hours coding and seeing the results physically materialise. Memorable examples were creating a computer processor emulation (for a software design project) and designing and building a version of a robot mouse in a maze (final year design project).

Over 15 years ago, I interned at Synertec. This challenging experience introduced me to consultancy and validation. Since then, I have gained diverse automation experience in pharmaceuticals, manufacturing, and food and beverage.

Early last year, I returned to Synertec as a Team Manager, a role that felt like a full-circle moment. Combining my early aspirations with the practical skills I've developed, I've witnessed Synertec's impressive transformation since my initial stint. Leading my team and supporting our Water clients like Melbourne Water over the past year has been an incredible experience which has allowed me to contribute to innovative projects and mentoring emerging engineers.



Astrid Gutierrez

## Senior Validation Engineer

My best childhood memories are of me helping my Dad building electronic circuit boards and reading through his Popular Mechanics magazines at home in Columbia. Very early on he introduced me to all the fun things engineers get to play with. He was an Electronics Engineer who used to fix all the neighbours broken electrical household items as a hobby.

I discovered my passion for chemistry in high school and became a Chemical Engineer. My very first role was supervising 50 people in a cosmetic manufacturing plant. In 2000 I moved to Australia with little English and a suitcase full of dreams. I had always wanted to work in the environmental field and enrolled in a Master of Science and Technology (Environmental Science) at UNSW. Not having local experience made it hard to find a job in this field but I was offered a position with an Australian Pharmaceutical Company and have never looked back.

What I love about my profession is that I can play an active role in improving the living conditions for people. I have been lucky enough to be part of projects that involved validating new processes, equipment and facilities used in the manufacture of medicinal products, as well as managing the quality systems that ensured consistent outcomes.

Being part of the Synertec team allows me to learn new technologies, apply all my skills and work alongside and collaborate with engineers from many different fields – a truly multidisciplinary approach to solving problems. I look forward to growing professionally and to contribute to Synertec's success.



Jason Denholm

**General Manager- Technology**

I grew up in Mandurah, Western Australia, and have always been captivated by how things work and the amazing technology we humans have built. My fascination with STEM began early, leading me to study Electrical Engineering.

Starting my career in Perth as a control systems engineering graduate was an exciting time. I loved the challenge of solving complex problems and the opportunity to work at the intersection of people and technology. In my initial years, I travelled around Australia, working on diverse and interesting engineering projects across key industries, including Energy, Water, Mining, and Transport. This journey exposed me to various technical challenges, teamwork, and management & leadership roles, teaching me that successful project delivery and problem-solving require a balanced blend of these aspects.

I joined Synertec in 2016 as a Principal Automation Engineer and have since held various roles, including Automation Manager and Head of Engineering. I've truly enjoyed witnessing and contributing to the business's growth over the years, and I'm proud of the talented team we've built.

Recently, I took on the role of General Manager of Technology, focusing primarily on our Powerhouse technology. I am excited to work at the forefront of technology and assist our clients with the energy transition, moving towards cleaner and more sustainable energy sources.



Danushi Liyanage

**Project Engineer**

From a young age, witnessing the transformation of infrastructure in post-civil war Sri Lanka captivated me. The way these structures came to life and lit up the night sparked my passion for electrical engineering and set me on my career path.

After earning my Bachelor's degree in Electrical Engineering, I chose a career in the building automation industry in Sri Lanka and worked as a Design Engineer for nearly 4 years before taking up a post as an Electrical Engineer in power distribution. Eager to expand my knowledge and career prospects, I moved to Australia to pursue a Master's in Engineering Management. While studying, I was fortunate enough to join Synertec and work part-time, marking my first job in Australia.

At Synertec, I gained invaluable experience in the Australian approach to project management while working with an amazing team. Now, having been with Synertec for a year, I can genuinely say it's been an incredible experience. Being a small part of the Synertec family has been a fulfilling journey, and I'm excited to continue contributing to our shared success.



Josh Estrada

**Automation Engineer**

I was born and raised here in Melbourne, and my passion for engineering comes from a toy robot I had when I was a kid. It was pre-programmed to do basic movements and voice lines, but you could also program it yourself, and it made me want to find out everything else you could do with technology.

Initially I studied Aerospace Engineering but quickly found out my heart wasn't in it, which led me to think about what I really enjoy. I took a year off for travels and when I came back, I picked up Electrical Engineering where I found exactly that, a space to feed my curiosity. I took interest in sustainable energy, electronics, automation, and coding.

Before I knew it, I graduated and landed my first job out of university with Synertec where I have worked briefly as a project engineer on a rail project, an automation engineer developing a DC microgrid controller, a test engineer on some of our other rail projects and now I've have recently been put onto a Technology project.

For the past year and a half, it has been amazing to work with and learn from so many great minds that are always willing to extend a helping hand and push me to be my best.

# Report from The Chair

## Dear Shareholders,

*On behalf of the Board of Directors, I am pleased to present to you Synertec Corporation Limited's 2024 Annual Report.*

*During the year, the Company continued to profitably grow its core engineering business, while expanding the operational footprint of Powerhouse - the only global electrification technology that uses smart Predictive Intelligence to create, control and deliver zero-emission industrial-scale renewable energy.*

2024 was a year of significant progress for Synertec with key highlights including:

- Successful construction and deployment of a further 2 Powerhouse units with Santos
- Transformational capital restructure securing up to A\$15 million in debt and a A\$7 million share placement to accelerate the future deployment of Powerhouse
- Profitable growth in our Engineering division, delivering \$21.2 million of revenue (up 11% on pcp), \$0.8m EBITDA and \$0.5m positive cash flow.
- Zero safety or environmental incidents

Ultimately what drives the success of our technology and projects is the quality, dedication, diversity, and teamwork of our people. Our team has grown to approximately 140 people, providing pioneering engineering and technology services in critical infrastructure and energy transition related sectors.

I would like to thank each and every one of them for their contribution throughout the year. We take pride in providing opportunities to work on exciting projects that are changing the world around us and providing exciting career options that attract and retain highly talented people.

With the large target global market requiring the reliable continuous base-load renewable power that Powerhouse provides, we see significant growth opportunities for Synertec which we believe will deliver expanding and sustainable returns for our shareholders.

As we enter FY25, we do so with a balance sheet that will allow for the rapid acceleration of the deployment of Powerhouse, anchored by a strong and profitable engineering business.

Finally, I would like to recognise and thank our shareholders, customers and partners for their support and loyalty to Synertec throughout the year and for the opportunities they have provided for us to continue to work together.

Yours Sincerely

**Mr. Dennis Lin**

Independent Non-Executive Chair



*Our vision and purpose, underpinned by our values, continues to inspire our team. It drives our commitment to building a culture where our people can be at their best every day – a culture that values diversity, equality and inclusion, and is founded on mutual respect.*

**Dennis Lin**

Chair of The Board







## Managing Directors Report



### Dear Shareholders,

Welcome to the 2024 Annual Report for Synertec Corporation Limited. Financial Year 2024 (FY24) saw Synertec continue to execute on its vision by assisting our customers to:

- transition to a lower-carbon future through a strategic focus on reliable, sustainable and affordable renewable technologies such as Powerhouse; and
- navigate the digital transition of their operations via sophisticated, operation critical control and automation systems.

### Expanding the operational footprint of Powerhouse

Synertec is committed to being an impact investment for shareholders and we continue to support our partners with our extensive knowledge of low emission technologies and, in particular, our proven, proprietary product, Powerhouse.

Powerhouse is a novel AI-driven industrial, micro-grid system that delivers vastly superior commercial outcomes including:

- superior reliability and flexibility;
- cheaper than diesel, gas, or hybrid systems in comparative use cases;
- rapid deployment and mobility;
- fully remote controlled from our control centre in Melbourne
- virtually no maintenance; and
- operational safety improvements.

Customers with critical industrial operations, demanding high availability in the most remote locations, are our target market.

FY24 operational field data from our first Powerhouse installed in outback Queensland, has validated the compelling value proposition of Powerhouse:

- greater than 99.9% reliability;
- zero maintenance callouts;
- cheaper lifecycle costs.

*It is very satisfying to report Powerhouse has gone from concept to long duration, multi-contract awards in 3 years, contributing \$1.1million in revenue in FY24.*

**Michael Carroll**  
Managing Director

During FY24, Synertec received formal notification from Santos, as part of the GLNG Joint Venture, that it was successful in winning an extensive, international procurement process for zero emission, high availability, industrial power systems. Under the procurement process Synertec secured orders for an additional two Powerhouse units under commercial terms similar to the deployment of the initial Powerhouse unit with Santos.

During the period, Synertec commenced and completed the assembly of the 2 new units on time and on budget, with all three units contributing to Group revenue in FY24.

We were delighted to see Powerhouse recognised by Santos in their recent 2023 Sustainability and Climate Report report, which is a further endorsement of the technology's performance and its ability to help Santos efficiently reduce their carbon emissions while positively contributing to their profitability.

Synertec continues to advance discussions with leading global energy and mining companies, as well as government agencies, for the future deployment of Powerhouse technology.

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.

### Engineering

Our Engineering business continued the revenue growth trajectory of the last 4 years with external revenue growth of 22% year on year. With a

wide range of long-term contracts with blue-chip industrial customers and government utilities, the Engineering business provides a profitable, cash flow positive baseline for our Group. The Engineering business also provides the necessary expertise and business development network for our digital transformation and clean energy technologies, including Powerhouse.

During the year we continued to execute on our strategy of improving the quality of revenue and earnings from the Engineering business. We have increased recurring revenue to over 90% of the total revenue, reflecting highly innovative solutions and excellent client service stemming from deep knowledge of our customers' operations.

The Engineering team's industry focus expanded during the financial year to encompass seven industry sectors of water, power & gas, rail, life sciences, manufacturing, resources and future energy. This expansion, led by dedicated Industry Leads, allows better alignment between client delivery and business development effort as well as providing a more strategic focus for growth through cross-selling and multi-disciplinary projects. This approach also allows our team to hone industry specific offerings to assist clients with their energy transition and digitisation journeys.

In the water sector, the team has successfully leveraged our long term ongoing relationship with Melbourne Water into work with large construction and maintenance service contractors including John Holland, Downer and Programmed. Expansion across Melbourne Water's supply chain not only allows access to a much larger portion of their annual spend, but also allows further expansion of our team and improved utilisation.



# 140

People

(increased 17% since FY23)

# \$1.1m

Powerhouse revenue

\$0.2m pcg

## POWERHOUSE

SOLVING THE ENERGY TRILEMMA





# Managing Directors Report

Significant power & gas contracts secured in FY24 included acceptance onto APA's Operational Technology panel for a 5-year period. Initial work under the panel includes projects to assist APA to uplift cyber security of their operational technology assets. The team also successfully secured new work with Jemena to support control system upgrades to its Northern Gas Pipeline to allow bi-directional gas flow as well as securing new contracts to support Chevron and Woodside in Western Australia.

In the Rail sector, work continued to flow through to the team to support upgrades to control systems on the existing Melbourne Underground Rail Loop as well as on-going support for the completion and commissioning of the Melbourne Metro rail project. Our 27-year history of delivery to the life sciences sector continued with new contracts secured with CSL and Pfizer as well as CSIRO just to name a few.

Synertec's Engineering business strengthens and protects important intellectual property development, which would otherwise be sourced through external service providers. It is an efficient and commercial relationship between the Group's business segments which enables the Group to prioritise and focus on its growth-leading technology development and effectively accelerate the technology commercialisation process.

The performance of the Engineering business is a testament to the quality of the highly skilled and committed work force. Our team's ability to identify and solve challenging operational issues for our customers is the key to our success. With a growing order book, a quality team and the ability for the division to self-fund its growth, we see an exciting outlook for the Engineering business.

## Financial Performance

Synertec's strategy is starting to deliver early results with Group revenue of \$19.7m, up 26% on prior year. It is worth reflecting that the Powerhouse MOU with Santos was signed in July 2021, marking the start of a period of significant investment in the design, development and construction of 3 Powerhouse units which contributed \$1.1 million to Group revenue. The expectation is that these 3 Powerhouse units alone, via multiple long term contracts will generate \$7.2 million over the coming 3 years.

Over FY24, the Engineering business segment delivered \$21.2 million of revenue (up 11% on pcp), including services to our Technology business, resulting in profitable, cashflow-positive growth. Importantly, the growth in the Engineering business is profitable with the division delivering \$0.8m EBITDA and \$0.5m positive cash flow. With continued topline growth and now a demonstrable ability to deliver profit and cashflow, the Engineering business is self-sustaining, providing both a financial base and an incubator for our technology development.

## Transforming our Capital Structure

During the year the Company was successful in transforming our capital structure to provide the financial flexibility to allow us to execute our growth plans.

Following extensive conversations with multiple parties that have expressed interest in funding Powerhouse to its next level of maturity, we were delighted to announce a debt facility of up to \$15m with Altor Capital. 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 for Powerhouse. The Facility introduced our first debt funding package, which will help provide the capital flexibility we require to drive improved financial performance.

Simultaneously with the announcement of the debt package, we secured a \$7m equity placement supported by existing shareholders. The placement was conducted at \$0.08 per share, representing an 18.6% discount to our 5-day VWAP. I would like to thank the shareholders in the placement for their continued support.

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 capital injection into our Company provides the finances to fund the acceleration of the roll out of the next wave of Powerhouse units.

## People, Health and Safety

Safety has priority in everything we do, and we will continue to ensure zero harm to our people, partners and customers. We are proud to have again experienced zero lost time injuries and a zero Total Recordable Case Frequency Rate during the year and for the past three consecutive years. Our continued safety performance is a testament to the diligence and dedication of our people and our core values.

Our team has grown to almost 140 as we continue build our strong team to support our growing engineering and technology businesses.

Our staff levels are now up almost 135% on where they were in 2021 and

## Managing Directors Report

our ability to attract and retain some of the best talent in the industry is a testament to the cutting-edge nature of our business and our culture.

### Outlook

We continue to see a large opportunity for Powerhouse across both domestic and international markets requiring reliable, continuous, affordable and sustainable base load power.

Powerhouse 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 rapidly scale the deployment of Powerhouse and create meaningful value for our shareholders.

I would like to take this opportunity to sincerely thank our loyal customers, partners and shareholders for supporting Synertec. I look forward to updating you on our continued successes during FY25 and beyond.

Finally, I would like to especially thank our people, new and long-serving

alike. The diversity in gender and cultures, makes Synertec a vibrant, innovative and strongly values-based organisation to work in.

### Mr. Michael Carroll

Managing Director



### Synertec and Santos have been working collaboratively for three years and it is pleasing to see Santos place further Powerhouse orders.

Synertec is currently deploying second generation Powerhouse Technology at 2 of Santos Limited's sites (ASX:STO "Santos") in the Surat Basin. This takes the number under contract to 3 Powerhouse units. The Technology delivers 100% renewable energy at greater than 99.9% availability and is commercially competitive when compared to other forms of remote power generation.

Powerhouse was featured in Santos's Sustainability and Climate Report 2023, published in February 2024. The report highlighted Synertec's Powerhouse technology as a performance highlight in its Climate Transition Action Plan, noting its role in improving operational efficiency, reducing fuel gas consumption, and cutting emissions by 800 tonnes of CO<sub>2</sub>e per year at one site alone.



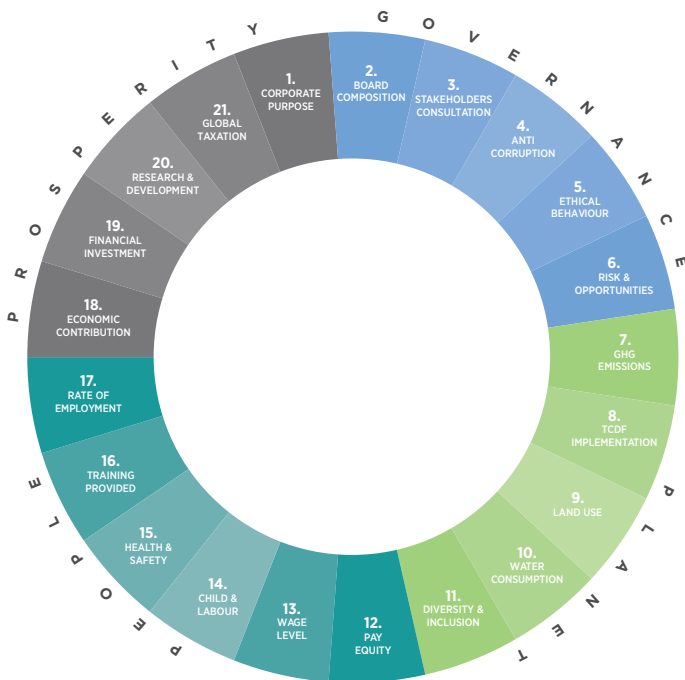
A long-standing commitment to ESG principles is deeply embedded in the technology and solutions provided by Synertec. A proven track record of innovation and R&D enables the design, development and delivery of technologies that support partners in transitioning to a low-carbon world.

In FY24, its 4th year of reporting, Synertec continued to integrate its ongoing commitment of ESG framework and practices into its core business strategy. This ESG report, aligned with the World Economic Forum's (WEF) 21 core metrics, highlights significant progress in delivering sustainable technology solutions. It also underscores Synertec's dedication to ethical governance, initial GHG emissions measurement, increased social procurement impact and the promotion of a diverse and inclusive workplace.

Governance continues to be a cornerstone of Synertec's operations, with a Board composed of members bringing a diverse array of skills and expertise, ensuring effective oversight and strategic direction. The company remains focused on enhancing gender and ethnic diversity, which it views as critical to its long-term success.

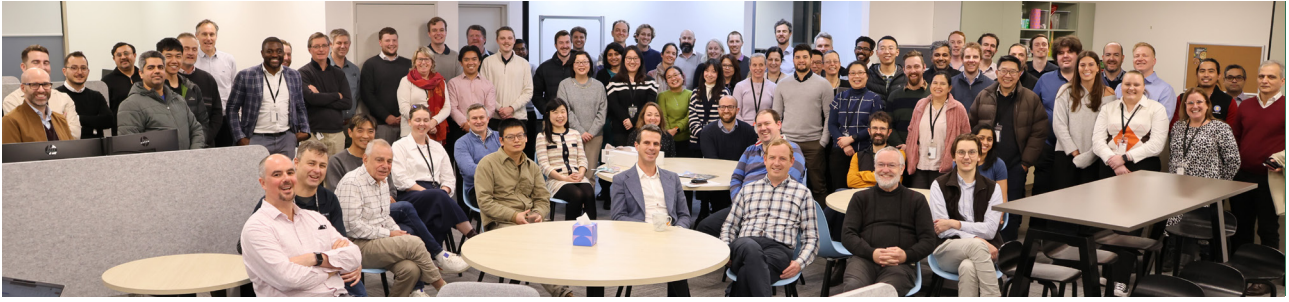
On the social front, Synertec continues to foster a diverse and inclusive workplace. The significant growth in its workforce over the past two and a half years, along with targeted recruitment practices on equal employment opportunities and pay equality, reflects its commitment to bridging diversity gaps and supporting an inclusive culture. The company has also notably increased its investment in social enterprises and more than doubled the number of enterprises supported, underscoring its robust commitment to social responsibility.

As Synertec looks ahead, it remains focused on leveraging its technological expertise to contribute to a greener, more sustainable world. The company is actively working towards aligning with IFRS S1 and IFRS S2 and has started measuring its Scope 1 and Scope 2 emissions and continues to explore ways to minimize its environmental footprint through innovative practices and strategic partnerships. Synertec is well-positioned to make a meaningful impact on the transition to a low-carbon economy through the continued roll-out of its fully-renewable Powerhouse Technology, replacing the reliance on fossil-fuel energy sources.





## PEOPLE



Synertec has a monthly reward and recognition program where all staff can nominate their colleagues for outstanding performance of our values or for innovation. This photo was taken right after the FY24 Awards Ceremony where the annual winners were selected from all of the monthly winners.

### DIVERSITY AND INCLUSION

Synertec has experienced significant growth over the past 2.5 years, doubling its headcount and undergoing structural, role, and personnel changes, alongside policy development. The company has maintained a focus on diversity in its recruitment process, aiming to address gender imbalances and ensure the right skills and experience are brought into the business. Looking forward Synertec will be reporting through WGEA in 2025.

As of FY24, Synertec employs a total of 140 individuals, a notable increase from 104 in FY23 and 84 in FY22. This growth underscores the company's success in the current business strategy. The gender distribution within the company

includes 105 male employees (75%) and 35 female employees (25%). In terms of age distribution, 19 employees (15%) are under 30, 83 employees (64%) are aged between 30-50, and 28 employees (21%) are over 50. Ethnic diversity is also a significant aspect of Synertec's workforce, comprising individuals from over 36 different ethnic backgrounds.

Synertec's flexible work policies support work/life balance, offering both formal and informal out-of-office options and allowing requests for flexible changes to role hours. A recent engagement survey rated these flexible work options at 95%.

To further its commitment to diversity and inclusion, Synertec has formed the Remarkables network to enhance



### Remarkables Womens Network

Synertec formed The Remarkables Women's network connecting all our women across the business. The group engage with themed topics addressing development, career, business strategy and policy with a focus on impact and drive for women.

Conducted in person and online, it's fostering a professional and personal support group, enjoyed by all. The Remarkables meet regularly with 2 of our significant sessions take place around International Women's Day and RUOK Day.

### SYNERTEC WORKFORCE

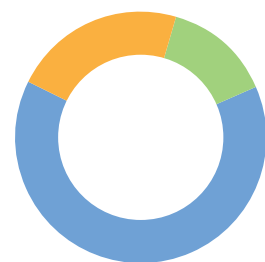
By Gender



● FEMALE **25%** (FY23: 26%)  
● MALE **75%** (FY23: 74%)

### SYNERTEC WORKFORCE

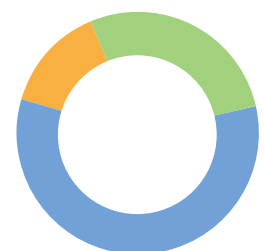
By Age



● UNDER 30 **15%** (FY23: 15%)  
● 30-50 **64%** (FY23: 63%)  
● OVER 50 **21%** (FY23: 22%)

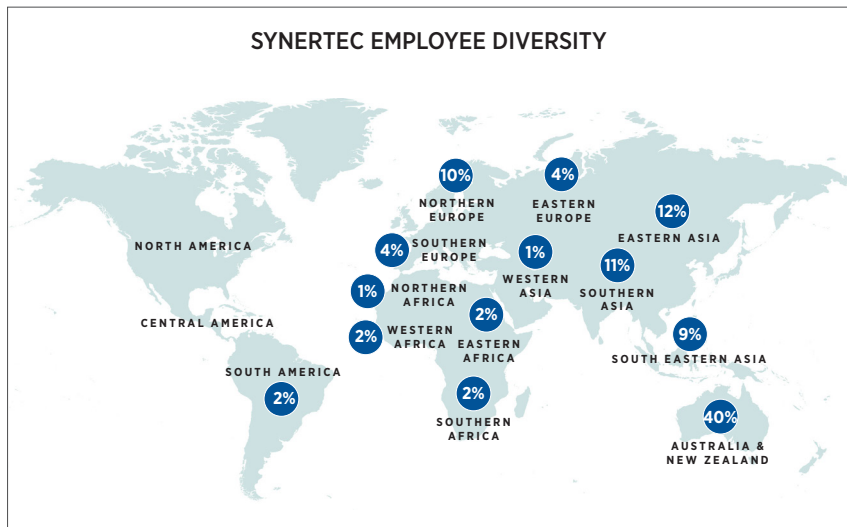
### NEW STAFF HIRES

By Age



● UNDER 30 **28%** (FY23: 18%)  
● 30-50 **58%** (FY23: 67%)  
● OVER 50 **14%** (FY23: 15%)

## PEOPLE *continued*



Equal Employment Opportunity Policy includes provisions for monitoring recruitment, selection, promotion and remuneration practices to prevent discrimination and ensure equal opportunity for all employees

### WAGE LEVEL

For FY24, the ratio of Synertec's standard entry-level wage to the local minimum wage is 1.27. This indicates that the standard entry-level wage is 27% higher than the local minimum wage, reflecting Synertec's commitment to providing competitive compensation relative to local standards. Market benchmarking has ensured internal salaries remain competitive and are reviewed annually.

The ratio of Synertec's CEO's annual total compensation to the median total compensation of employees is 309% for FY24, down from 333% in FY23 and 313% in FY22. This decrease is primarily due to changes in the annual

women's networking and engagement. The company has also introduced several initiatives, including a Graduate and Early Careers programme, a Buddy programme to connect employees across different skills and backgrounds, and a Social Club run by employees to foster connection and engagement.

These programmes are also supported by comprehensive policies:

- Synertec's Diversity Policy focuses on creating an inclusive workplace that values diverse backgrounds and promotes equality across race, gender, lifestyle, education and more. It supports flexible work practices and equitable recruitment.
- Synertec's Equal Employment Opportunity Policy ensures a discrimination-free environment, promotes fairness in all employment aspects and fosters a respectful and supportive workplace.

Details on the remuneration of Key Management Personnel are available in the Remuneration Report section of the Annual Report, underscoring the company's commitment to transparency and accountability in compensation practices. Synertec's



### PAY EQUALITY

For FY24, the ratio of basic salary and remuneration of women to men at Synertec stands at 82% for Management positions, consistent with FY23. The ratio for Supervisors & Professionals is 84%, maintaining the same level as the previous year. Synertec commits to ongoing efforts to ensure fair compensation across different levels.

To address any disparities, Synertec has continually refined its formal remuneration philosophies, especially with a significant workforce expansion. The company is dedicated to pay parity for roles at similar levels and is actively working to close any remaining gaps.

### Synertec's Graduate and Early Career Learning Group

Synertec's Graduate and Early Career's Learning Group is a focussed program to help develop our young talent in the early stages of their careers. It's an interactive program exposing them to a range of experts, environments and learning areas. They have an opportunity to be networked across the organisation and receive hands-on mentoring.

The monthly sessions also provide a key piece of our learning and development for this cohort as they are immersed in the way that Synertec works with colleagues, teams and customers to successfully deliver engineering solutions. It provides information to them about pathways that they may choose to follow as they embark on their careers be it as technical experts or managers. This cohort brings a fresh diverse perspective, developing skills and system knowledge in our organization.

## PEOPLE *continued*

remuneration review and an increase in the number of employees, which has affected the median compensation.

Synertec recognizes that fair compensation is crucial for fostering economic well-being among employees and mitigating inequality. The company's approach to wage levels and compensation reflects a commitment to responsible governance and sustainable growth.

### CHILD, FORCED OR COMPULSORY LABOUR

Synertec does not work with any suppliers or subcontractors who are unwilling to agree to and sign its modern slavery policy. All vendors must complete an agreement confirming no incidents of modern slavery or child labour in their supply chain.

### HEALTH AND SAFETY

Synertec is committed to maintaining a safe work environment, achieving zero reported injuries in FY24. Health and Safety are integral to the company's operations, supported by rigorous reporting and oversight practices.

Key Health and Safety metrics, are outlined in the Managing Director's Report section of the Annual Report. The company also submits these statistics to workplace Health and Safety insurers by State, ensuring transparency and regulatory compliance. Additionally, Synertec holds quarterly Occupational Health, Safety and Environment (OHSE) meetings with executive participation. Safety is reviewed as a standing agenda item at all Board meetings, highlighting the company's commitment to safety at the highest levels of governance.

As part of Synertec's broader commitment to ensuring a safe and supportive work environment, the company provides an Employee Assistance Program (EAP) for its employees. This program offers confidential support for personal and work-related issues, recognizing that employees may face various challenges in life that are not always work-related.

Synertec supports its employees through strong internal communication between managers and their teams, ensuring that everyone has access to the necessary resources and assistance. The

company also runs internal programs that provide meals and family support, further contributing to a supportive work environment.

### TRAINING PROVIDED

Supporting Synertec's performance development for all its employees, the continued rollout of course content, both general and customized, through the Learning Management System (LMS) has led to a noticeable increase in training hours. Development pathways are being scoped to align with future skill requirements, ensuring that training efforts are relevant and impactful.

Employees provide direct feedback through development conversations and engagement surveys, adding valuable insights into training effectiveness and areas for improvement. Synertec will continue to evaluate and enhance its training programs to meet the evolving needs of its workforce and maintain a competitive edge in the industry.

## PLANET

### GHG EMISSIONS

Synertec is working towards lowering its Scope 1 emissions by adopting energy efficient fleet vehicles wherever possible. Scope 1 includes any direct emissions from company-owned and controlled resources. These are emissions that are created as a direct result of combustion of fuel in the course of business activity.

During late FY23 the company shifted to hybrid vehicles with fuel efficiency and emission savings around 25% over similar ICE vehicles. In 2024 Synertec Scope 1 emissions totalled 4,008 tCO<sub>2</sub>e and Scope 2 emissions from the purchase and consumption of Synertec's Melbourne facilities totalled 267 tCO<sub>2</sub>e.

### IFRS S1 AND S2

Synertec keeps working towards the implementation of IFRS S1 and S2 standards with a focus on assessing and disclosing climate-related risks and opportunities over the next 12-18 months. This effort aims to enhance resilience against potential climate impacts while identifying opportunities for positive environmental and stakeholder impact.

### LAND USE AND ECOLOGICAL SENSITIVITY

Synertec's projects do not operate in or near Key Biodiversity Areas (KBAs). Recognizing the importance of preserving biodiversity and minimizing ecological impacts, Synertec's contract review process continuously assesses its prospective projects, locations and activities to ensure they do not operate in KBAs and align with its environmental stewardship principles, further reinforcing its dedication to minimizing ecological impacts and promoting sustainability.

### WATER CONSUMPTION

Synertec's projects do not operate in water-stressed areas. Water stress is a key issue in the Environmental Pillar of ESG metrics, defined as the ability, or lack thereof, to meet human and ecological demand for freshwater. The company is committed to responsible water stewardship and its contracts review team is proactive in avoiding projects in regions with water stress. This approach mitigates societal impacts and operational risks related to water scarcity, reinforcing Synertec's dedication to sustainable practices and environmental responsibility.



# PROSPERITY

## RATE OF EMPLOYMENT

Synertec's employment metrics for the reporting period are as follows:

Synertec's hiring and turnover data reflect ongoing efforts to attract and retain a diverse workforce. The company has successfully increased the recruitment of females and younger employees in FY24 while maintaining steady recruitment across mid-career and older age groups. The new hires were from a broad range of backgrounds.

## ECONOMIC CONTRIBUTION

Synertec has significantly advanced its commitment to social procurement and economic contribution through a range of initiatives aimed at supporting social enterprises and charitable activities.

Synertec is a member of Social Traders, a social enterprise procurement provider. Synertec's engagement and spend with Social Enterprises highlights significant improvements in Synertec's economic contributions from FY23 to FY24

## ECONOMIC PERFORMANCE

Synertec provides comprehensive disclosure of its economic performance and activities in the Review of Operations section of its Annual Report, as well as in the Half Year Business & Financial Results Overview.

## FINANCIAL INVESTMENT CONTRIBUTION

Synertec's financial strategies focus on strategic investment and capital allocation to support its growth and operational goals. The company's investment details, including capital expenditures adjusted for depreciation,

are outlined in the Annual Report and Half Year Business & Financial Results Overview, available on its website. These documents provide insights into Synertec's approach to capital investment and its alignment with the company's strategic objectives.

Consistent with previous financial years, Synertec has not distributed dividends to shareholders, opting to reinvest capital to support its ongoing operational and strategic initiatives.

In FY24, Synertec's Powerhouse technology was operational for 99.99% of the time, enabling Santos to achieve a significant reduction in emissions - cutting 800 tonnes of CO<sub>2</sub>e per year at one site alone. This contribution is detailed in Santos' sustainability report. Additionally, towards the end of FY24, Synertec allocated an additional \$4 million to property, plant, and equipment for the installation of two new powerhouses. These new units are projected to deliver further emissions savings in FY25.

## TOTAL R&D EXPENSES

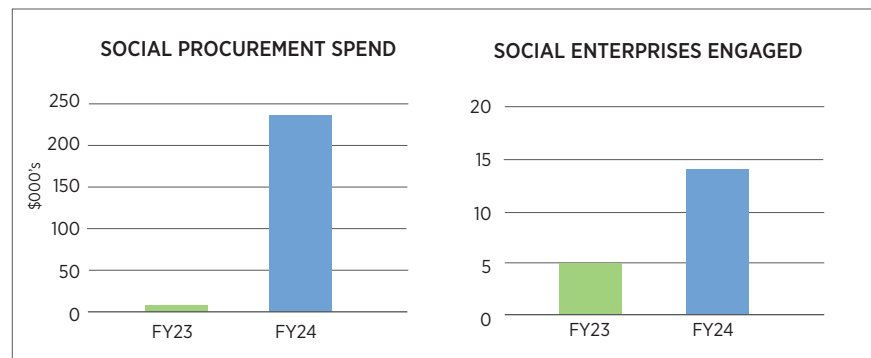
Synertec remains dedicated to advancing its technological

capabilities through significant investment in research and development (R&D). Historically, the company has benefited from the federal government's Research and Development Tax Incentive program (R&DTI), which provides tax offsets for eligible R&D activities. These incentives are reflected in Synertec's financial reporting and annual income tax returns, supporting the company's ongoing commitment to innovation.

In FY24, Synertec allocated over \$1.1 million towards R&D expenses, with a significant portion dedicated to the development of the Powerhouse technology. Additionally, the company anticipates recognizing approximately \$490,000 in R&D tax incentives as other income for the year, further supporting its ongoing innovation efforts.

## TOTAL TAX PAID

Synertec's tax contributions are detailed in the Financial Statements included in the Annual Report. The company provides a comprehensive overview of its global tax obligations, underscoring its role in supporting governmental functions and public services through its tax payments.



As part of Synertec's ESG commitment, we have been focusing on increasing our spend in the social procurement space. It is very rewarding to be working alongside social enterprises that have such a significant social impact while providing amazing service at competitive pricing! Supporting social enterprise contributes to a fairer and more equitable world, creating a positive impact by integrating social enterprise into business supply chains: #Switch2Good #Business4Good.

Synertec is working with Social Traders and is proud to have TechForGood Australia | B Corp™, Mie!, Goodtel, Fruit2WorkAus, Recycle4Change, Enable IT Recycling & In the Click Social Enterprise, Green Collect, SisterWorks Inc. Raven Collective and BST Services as suppliers in this social procurement space.

We have a couple of deliveries each week of fruit and milk from the Team at Fruit2WorkAus.

Here is Jo from Fruit2Work and our very own Di receiving a big box of fruit for our team to enjoy.

# GOVERNANCE

## SETTING PURPOSE

Synertec was established in 1996, ASX listed in 2017 (SOP) and operates today as a successful diversified growth company working in the Energy, Water, Rail, Critical Infrastructure, and Advanced Manufacturing sectors of our economy. Our Powerhouse system is solving the energy trilemma and delivering industrial scale AI driven clean energy microgrids commercially to our clients.

We have an engineering DNA, and our dedicated workforce of engineers and technologists apply their experience and expertise to design, develop and deliver technology that provides our partners with a viable, powerful and immediate transition to a low emission future.

We are values driven and build strong relationships with our clients, stakeholders and each other. We have always understood that our people are our most important asset.

Understanding the vital importance of ESG issues, Synertec is committed to delivering environmentally sustainable and energy-efficient technology solutions.

In FY24, Synertec has continued to uphold its dedication to innovation, value creation and strategic partnerships. The company remains focused on its strategy to support the transition to a low-carbon economy, involving ongoing collaboration with clients to develop and implement solutions aligned with this objective.

## GOVERNANCE BODY COMPOSITION

The Synertec Board continues to bring a diverse array of skills, knowledge and expertise to the company, supporting the appointment of directors with varied business and professional backgrounds. The composition of the Board is structured to support effective governance and strategic oversight.

In FY24, the Board saw the departure of Leeanne Bond and welcomed the appointments of Peter Lamell and Ian Campbell. These changes have introduced new skills and perspectives, enhancing the Board's collective expertise.

## MATERIAL ISSUES IMPACTING STAKEHOLDERS

Synertec maintains ISO accreditations, ISO 27001 (Information Security Management), ISO 9001 (Quality), ISO 45001 (Occupational Health and Safety), ISO 14001 (Environment) which includes regular materiality assessments, independent auditing and ongoing stakeholder feedback and consultation. The company's commitment to these international standards ensures that material issues relevant to both the company and its stakeholders are continually assessed and addressed. Additionally, Synertec adheres to the ASX listing rules which guide its disclosure practices and stakeholder engagement.

In FY24, Synertec continued its practice of annual independent audits and half yearly review conducted by Grant Thornton to evaluate the company's financial position. Synertec engages other independent parties to complete yearly audits to ensure compliance with Health, Safety, Environment, Quality and Information Security policies.

Stakeholder engagement remained consistent with previous years. The company continued to consult with stakeholders through regular meetings and communications with investors, clients, subcontractors, suppliers and employees. Synertec's documented stakeholder consultation process is detailed in the Company's Integrated Management System.

The standard client satisfaction and complaint handling procedures remained in place, with no complaints reported in FY24 or prior years.

## ANTI CORRUPTION

The company is currently reviewing training and reporting processes to improve the tracking and reporting of anti-corruption efforts and continues to engage with stakeholders to reinforce a culture of integrity.

During the reporting period, no incidents of corruption were recorded at Synertec. This result reflects the effectiveness of internal controls and adherence to anti-corruption policies. The Code of Conduct and Securities Trading Policy are pivotal in guiding

ethical behavior and ensuring compliance.

## MECHANISMS TO PROTECT ETHICAL BEHAVIOUR

Synertec's Whistleblower Policy, introduced in 2023, establishes a comprehensive framework for reporting unethical or illegal activities, underscoring the company's commitment to ethical conduct and transparency.

During FY24, Synertec has not recorded any instances of concerns under this policy.

## RISK AND OPPORTUNITY OVERSIGHT

In FY24, the company successfully achieved ISO 27001 (Information Security Management) certification, demonstrating its commitment to integrating risk management and seizing opportunities within its business processes. This certification underscores the effectiveness of Synertec's systems in protecting data amidst a challenging cyber environment and serves as a testament to its information security capabilities.

Synertec has maintained its rigorous approach to risk management and internal control. The Board's Audit and Risk Management Committee plays a critical role in advising on and upholding a comprehensive framework for internal control, risk management, and governance standards. This oversight ensures continuous identification and management of risk across the company's operations.

A new process has been introduced for evaluating vendors and suppliers, ensuring continued adherence to Synertec's Modern Slavery policy, ISO 27001 and data security requirements.

The company's ISN rating has improved to 86.23, and Synertec has attained a higher grade (A) for Health, Safety, and Environmental (HSE) practices. ISN, a global leader in contractor and supplier information management, aids enterprises in reducing risk by qualifying and monitoring contractors, ensuring they meet high standards in health, safety, quality, insurance, training, cybersecurity, and ESG.

## Synertec Board Members



Dennis Lin

### **Independent Non-Executive Director Chair**

Mr. Lin practised as a solicitor, Chartered Accountant and corporate advisor on equity markets and mergers and acquisitions for over 20 years before retiring from professional services. He now focuses on high growth businesses that are looking to expand globally, and has been part of the Synertec Board since 27 August 2019, and becoming Independent Non-Executive Chair on 1 April 2021. He works closely with the team in setting strategic priorities for the business.

Mr. Lin founded, and is a director of, TAKE Global Pty Ltd, a boutique investment and strategic advisory firm with a focus on fast-moving consumer goods (FMCG), food and agribusiness, and decarbonisation sectors.

Mr. Lin was appointed Non-Executive Director of ASX listed company Bubs Australia Ltd (ASX:BUB) on 22 December 2016 and became Chair on 16 August 2017, and then Executive Chair on 22 October 2019. Mr. Lin resigned from this position on 6 April 2023 and retired as a Director of the company on 30 May 2023. Mr. Lin was appointed as a Non-Executive Director of Health and Plant Protein Group Limited on 3 November 2017, Executive Director from 1 July 2020 and Executive Chair on 4 August 2021, before retiring on 30 June 2022.



Michael Carroll

### **Managing Director Chief Executive Officer**

Mr. Carroll is a founding principal, Managing Director and Chief Executive Officer and a significant beneficial owner of Synertec. He is an accomplished leader, business founder and technology entrepreneur with deep expertise in complex Engineering. He has overseen the growth of Synertec from an engineering startup in 1996, to a publicly listed company in 2017.

His experience includes the development of an international division within Synertec, with the development and sales of two engineering consulting businesses in Asia. Today Synertec proudly employs over 120+ of Australia's great engineering talents who are driving the world's transition to the economy of the future through smart engineering control systems.

Mr. Carroll's ability to take ideas and articulate a pathway to scale and commercialisation is fundamental to his success. At the heart of Synertec's growth has been his longstanding commitment to delivery excellence, and building enduring client relationships and industry partnerships. He is known for his ability to engage stakeholders with strong communication and collaboration skills to create cohesive, empowered teams that thrive on working together to solve complex engineering challenges.

Mr. Carroll is a member of the Australian Institute of Company Directors and holds a Degree in Applied Science (Applied Chemistry) and a postgraduate qualification in Chemical Engineering.





David Harris

**Executive Director  
Chief Financial Officer  
Company Secretary**

Mr. Harris is an Executive Director, Chief Financial Officer and Company Secretary of Synertec. Mr. Harris oversees Future Business and Technology, as well as corporate services including corporate development initiatives, investor relations, finance, information technology, business transformation and the company secretarial function for the Group.

Mr. Harris is a graduate of the Australian Institute of Company Directors, an Australian Chartered Accountant, and fellow of both the Financial Services Institute of Australasia and the Governance Institute of Australia. He has over 30 years of local and international experience in senior leadership and board positions for global and ASX-listed companies and is also an experienced Board member and Audit Risk Committee Chair.



Peter Lamell

**Independent Non-Executive Director**

Mr. Lamell has extensive practical experience across the energy, power, resources, services, technology and telecommunications sectors. This includes over twenty-five years working with Royal Dutch Shell in a number of senior strategic, operational and executive roles in Australia, Asia, Europe and North America including membership of the Board of Shell Australia. He has since been CEO of a number of successful business turnarounds and a start-up in a range of industries with a prime focus on building shareholder value. He has developed strong and extensive business networks in the aforementioned and related industry sectors.

M. Lamell is a fellow of the AICD and has served on over 25 Boards across commercial and social enterprise sectors. He provides strong, practical expertise in Sales/Marketing, BD, Strategy, M&A, Cultural Change, Team Leadership, Sustainability, Digital Transformation and building Governance, Safety and Risk Management processes. In doing this, he has become adept in identifying key issues within organisations and in developing practical solutions to deliver significantly increased shareholder value.

Mr. Lamell has a Senior Executive MBA from the Melbourne Business School, completed the Corporate Finance Program at London Business School and has a honours degree in Chemistry. Building on his passion for Sustainability/ESG and Digital Transformation, he has completed a course in Business Sustainability Management at the University of Cambridge. He is currently on the Board of Citywide Service Solutions and is Chair of Renew Australia.



Ian Campbell

**Independent Non-Executive Director**

Mr. Campbell is an experienced financial services professional with an extensive and demonstrated history of working and executing transactions, and as a trusted advisor to corporate Australia. Skilled in debt capital markets, strategy, risk management, and corporate finance, Mr. Campbell brings a diverse and highly qualified sustainability experience to the Board of Synertec.

Mr. Campbell finished his 23 year banking career in October 2023, leaving his most recent job at Citi as Managing Director, Vice Chair Debt Capital Markets and Head of Sustainability & Corporate Transition for Australia and New Zealand.

Mr. Campbell developed and finessed his skills across the full range of Sustainability advisory, regulation and disclosure and green financing structures, a wealth of connections throughout corporate Australia's senior leaders.

Mr. Campbell holds a Bachelor of Commerce from the Australian National University and has completed a Towards Net Zero Emissions course at Cambridge University that has assisted in growing his expertise and contacts across sustainability funding and ESG advisory.

Mr Campbell is a graduate of the Australian Institute of Company Directors.





# Financial Report

FOR THE FINANCIAL YEAR ENDED

30 June 2024

**Synertec Corporation Limited**

ARBN 161 803 032

[ASX:SOP]



## Corporate Directory

Directors	Mr. Dennis Lin (Independent Non-Executive Director, Chair) Mr. Michael Carroll (Managing Director) Mr. David Harris (Executive Director) Mr. Peter Lamell (Non-Executive Director) Mr. Ian Campbell (Non-Executive Director)
Company Secretary	Mr. David Harris 2-6 Railway Parade Camberwell VIC 3124 Australia
Principal registered office in Bermuda	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Registered agent office in Australia	Synertec Corporation Limited 2-6 Railway Parade Camberwell VIC 3124 Australia Telephone: +(61 3) 9274 3000
Share registry	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 Australia Telephone: 1300 737 760 (within Australia) +(61 2) 9290 9600 (outside Australia) Facsimile: +(61 2) 9290 9655
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 5 727 Collins Street Melbourne VIC 3008 Australia
Stock exchange listing	Synertec Corporation Limited shares are listed on the Australian Securities Exchange (ASX) ASX Code: SOP (fully paid ordinary shares)
Corporate Banker	ANZ ANZ Centre Level 9, 833 Collins Street Docklands VIC 3008 Australia
Website address	<a href="http://www.synertec.com.au">www.synertec.com.au</a>

## Directors Report

The Directors present their report together with the financial statements of the consolidated entity for the year ended 30 June 2024.

### 1. DIRECTORS

The following persons were directors of Synertec Corporation Limited during or since the end of the financial year and up to the date of this report:

Mr. Dennis Lin (Independent Non-Executive Director, Chair)

Mr. Michael Carroll (Managing Director)

Mr. David Harris (Executive Director)

Mr. Peter Lamell (Independent Non-Executive Director) - effective 1 September 2023

Mr. Ian Campbell (Independent Non-Executive Director) - effective 1 December 2023

Ms. Leeanne Bond (Independent Non-Executive Director) - retired at conclusion of 2023 AGM on 28 November 2023

#### 1.1 Information on Directors

##### MR. DENNIS LIN - INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIR

Mr. Lin practised as a solicitor, Chartered Accountant and corporate advisor on equity markets and mergers and acquisitions for over 20 years before retiring from professional services. He now focuses on high growth businesses that are looking to expand globally, and has been part of the Synertec Board since 27 August 2019, and becoming Independent Non-Executive Chair on 1 April 2021. He works closely with the team in setting strategic priorities for the business.

Mr. Lin founded, and is a director of, TAKE Global Pty Ltd, a boutique investment and strategic advisory firm with a focus on fast-moving consumer goods (FMCG), food and agribusiness, and decarbonisation sectors.

Mr. Lin was appointed Non-Executive Director of ASX listed company Bubs Australia Ltd (ASX:BUB) on 22 December 2016 and became Chair on 16 August 2017, and then Executive Chair on 22 October 2019. Mr. Lin resigned from this position on 6 April 2023 and retired as a Director of the company on 30 May 2023. Mr. Lin was appointed as a Non-Executive Director of Health and Plant Protein Group Limited on 3 November 2017, Executive Director from 1 July 2020 and Executive Chair on 4 August 2021, before retiring on 30 June 2022.

##### MR. PETER LAMELL - INDEPENDENT NON-EXECUTIVE DIRECTOR, APPOINTED EFFECTIVE FROM 1 SEPTEMBER 2023

Mr. Lamell has extensive practical experience across the energy, power, resources, services, technology and telecommunications sectors. This includes over twenty-five years working with Royal Dutch Shell in a number of senior strategic, operational and executive roles in Australia, Asia, Europe and North America including membership of the Board of Shell Australia. He has since been CEO of a number of successful business turnarounds and a start-up in a range of industries with a prime focus on building shareholder value. He has developed strong and extensive business networks in the aforementioned and related industry sectors.

Mr. Lamell is a fellow of the AICD and has served on over 25 Boards across commercial and social enterprise sectors. He provides strong, practical expertise in Sales/Marketing, BD, Strategy, M&A, Cultural Change, Team Leadership, Sustainability, Digital Transformation and building Governance, Safety and Risk Management processes. In doing this, he has become adept in identifying key issues within organisations and in developing practical solutions to deliver significantly increased shareholder value.

Mr. Lamell has a Senior Executive MBA from the Melbourne Business School, completed the Corporate Finance Program at London Business School and has a honours degree in Chemistry. Building on his passion for Sustainability/ESG and Digital Transformation, he has completed a course in Business Sustainability Management at the University of Cambridge. He is currently on the Board of Citywide Service Solutions and is Chair of Renew Australia.

##### MR. IAN CAMPBELL - INDEPENDENT NON-EXECUTIVE DIRECTOR, APPOINTED EFFECTIVE FROM 1 DECEMBER 2023

Mr. Campbell is an experienced financial services professional with an extensive and demonstrated history of working and executing transactions, and as a trusted advisor to corporate Australia. Skilled in debt capital markets, strategy, risk management, and corporate finance, Mr. Campbell brings a diverse and highly qualified sustainability experience to the Board of Synertec.

Mr. Campbell finished his 23 year banking career in October 2023, leaving his most recent job at Citi as Managing Director, Vice Chair Debt Capital Markets and Head of Sustainability & Corporate Transition for Australia and New Zealand.

Mr. Campbell developed and finessed his skills across the full range of Sustainability advisory, regulation and disclosure and green financing structures, a wealth of connections throughout corporate Australia's senior leaders.

Mr. Campbell holds a Bachelor of Commerce from the Australian National University and has completed a Towards Net Zero Emissions course at Cambridge University that has assisted in growing his expertise and contacts across sustainability funding and ESG advisory.

Mr Campbell is a graduate of the Australian Institute of Company Directors.



## Directors Report

### 1. DIRECTORS (continued)

#### MR. MICHAEL CARROLL - EXECUTIVE DIRECTOR

Mr. Carroll is a founding principal and Managing Director and Chief Executive Officer of Synertec and a substantial beneficial owner of Synertec. He has successfully grown the business of Synertec since it was first established in 1996. His leadership style is "hands on" and visionary, ensuring efficient and robust internal processes that directly support the strategic direction of Synertec.

Mr. Carroll is a member of the Australian Institute of Company Directors and holds a Degree in Applied Science (Applied Chemistry) and a postgraduate qualification in Chemical Engineering.

#### MR. DAVID HARRIS - EXECUTIVE DIRECTOR

Mr. Harris is an Executive Director, Chief Financial Officer and Company Secretary of Synertec. Mr. Harris oversees Future Business and Technology, as well as corporate services including corporate development initiatives, investor relations, finance, information technology, business transformation and the company secretarial function for the Group.

Mr. Harris is a graduate of the Australian Institute of Company Directors, an Australian Chartered Accountant, and fellow of both the Financial Services Institute of Australasia and the Governance Institute of Australia. He has over 30 years of local and international experience in senior leadership and board positions for global and ASX-listed companies and is also an experienced Board member and Audit Risk Committee Chair.

### 1.2 Directors' interest in shares and options

	Interest in Ordinary Shares
<b>Independent Non-Executive Directors:</b>	
Dennis Lin (Chair)	2,173,913
Peter Lamell	1,083,501
Ian Campbell	139,000
<b>Executive Directors:</b>	
Michael Carroll (Managing Director)	42,398,496
David Harris (Executive Director/Chief Financial Officer/Company Secretary)	6,485,559

Mr. Michael Carroll is the beneficial owner of 100% of the benefits and rights in the Pinnacle (MCGA) Retirement Fund, which in turn owns 100% of the ordinary shares in Kensington Trust Singapore Ltd which is the registered holder of 42,398,496 shares in Synertec Corporation Limited and is the largest individual shareholder in the Company.

### 2. PRINCIPAL ACTIVITIES

Synertec 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. In doing so, Synertec is a provider of engineering products and solutions which typically incorporate complex automated and highly instrumented systems and processes designed to enhance clients' productivity, efficiency and safety. These services are provided across Australia and overseas through offices in Melbourne and Perth.

### 3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes noted in the year ended 30 June 2024.

### 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS

#### Profit and loss performance

Summary Profit & Loss Performance	FY24 (\$'000s)	FY23 (\$'000s)	\$ Change (\$'000s)		% Change	
Total Revenue & Other Income	19,667	15,559	Up	4,108	Up	26%
External Engineering Revenue	17,878	14,597	Up	3,281	Up	22%
External Technology Revenue	1,074	208	Up	866	Up	417%
Normalised EBITDA	(3,267)	(2,429)	Down	838	Down	34%
EBITDA	(6,052)	(5,020)	Down	1,032	Down	21%
Normalised Net Loss After Tax	(4,112)	(3,013)	Down	1,099	Down	36%
Net Loss After Tax	(7,258)	(5,863)	Down	1,396	Down	24%

## Directors Report

### 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS (continued)

#### Profit and loss performance (continued)

Synertec generated external revenue and other income for the year ended 30 June 2024 ("FY24", or "year") of \$19.7 million, up 26% on the prior comparable period ("pcp") (30 June 2023: \$15.6million). This result was underpinned by growth in Engineering's external revenue of 22% to \$17.9 million (30 June 2023: \$14.6 million) and \$1.5 million in revenue from further commercialisation of the Company's Powerhouse technology.

Specifically, the engineering consultancy services revenue category experienced further substantial growth, delivering \$13.8 million at continued strong gross margins, an increase of 32% on pcp (30 June 2023: \$10.4 million). This represents an increase of 165% over the three years since FY21 in this category of revenue. Consultancy services now represents approximately 80% of total engineering revenue from external customers and reinforces the success of our strategy to weight engineering services towards "programs" of work with our major customers, and have less revenue derived from fixed price projects. The ongoing shift from fixed price revenue to consultancy revenue significantly de-risks the business against project cost issues and provides for sustainably higher margins.

The Board assesses the underlying performance of the business based on measures of Earnings Before Income Tax Depreciation Amortisation ('EBITDA') and Normalised EBITDA which excludes the effect of non-operating and non-recurring items. A reconciliation between Net Profit / (Loss) After Tax and Normalised EBITDA is outlined in the table below.

Reconciliation of normalisations	FY24 (\$'000s)	FY23 (\$'000s)
Net Profit / (Loss) After Tax	(7,258)	(5,863)
Depreciation and amortisation	1,075	668
Net finance costs	131	175
EBITDA	(6,052)	(5,020)
Corporate development <sup>(1)</sup>	1,026	525
Transformation initiatives <sup>(2)</sup>	859	308
Profit on disposal of motor vehicles <sup>(3)</sup>	-	(27)
Net Technology research and development ('R&D') costs <sup>(4)</sup>	900	1,785
Normalised EBITDA	(3,267)	(2,429)
Net Profit / (Loss) After Tax	(7,258)	(5,863)
EBITDA normalisations (refer above)	2,785	2,590
Amortisation of licences	362	259
Normalised Net Profit / (Loss) After Tax	(4,112)	(3,013)

(1) Included within Business and corporate development expenses in the statement of profit or loss.

(2) Included within Other expenses and Employee benefit expenses in the statement of profit or loss.

(3) Included within Other income in the statement of profit or loss.

(4) Included within Other income, Technology research and development costs in the statement of profit or loss.

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. Such items include corporate development costs of \$1.0 million (30 June 2023: \$0.5 million) which includes the costs to market Powerhouse technology by corporate resources to grow opportunities for the Group throughout the year, including Powerhouse demonstrations and open days at the manufacturing site in Brisbane. Synertec also invested in transformation initiatives of \$0.9 million (30 June 2023: \$0.3 million) which are required to ensure the Group maintains and/or upgrades key systems and frameworks to enable the continued high annual growth rate in the business. This includes the cost of salaries for internal staff working on transformation projects, a key system review conducted by an independent specialist consultant to assess existing and potential performance and efficiencies which could be gained from system upgrades and other engagements conducted to support key business transformation initiatives.

Technology development spend of \$1.1 million (excluding R&D incentive), which relates to investment made by the business to further improve the Powerhouse technology following on from learnings with the original prototype unit which was successfully commercialised, has been removed to normalise the profit and loss impact of development on an ongoing basis given further developments are expected to be only incremental and the entire cost of such future units (beyond those now commercialised) will be fully capitalised. This includes both claimable R&D and non-claimable development spend, noting that all spend up until April 2023 was expensed as part of commercialising Powerhouse. Refundable R&D credits amounted to \$0.5m for the year (30 June 2023: \$0.7 million), consistent with the expected decline in the technology's development, which was primarily done in FY22 and FY23 with the deployment and commercialisation of the prototype unit.

## Directors Report

### 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS (continued)

#### Profit and loss performance (continued)

##### Segment performance

From 1 July 2021, the Group restructured the business to form two key areas of operation, being Engineering Solutions ('Engineering') and Technology and Future Business ('Technology'). These two divisions/segments are managed separately as each requires different skills, technologies, marketing approaches and other resources. This is the basis on which information is internally provided to the Chief Operating Decision Makers ('CODMs') for assessing performance and making operating decisions. All inter-segment transfers are conducted at arm's length prices based on prices charged to customers in stand-alone sales of identical goods or services.

The segment disclosures are before corporate costs. The Corporate area of the Group, which is a cost centre, includes the Board and Executives which oversee the function and strategic direction of Engineering and Technology, as well as the governance, financing and operation of the public ASX-listed head parent company, Synertec Corporation Limited. The activities of the head company include governance oversight, finance and related affairs, corporate development, investor relations and other functions associated with the operation and regulatory compliance of the Group's head company.

It includes parent company costs and interest income and charges which are not otherwise allocated to operating segments as this type of activity is driven by the Group function, which manages the cash position, governance and compliance for the Group as a whole.

The Board assesses the performance of the operating segments based on a segment profit measure referred to as Normalised EBITDA, which excludes the effects of non-operating and non-recurring costs. Transformation initiatives and Powerhouse spend are one off in nature due to specific projects and developments in the product.

	Engineering (\$'000s)	Technology (\$'000s)	FY24 Total (\$'000s)	Engineering (\$'000s)	FY23 Technology (\$'000s)	Total (\$'000s)
Revenue & Other Income	21,158	1,566	22,724	19,051	927	19,978
Segment Normalised EBITDA	773	(1,183)	(410)	1,301	(1,086)	215
Net Profit / (Loss) After Tax	26	(3,756)	(3,729)	707	(4,450)	(3,742)

Total revenue for the Engineering business grew 11% to \$21.2 million (30 June 2023: \$19.1 million). This includes services and materials provided to the Technology business of \$3.1 million (30 June 2023: \$4.4 million) contributing to the development of the Group's technology solutions to help global industry transition to a low carbon future. 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.

Synertec's Engineering business strengthens, protects and expedites important technology intellectual property development, which would otherwise be sourced through external service providers. It is an efficient and commercial relationship between the businesses which enables the Group to prioritise and focus on its growth-leading technology development and effectively accelerate the technology commercialisation process.

As a result of the continued change in mix of revenues in the Engineering business from predominantly fixed price solutions to consultancy services over the past four years, Engineering gross margins have strengthened and consolidated. Combined with strong revenue growth during the year, the Engineering business has demonstrated its ability to operate as a self-sustaining, profitable business line for the past two financial years with a Normalised EBITDA of \$0.8 million (30 June 2023: profit of \$1.3 million). The reduction in this EBITDA from pcp is mainly due to investment in the below 3 areas

- Organisational restructure and specialist resources to support the sustainable growth and expansion of the business.
- Dedicated industry leads and associated business development effort to support the diversification of its pipeline around 7 industry sectors.
- Effort associated with a number of multi million dollar tender submissions involving cross disciplinary teams and external consulting support to secure multi year opportunities.

Technology income includes \$1.1 million (30 June 2023: \$0.2 million) of operating lease revenue following commercialisation of the first Powerhouse unit with Santos Limited (ASX:STO) in April 2023 and the subsequent delivery of further Powerhouse systems in FY24. This was the first full year of revenue from the Powerhouse technology. In addition, it includes \$0.5 million (30 June 2023: \$0.7 million) in R&D tax credits receivable under the federal government's Research and Development Tax Incentive program (R&DTI). Associated claimable R&D costs of \$1.1 million (30 June 2023: \$1.6 million) have been expensed as incurred. The Company is extremely pleased with the outcome of the second generation Powerhouse technology, which has streamlined deployment and further enhanced Powerhouse's exceptional performance and reliability.

The growth of the Group is from continually increasing demand for Synertec's expertise from within the Group's long-established existing customer base across the rail, water, power and gas, life sciences, resources, advanced manufacturing and future energy sectors. Having established deep domain knowledge of customers' operations and their critical technology platforms, Synertec has been invited to bid for larger opportunities within those organisations which support their technological development and expansion.



## Directors Report

### 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS (continued)

#### Segment performance (continued)

As a result, the Group's Business Development ('BD') effort has increased significantly over the past year as bids have become larger and taken more effort and resources to collate, culminating in several major contract awards during this time. These awards are building a larger and longer work in hand and pipeline of opportunities. BD is more focused on larger and more strategic opportunities and therefore, increased probability of success, as demonstrated this year.

Corporate development effort also expanded during the year as the Group identifies additional capability based on customer demand, and explores markets for its technologies. Forming part of this development and growth effort, the Group has engaged with several select global resource companies to introduce Powerhouse. The Group hosted some of these potential customers, various strategic partners and institutional investors at Powerhouse Demonstration and Open Days at the Powerhouse manufacturing facility in Brisbane, Queensland. These days highlighted the Group's plans and ability to execute on an efficient scaled roll-out of Powerhouse systems as larger orders are received.

#### Capital Management

Balance Sheet	FY24 (\$'000s)	FY23 (\$'000s)	\$ Change (\$'000s)		% Change	
Total Assets	<b>20,445</b>	19,160	Up	1,285	Up	7%
Cash at Bank	<b>6,419</b>	10,654	Down	(4,235)	Down	40%
Net Assets	<b>12,054</b>	11,536	Up	518	Up	4%
Current Ratio (Current Assets / Current Liabilities)	<b>2.0 times</b>	2.8 times	Down	0.8 times	Down	29%

Total Assets of \$20.4 million (30 June 2023: \$19.2 million) and Net Assets of \$12.1 million (30 June 2023: \$11.5 million) includes cash of \$6.4 million (30 June 2023: \$10.6 million). The increase in net assets reflects the Company completing construction of further Powerhouse systems which were delivered under contract. The total cost of these units was approximately \$5.1 million, with \$4.0 million capitalised to Property Plant and Equipment, and the balance expensed as part of development activities (and claimed as a credit (cash refund) accordingly under the Australian federal government R&DTI scheme).

In May 2024, the company completed a successful fully subscribed share placement of \$7.0 million (net \$6.0 million post transaction costs) to support the Group's debt funding facility of \$15 million, the proceeds of which will be applied to further growth in the Technology and Engineering businesses.

Cash Flow	FY24 (\$'000s)	FY23 (\$'000s)	\$ Change (\$'000s)		% Change	
Cash receipts from customers	<b>20,905</b>	15,941	Up	4,965	Up	31%
Net cash used in operating activities	(6,194)	(5,083)	Up	1,112	Up	22%
Net increase/(decrease) in cash	(4,235)	6,533				

The Group's cash receipts from customers was \$20.9 million (30 June 2023: \$15.9 million), up 31% on pcp and debtor-days remain within the Group's 35-45 day target range. The Company continues to manage cash prudently and maintains a strong working capital and liquidity position.

The overall net cash flow for the year was a decrease in cash held of \$4.2 million. This included:

i) Cash used in operations, interest paid and corporate development costs of \$5.4 million and the construction of further Powerhouse systems amounting to \$4.7 Million.

ii) proceeds of \$7.0 million (before costs) from a strategic share placement conducted in May 2024. The Placement of 87.5 million new shares at an issue price of \$0.08 per share represented a 17.5% discount to the last closing price and 18.6% discount to the 5-day VWAP, and was within the Company's existing placement capacity under ASX Listing Rule 7.1. Net proceeds from the placement provide balance sheet support for the execution of the Group's strategy of commercialising several large near term ESG-focused technology opportunities in the energy sector, including Powerhouse technology development for new application, as well as growing out its high-end engineering solutions business, which provides critical support to the Group's expanding technology arm. The placement was cornerstoned by existing high quality domestic institutional and sophisticated investors, as well as some key new investors to the Company, proving a strong endorsement for the Company and its ESG technology-led growth strategy. The Group has also entered into a debt facility of up to \$15.0 million executed with Altor Capital. This debt deal validates the bankability of the commercialised Powerhouse technology and will help provide the capital flexibility to drive improved financial performance, deliver returns to shareholders and minimise potential dilution for existing shareholders.

## Directors Report

### 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS (continued)

The net operating cash outflow of \$6.2 million (30 June 2023: \$5.1 million outflow) comprised net cash used in operations as follows:

Net operating cash flows (\$'000s)	Engineering	Technology	Corporate	Total
<b>FY24</b>	<b>535</b>	<b>(4,790)</b>	<b>(1,939)</b>	<b>(6,194)</b>
FY23	1,534	(4,735)	(1,882)	(5,083)
Variance	(1,000)	(56)	(56)	(1,112)

The Engineering business continued positive operating cash flow for the second year. This is being driven by the continued, largely organic growth in revenue and gross margins over the past two years, as well as managing cash prudently by keeping debtor-days minimised (a product of the transition to consultancy services, and maximising working capital for the benefit of the Group's businesses). Cash outflow for the Engineering business was mainly utilised to support the industry lead and business development strategy explained above.

As outlined in the table above, the combined net operating cash flow of the business has reduced by \$1.1 million against the pc, This is mainly attributed to the additional cash outflows in the Engineering business of \$1.0million, year on year.

#### Technology Business

Synertec's Technology Business continues to progress its key 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 to ensuring the Company is supporting its partners in the collective endeavour to improve ESG performance. FY24 saw a number of key milestones achieved.

#### Powerhouse

Powerhouse, a Predictive Intelligence energy system providing reliable continuous 100% renewable base load power for industry in remote areas, achieved a significant milestone during the year. Having completed extensive field testing and commenced commercial operations with Santos Limited (ASX: STO, "Santos") on 1 April 2023 in Queensland, Australia under 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, Santos ordered further Powerhouse systems which were built and delivered under Build Own Operate Maintain (lease) commercial terms beginning in Q4 of FY24, as planned. This followed an extensive global procurement process which began in early 2023 (Q3 FY23) and concluded with the successful award to Synertec in October 2023 (Q2 FY24).

Powerhouse is a novel 'smart' micro-grid system that involves the combination of a rapidly deployable and portable industrial-scale electrification power system including a foldable solar panel array, battery storage units, and sophisticated smart controls enabling Predictive Intelligence to optimise the continuous generation and consumption of renewable electricity from an appropriately scaled system with minimal footprint. Powerhouse is in commercial operation, with further units built in FY24, providing reliable, affordable, and sustainable 100% renewable power to remote sites. With a large global addressable market, our initial focus has been on the Australian energy and mining sectors.

Key benefits of Powerhouse include:

- Commercial, cost-effective solution
- Increased safety and operational efficiency with reduced maintenance and remote operability
- Flexible, scalable, portable and re-deployable infrastructure
- Reduced carbon emissions through reliable continuous supply of 100% renewable energy
- Potential for removal of, and/or reliance upon, mains power connections in remote areas

In addition to the major milestone described above, a number of other key milestones, all within forecast timeframes, were achieved with Powerhouse during the year, including:

**- Strategic Partnership:** In FY24 Q2, Synertec signed an exclusive MOU partnership agreement with Siemens to support Powerhouse technology development and expand market exposure and ensure efficient supply of key technology componentry by Siemens to Synertec. This partnership has enabled global marketing channels and several leads and proposals have already been delivered under this arrangement.

**- Recognition in Sustainability:** Powerhouse was featured in Santos's Sustainability and Climate Report 2023, published in February 2024. The report highlighted Synertec's Powerhouse technology as a performance highlight in its Climate Transition Action Plan, noting its role in improving operational efficiency, reducing fuel gas consumption, and cutting emissions by 800 tonnes of CO<sub>2</sub>e per year at one site alone.

**- Product Expansion:** In FY24 Q4, Synertec announced the development of another Powerhouse product. As a leader in power solutions, Synertec has expanded its technology offerings with two distinct product streams under the Powerhouse brand: Powerhouse Standalone Power and the newly introduced Powerhouse Grid Support. This strategic expansion not only amplifies Synertec's market presence but also enriches its portfolio of client services. Powerhouse Grid Support, designed in response to direct customer feedback, showcases Synertec's ability to develop, mobilize, and commercialize leading technology solutions to meet customer needs. It offers an advanced suite of grid support services.

## Directors Report

### 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS (continued)

#### Future Prospects

Synertec continues to advance discussions with leading global energy and mining companies, as well as indigenous representatives and government agencies, for the future deployment of Powerhouse technology.

#### Engineering Business

FY24 was another year of significant growth for the Engineering business, winning work with existing and new clients across all our target industry sectors. The team secured \$14 million in new contracts across the year with a significant portion coming from recurring work with existing clients. Work from the existing customer base now represents over 90% of annual revenue. This growth was supported by 20 additional technical employees joining the Engineering team across the year.

The Engineering team's industry focus expanded during the financial year to encompass seven industry sectors of water, power & gas, transport, life sciences, manufacturing, resources and future energy. This expansion, led by dedicated Industry Leads, allows better alignment between client delivery and business development effort as well as providing a more strategic focus for growth through cross-selling and multi-disciplinary projects. This approach also allows our team to hone industry specific offerings to assist clients with their energy transition and digitisation journeys.

In the water sector, the team has successfully leveraged our ongoing relationship with Melbourne Water into work with large construction and maintenance service contractors including John Holland, Downer and Programmed. Expansion across Melbourne Water's supply chain not only allows access to a much larger portion of their annual spend, but also allows further expansion of our team and improved utilisation. The team's work in this sector was also recognised during the year through certification as Siemens only Expert Partner in the water and wastewater sector in Australia.

Significant power & gas contracts secured in FY24 included acceptance onto APA's Operational Technology panel for a 5-year period. Initial work under the panel includes projects to assist APA to uplift cyber security of their operational technology assets. The team also successfully secured new work with Jemena to support control system upgrades to its Northern Gas Pipeline to allow bi-directional gas flow as well as securing new contracts to support Chevron and Woodside in Western Australia.

In the rail sector, work continued to flow through to the team to support upgrades to control systems on the existing Melbourne Underground Rail Loop as well as on-going support for completion and commissioning of the Melbourne Metro rail project. Our 27-year history of delivery to the life sciences sector continued with new contracts secured with CSL, Pfizer and CSIRO to name a few.

The Engineering team expanded its focus on the manufacturing sector during FY24, targeting higher margin advisory services work, securing new contracts across chemical processing and terminals as well as in food & beverage. The team also secured new work with Mineral Resources Limited, expanding our resource sector scope in Western Australia.

Our work in the future energy sector leverages both our in-house expertise gained through the development of Powerhouse and our 27-year pedigree in complex process and mechanical engineering to offer a broad range of technical services to our client base as they navigate the energy transition. Our team also support local start-ups, such as Jupiter Ionics, as they look to commercialise ground-breaking technologies that have the potential to allow a step change in the transition to a green energy future.

Synertec's long history of providing best in class solutions to our client base, coupled with our broadened industry and geographic focus, reinforces our strong platform for profitable growth into the future.



## 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS (continued)

### ESG Reporting

In FY24, Synertec strengthened its commitment to integrating ESG principles into its core business strategy, aligning its efforts with the World Economic Forum's 21 core metrics. The Company made significant strides in delivering sustainable technology solutions, measuring GHG emissions, and promoting a diverse and inclusive workplace. Governance remains a key focus, with a diverse Board ensuring effective oversight and strategic direction.

Social responsibility is also a priority, as evidenced by Synertec's increased investment in social enterprises and its emphasis on equal employment opportunities and pay equality. Looking ahead, Synertec is committed to contributing to a low-carbon economy by aligning with IFRS S1 and IFRS S2, measuring Scope 1 and Scope 2 emissions, and minimizing its environmental footprint through innovative practices and strategic partnerships.

Synertec's ESG activity summary for the year is as follows:

### Environment

In FY24, Synertec's Powerhouse technology delivered operational uptime of 99.9%, enabling Santos to achieve a significant reduction in emissions and increased efficiencies. This contribution is detailed in Santos' 2023 Sustainability Report. Synertec continues its commitment to lowering carbon emissions by adopting energy-efficient fleet vehicles. The transition to hybrid vehicles resulted in a 25% improvement in fuel efficiency and emissions savings. In 2024, Synertec commenced publication of its Scope 1 and Scope 2 emissions (refer to the ESG Report in the 2024 Annual Report).

### Social

Synertec significantly increased its social procurement spend in FY24 – more than doubling the number of enterprises engaged, and increasing spend to \$0.3 million.

A new process has been introduced for evaluating vendors and suppliers, ensuring continued adherence to Synertec's Modern Slavery policy.

### Governance

Synertec successfully achieved ISO 27001 (Information Security Management) certification, demonstrating its commitment to integrating risk management and managing evolving cyber risks.

A change in the members of the Board of Directors saw the appointment of directors with varied business and professional backgrounds. The composition of the Board is structured to support effective governance and strategic oversight. The Company is currently reviewing training and reporting processes to improve the tracking and reporting of anti-corruption efforts and continues to engage with stakeholders to reinforce a culture of integrity.

Ongoing periodic review of all key policies and procedures on a rotational basis from year to year.

As part of Synertec's ongoing ESG commitment, the Company is progressing toward implementing TCFD recommendations, with efforts focused on assessing and disclosing climate-related risks and opportunities over the next 12-18 months. This initiative aims to enhance resilience against climate impacts and identify opportunities for positive environmental and stakeholder outcomes.

## Directors Report

### 4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS (continued)

#### Outlook

The Engineering business continues to grow profitably in our target segments and technical areas. Together with the expected increase in recurring revenue from Powerhouse system roll-outs with new and existing customers, the Company is in a strong position.

With sufficient capital to deliver the strategic priorities, the Company will remain disciplined in applying its capital for growth activities including the deployment of Powerhouse systems, as the company improves its financial performance in FY25.

### 5. LITIGATION

There has been no litigation in the year and to the best of the Directors' knowledge there are no circumstances that would give rise to any potential litigation relating to this same period.

### 6. DIVIDENDS

There were no dividends paid, declared or recommended during the current or previous financial period.

### 7. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect the consolidated entity's operations, the results from those operations, or the consolidated entity's state of affairs in future years.

### 8. LIKELY DEVELOPMENTS

Aside from the subsequent events noted above, it is not foreseen that the Group will undertake any change in its general operations during the coming financial period.

### 9. MATERIAL BUSINESS RISKS

The key challenges for the Group going into FY24 are:

- Maintaining and building balance sheet strength;
- Delivering commercialisation of its technology solutions and profitability of its engineering projects and programs of work for its customers; and
- Selecting technology and projects that can deliver acceptable returns for commensurate risk.

Material risks that could adversely affect the Group include the following:

#### *Key Global events and associated market risk on the Company and its customers and other stakeholders*

The ongoing impact of global events, such as COVID-19 and the war between Russia and the Ukraine, and developments in the Middle East will continue to directly and indirectly impact on international supply chains and capital markets. In addition, the Company's projects and/or pipeline of opportunities may be impacted by our customers' decisions to delay existing work Synertec is involved in or defer or cancel projects for which Synertec has bid and/or positioned itself in anticipation of being awarded in the short-term.

#### *Synertec's exposure to economic cycles*

The Company is exposed to the impact of economic cycles and, in particular, how these cycles increase and decrease future capital expenditure by State and Federal Governments and by energy and resources companies and organisations involved in the development of critical infrastructure. These economic cycles are in turn impacted by a number of factors including: the fiscal condition of the economy; government policies on capital expenditure; and commodity prices.

## Directors Report

### 9. MATERIAL BUSINESS RISKS (continued)

#### *Profitability of contracts*

Our ability to execute projects successfully (quality, on time, to budget), meet contractual obligations and customer expectations and maintain core operations, while growing our strategic sustainability portfolio.

We have a diverse skill set. This enables us to deliver specialist consultancy advice through to large complex projects. We use our global capability to deliver value to our customers across all major energy sectors.

A portion of the Group's contracts are 'fixed price' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. From time to time, variations to the planned scope occur or issues arise during the design or construction phase of a project, not anticipated at the time of bid. This may give rise to claims under the contract with the principal in the ordinary course of business. Where such claims are not resolved in the ordinary course of business, they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by the Company.

#### *Labour supply*

Synertec's ability to remain productive, profitable and competitive and to affect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour and competing employers for skilled labour, may inhibit Synertec's ability to hire and retain employees. Synertec is exposed to increased labour costs where the demand for labour is strong. A shortage of skilled labour could limit Synertec's ability to grow its business and lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

#### *Continuing support of Synertec from its bank and insurers*

The Company and its bank and insurers undertake an annual review of the business. These reviews could reveal matters that require the bank or the Company's insurers to review their current arrangements with the Company.

#### *Cyber security and information technology*

Synertec relies on essential business systems for its core operations, emphasising the need to effectively manage data, information, and cyber risks. The Group's proficiency in safeguarding data using IT systems is essential in a dynamic landscape that presents heightened breach vulnerabilities whilst also providing security enhancement prospects. Various threats, including unauthorised access, cyber attacks, and errors, jeopardise both reliability and security, carry the potential for financial penalties and present business continuity risks. Our sophisticated technology platform serves as the backbone of operations and client services. Potential cyber threats against company and client data have the capacity to disrupt data flows, operations, and tarnish reputation, ultimately influencing future opportunities and revenue.

**During FY24, the Company continued to implement many initiatives to address the risks above.**

These initiatives included:

- Streamlining of organisational structure and project delivery and contracting.
- Strengthened governance processes around project targeting and contracting strategy, which has seen a comprehensive filter applied to all potential new projects to deliver acceptable returns for commensurate risk. The Company has also improved its targeting of potential projects through a more strategic view of business and corporate development efforts, which should deliver greater value from the resources allocated to growing the business.
- Project risk exposure assessments. To determine the level of management seniority as part of the bidding decision making process we need to take part in the bidding decision-making process.
- Commercial management framework. This makes sure contracts are fit for market conditions, including inflation pressures, supply shortages and other potentially disruptive events. This process ensures scope and contract variations are managed effectively.
- Project governance structure. This supports monthly project performance reviews and identifies projects that will need more support.
- Employee learning and development and competency programs.
- Maintenance of dedicated State-based workforces in Victoria, Western Australia and Queensland to support projects in those and other states so as to minimise the need for interstate travel.
- Streamlined recruitment processes to speed up the hiring process.
- Competitive remuneration frameworks.
- Recognition, reward sponsorship and succession programs.
- Hybrid working arrangements involving a mix of working from home, office and/or site. This facilitates flexibility, productivity and collaboration that supports the well-being of staff.



## Directors Report

### 9. MATERIAL BUSINESS RISKS (continued)

- Commitment to invest within the business to deliver strategy through growth of specialist capability. This includes employee training programs. Many of our people's skills are transferable, and training supports a rapid shift
- Diversity and inclusion programs, targets and regular employee-engagement surveys.
- De-risking our growth and opportunity pipeline through diversification of our service offering by targeting multi-disciplinary projects with new and existing clients.
- Balance sheet strengthening via share placement and debt facility.
- Synertec management meets regularly with its banker, insurance brokers and insurers to discuss operations, performance and developments within the business.
- Implementation of an Information Security Management System (ISMS) which involves significant uplift in both procedural and technical elements of our cyber security defences. Synertec obtained ISO27001 certification, the world's leading standard for information security management systems.
- ISO 27001 certification is supported by investment in internal cyber security and IT resources as well as the transition to an independent external Managed Service Provider (MSP) incorporating 24/7 Security Operations Centre (SOC) monitoring of the Group's IT environment and Security Information and Event Management (SIEM) services. It also incorporates significant employee education and training as well as the introduction of rigorous business continuity measures and incident response drills.

### 10. ENVIRONMENTAL LEGISLATIONS

The Group's operations are not currently subject to significant environmental regulations under either Commonwealth or State legislation.

### 11. COMPANY SECRETARY

Mr. Harris is an Executive Director, Chief Financial Officer and Company Secretary of Synertec. Mr. Harris oversees Future Business and Technology, as well as corporate services including corporate development initiatives, investor relations, finance, information technology, business transformation and the company secretarial function for the Group.

Mr. Harris is a graduate of the Australian Institute of Company Directors, an Australian Chartered Accountant, and fellow of both the Financial Services Institute of Australasia and the Governance Institute of Australia. He has over 30 years of local and international experience in senior leadership and board positions for global and ASX-listed companies and is also an experienced Board member and Audit Risk Committee Chair.

### 12. DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the year 1 July to 30 June 2024, and the number of meetings attended by each Director were:

	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
<b>Directors</b>						
Dennis Lin	8	8	5	5	4	4
Leeanne Bond <sup>(1)</sup>	5	5	3	3	4	4
Michael Carroll	8	8	-	-	4	4
David Harris	8	7	5	4	-	-
Peter Lamell	5	5	-	-	2	2
Ian Campbell	3	3	2	2	-	-

Where:

- **column A** is the number of meetings the Director was entitled to attend
- **column B** is the number of meetings the Director attended

(1) Leeanne Bond retired at conclusion of 2023 AGM on 28 November 2023

## Directors Report

### 13. UNISSUED SHARES UNDER OPTION

At the Company's 2021 Annual General Meeting, shareholders approved the grant of 10,000,000 unlisted options with an exercise price of \$0.20 (a 100% premium to the share placement price of \$0.10) and term expiry of 3 years, to its Joint Lead Managers and Brokers in the share placement conducted by the Company in August 2021. As a result, Taylor Collison's nominees received a total of 6,000,000 options and PAC Partners nominees received a total of 3,500,000 options.

At the Company's 2022 Annual General Meeting, shareholders approved the grant of 3,600,000 unlisted options with an exercise price of \$0.32 (a 100% premium to the share placement price of \$0.16) and term expiry of 2 years, to its Joint Lead Managers and Brokers in the share placement conducted by the Company in September 2022. As a result, Taylor Collison's nominees and PAC Partners nominees received a total of 3,600,000 options between them.

### 14. REMUNERATION REPORT

The Directors present the Remuneration Report (the "Report"), which forms part of the Directors' Report, for the Group for the year ended 30 June 2024.

The Report details the remuneration arrangements for Key Management Personnel ("KMP") being the:

- Non-executive directors; and
- Executive directors and senior executives (the "Executives")

KMP are those, who directly, or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

Details of KMP are set out below:

Name	Position	Appointed as a Director	Retired as a Director
Mr. Dennis Lin	Independent Non-Executive Director, Chair	27 August 2019	
Ms. Leeanne Bond	Independent Non-Executive Director	08 August 2017	28 November 2023
Mr. Michael Carroll	Managing Director and Chief Executive Officer	08 August 2017	
Mr. David Harris	Executive Director, Chief Financial Officer and Company Secretary	01 April 2021	
Mr. Peter Lamell	Independent Non-Executive Director	01 September 2023	
Mr. Ian Campbell	Independent Non-Executive Director	01 December 2023	

The remuneration report details the KMP remuneration arrangements for the consolidated entity, including all directors.

#### Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ("the Board") ensures that Executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation;
- rewards superior performance within an objective and measurable incentive framework; and
- transparency.

The Board maintains a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team, as well as the Management team.

The Nomination and Remuneration Committee ("Committee") assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board, and Executive and Management team.

The Committee will also periodically review the composition of the Board and make necessary changes to ensure that it comprises persons who have the skill and experience appropriate for the business activities and operations undertaken by the Company.

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional director, the Board will select and appoint the most suitable candidate. Any such appointee would be required under the By-Laws to retire at the next Annual General Meeting and is eligible for re-election by the shareholders at that meeting.

The Group seeks to remunerate Directors and Executives in accordance with the general principles recommended by the ASX. The Group is committed to remunerating Executives in a manner that is market-competitive, reflects duties and supports the interests of shareholders.

## Directors Report

### 14. REMUNERATION REPORT (Continued)

#### Principles used to determine the nature and amount of remuneration (continued)

The Group's approach to remuneration is designed to ensure remuneration is competitive, performance-focused, clearly links appropriate reward with business objectives and is simple to administer and understand by Executives and shareholders.

All Executive KMP remuneration comprises the following:

- Fixed (base remuneration):
- At risk component:
  - o Short-term incentive (STI) – described further in the table below; and
  - o Long-term incentive (LTI) – described further in the table below.

Element	Purpose	Performance metrics	Potential value
<b>Base (fixed) remuneration</b>	Provide a market competitive salary, including superannuation.	Nil	Within industry averages for the position's required skill and responsibility
<b>STI</b>	The purpose of the STI plan is to seek to reward employees on an annual basis based on Company performance and individual performance against defined targets. The KPI's are goals that allow the results of the target performance to be measured. The KPI scorecard has been designed to include elements of the Synertec business plan, including the annual Budget. Cash based reward for 12 month performance.	Corporate and project development objectives. Company strategy is set at the Board level and is used to determine the KPIs.	Up to 50% of base remuneration.
<b>LTI</b>	Alignment with growth in long-term shareholder value over a three-year period. Combination of cash and equity based reward.	Achievement of key company objectives, linked to long term performance such as technology and engineering milestones and share price performance.	Up to 50% of base remuneration.

The reward framework is designed to align Executive reward to shareholders' interest. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of but not only including, delivering constant or increasing return on assets, growth in share price, and as well as focusing the Executive on key non-financial drivers of value; and
- attracting and retaining high calibre people.

Additionally, the reward framework should seek to enhance Executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and Executive remuneration is separate.

#### Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed by the Board as a whole. Fees for Non-Executive Directors are not linked to the performance of the Company.

Each of the Non-Executive Directors receives a fixed fee for their services as Directors. There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators. There are no retirement benefits for Non-Executive Directors.

Non-Executive Directors are encouraged to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

ASX Listing Rules require that the aggregate Non-Executive Directors' remuneration shall be determined periodically by a general meeting. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is not to exceed \$500,000, which was approved by shareholders at the Company's 2023 Annual General Meeting.



## Directors Report

### 14. REMUNERATION REPORT (Continued)

#### Link between remuneration and performance

##### *FY 2024 performance and impact on remuneration*

The STI scheme operates to link performance and reward with key measurable financial and non-financial performance indicators to provide employees with clear and understandable targets that are aligned with the Group's objectives.

The STI performance objectives are communicated to KMPs at the beginning of the twelve-month performance period, with performance evaluations conducted during and following the end of the respective twelve-month performance period.

The Group's overall performance across FY24 saw the business continuing to achieve many key strategic objectives and KPIs despite challenging trading conditions brought about by the flow-on consequences in our Australian market of the global COVID-19 pandemic and war between Russia and Ukraine and the instability in the Middle East, which have directly and indirectly impacted key economic factors such as sharply rising interest rates to combat high inflation and record low unemployment amid an extremely tight labour market which has further driven up the cost of labour, recruitment and retention, particularly for people-based businesses such as Synertec.

Despite this, Synertec has delivered substantial growth in investor value over FY24 as follows:

- Nil Total Recordable Incident Frequency Rate and notifiable health and safety or environmental incidents
- Award of a multiple order (following an extensive global tender process) and the deployment of further Powerhouse systems (the Company's key scalable environmental microgrid technology) with a major global Australian-based energy company
- Group revenue and other income growth of 26%, outperforming Budget and KPI threshold
- Successfully delivered in excess of \$1 million revenue from multiple Powerhouse systems during FY24
- Normalised EBITDA in the Engineering business of \$0.8 million and operating cash flow positive return of \$0.5 million
- Grew workforce by net 17%
- Achieved the targeted high rates of staff retention and low rates of staff turnover, outperforming Budget and industry benchmarks
- Annual Staff Engagement Survey overall score of at least 80%
- Average Debtor Days for the year being within the target range of 35-45 days
- Grew work in hand and pipeline
- Successful operation of Powerhouse prototype confirming its value proposition to industry.

Further:

- eligibility for award is only achievable if both the safety and financial metrics within the annual STI plan for the year (in the case of STIs) and each of those respective years (in the case of LTIs) is achieved to the levels as outlined in the STI plan for eligibility to the STI for each respective year; and
- any Incentive award under the Company's plans is subject to the Board's assessment of performance against the Company KPI Performance Targets, an individual's performance, and an individual remaining employed (and not in a notice period) with the Company at the time of any Incentive award.

To assist in this assessment, the Committee receives detailed reports on performance from management which are based on KPIs established by the Board at the beginning of the financial year, independently verifiable data such as audited financial measures and independent market data.

As a result of achieving key milestones in the growth of the business which contributed significant shareholder value, the continued performance, the Board awarded: Executives cash incentives from a total pool of approximately \$280,000; and Management and key staff invited to participate in the Company's incentive plan cash and equity incentives (in the form of shares and performance rights) from a total pool of approximately \$110,000. Executive directors were not granted any equity as part of FY24 incentive plan. These incentives are reflected in the financial results for FY24.

#### Maintaining sustainable performance – future approach

The Group is anticipating a period of substantial growth in key markets (including commercialisation and/or roll out of transformative technology currently in development and/or operation and continued growth in the Engineering business, which is integral to supporting the Technology business), but anticipates significant competition in those markets in the next 1-5 years.

In order to increase the focus on major milestones in the short term and sustainable performance over the long term, the Committee proposes to continue to pay short term incentives based on key milestones which are expected to bring significant increases in shareholder value each year. This will be done through awarding remuneration increases primarily in the form of incentive pay. Measures of performance will also be reviewed to place greater weight on those non-financial indicators of performance that will improve sustainability of operations.

## Directors Report

### 14. REMUNERATION REPORT (Continued)

#### Balancing short-term and long-term performance

Annual incentives are generally set at a maximum of 50% of fixed remuneration, in order to drive performance without encouraging undue risk-taking. Sustainability of results and talent retention is also ensured by the deferral of a portion of short-term incentives for at least one to two years. This also encourages talent retention. Long-term incentives are generally assessed over a three year period and are designed to promote long-term stability in shareholder returns.

#### Voting of shareholders at last year's annual general meeting

The Company received 99.97% of "yes" votes on its remuneration report for the 2023 financial year. The company did not receive any feedback at the AGM or throughout the year on its remuneration practices.

#### Details of remuneration

##### *Amounts of remuneration*

Details of remuneration of key management personnel of the consolidated entity are set out in the following tables.

2024	Short-term benefits	Post-employment benefits		Equity	Long-term benefits	Total
	Cash salary and fees	Bonus	Super- annuation	Termi- nation**	Options	Long service & annual leave
	\$	\$	\$	\$	\$	\$
<b>Independent Non-Executive Directors</b>						
Dennis Lin (Chair)	111,410	-	12,255	-	-	123,665
Ian Campbell	57,808	-	6,359	-	-	64,167
Peter Lamell	60,060	-	6,607	-	-	66,667
Leeanne Bond*	29,167	-	-	-	-	29,167
<b>Executive Directors</b>						
Michael Carroll (Managing Director)	451,957	148,490	27,048	-	-	627,495
David Harris - (Executive Director/ Chief Financial Officer / Company Secretary)	399,446	132,060	26,479	-	-	557,985
Total remuneration of key management personnel	<b>1,109,848</b>	<b>280,550</b>	<b>78,748</b>	<b>-</b>	<b>-</b>	<b>1,566,438</b>

\* This was paid to Breakthrough Energy Pty Ltd

2023	Short-term benefits	Post-employment benefits		Equity	Long-term benefits	Total
	Cash salary and fees	Bonus	Super- annuation	Termi- nation**	Options	Long service & annual leave
	\$	\$	\$	\$	\$	\$
<b>Independent Non-Executive Directors</b>						
Dennis Lin (Chair)	90,413	-	9,493	-	-	99,908
Leeanne Bond*	61,667	-	-	-	-	61,667
<b>Executive Directors</b>						
Michael Carroll (Managing Director)	389,648	225,000	27,918	-	-	642,566
David Harris - (Executive Director/ Chief Financial Officer / Company Secretary)	342,678	200,000	28,811	-	-	571,489
Total remuneration of key management personnel	<b>884,406</b>	<b>425,000</b>	<b>66,222</b>	<b>-</b>	<b>-</b>	<b>1,468,148</b>

## Directors Report

### 14. REMUNERATION REPORT (Continued)

#### Additional disclosures relating to key management personnel

##### Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at 1 July 2023	Received as part of remuneration	Additions/ (Disposals)	Options Exercised	Other (Balance when appointed or ceased a director)	Balance at 30 June 2024
<b>Independent Non-Executive Directors</b>						
Dennis Lin	2,173,913	-	-	-		2,173,913
Leeanne Bond <sup>1</sup>	2,785,576	-	-	-	(2,785,576)	-
Peter Lamell <sup>2</sup>	-	-	-	-	1,083,501	1,083,501
Ian Campbell <sup>3</sup>	-	-	69,000		70,000	139,000
<b>Executive Directors</b>						
Michael Carroll (Managing Director) <sup>4</sup>	49,398,496	-	(7,000,000)	-		42,398,496
David Harris (Executive Director/ Company Secretary/Chief Financial Officer) <sup>5</sup>	6,485,559	-	-	-		6,485,559

1. Shares held by Bondatron Pty Ltd ATF Bondatron Super Fund A/C, Ms Leeanne Bond ceased to be a Director on 28 November 2023.

2. Mr Peter Lamell was appointed as a Director on 1 September 2023.

3. Mr Ian Campbell was appointed as a Director on 1 December 2023.

4. Mr. Michael Carroll is the beneficial owner of 100% of the benefits and rights in the Pinnacle (MCGA) Retirement Fund, which in turn owns 100% of the ordinary shares in Kensington Trust Singapore Ltd which is the registered holder of 42,398,496 shares in Synertec Corporation Limited and is the largest individual shareholder in the Company. As announced on 13 October 2023, Mr Michael Carroll sold 7,000,000 shares in the Company. The proceeds from the sale of the shares will be used for personal reasons, primarily to fund repair and construction work on a place of residence damaged by floods in Victoria during November 2022, and a loan repayment. This is the first time since the ASX listing of Synertec in August 2017 that Mr. Carroll has sold any Company shares in which he has a beneficial interest, and he has no intention to sell any further Company shares. Mr. Carroll remains fully committed to the Company's goals and growth.

5. Shares held by David Harris consist of 2,987,733 shares held by DDGG Harris Holdings Pty Ltd ATF DDGG Harris Superannuation Fund.

##### Options held by key management personnel

	Balance at 1 July 2023	Received as part of remuneration	Additions/ (Disposals)	Options Exercised
<b>Independent Non-Executive Directors</b>				
Dennis Lin	-	-	-	-
Leeanne Bond	-	-	-	-
Peter Lamell	-	-	-	-
Ian Campbell	-	-	-	-
<b>Executive Directors</b>				
Michael Carroll (Managing Director)	-	-	-	-
David Harris (Executive Director/ Company Secretary/ Chief Financial Officer)	-	-	-	-

#### Additional disclosures relating to key management personnel

There were no other transactions with key management personnel during the year.

This concludes the remuneration report.



## Directors Report

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### 15. INDEMNITIES GIVEN TO, AND INSURANCE PREMIUMS PAID, FOR OFFICERS AND AUDITORS

#### Officers

During the year, Synertec Corporation Limited paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

#### Auditors

The Group has not agreed to indemnify the auditor of the Group and any related entity against a liability incurred by the auditor.

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

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### 16. AUDITOR

Grant Thornton Audit Pty Ltd continues in office.

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### 17. OFFICERS OF THE GROUP WHO ARE FORMER AUDIT PARTNERS OF AUDITOR

There are no officers of the Group who are former audit partners of Grant Thornton Audit Pty Ltd.

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### 18. NON-AUDIT SERVICES

During the year, the firm of Grant Thornton, the Group's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 28 to the financial statements.

## Directors Report

### 19. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

This report is made in accordance with a resolution of the Directors.

For and on behalf of the Directors,



**Mr. Michael Carroll**  
Managing Director  
Melbourne, Australia  
30 August 2024

## Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Synertec Corporation Limited and its controlled entities (the Group) have adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement for the financial year ending 30 June 2024 is accurate and up to date as at 30 August 2024 and was approved by the Board on 30 August 2024. The Corporate Governance Statement is available on the Synertec Corporation Limited website [www.synertec.com.au](http://www.synertec.com.au).

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

*In Australian dollars*

	Note	30 June 2024	30 June 2023
<b>Revenue &amp; other income</b>			
Revenue	5	18,952,438	14,805,159
Other income	6	714,751	753,600
<b>Total revenue &amp; other income</b>		<b>19,667,189</b>	<b>15,558,759</b>
<b>Expenses</b>			
Materials and service expense		(2,930,743)	(1,389,990)
Employee benefit expenses	7	(15,825,320)	(13,959,437)
Depreciation and amortisation expense	16	(1,075,186)	(667,577)
Technology research and development costs		(1,132,051)	(1,652,290)
Business and corporate development expenses	8	(2,816,893)	(1,498,022)
Other expenses	9	(3,020,596)	(2,122,745)
Net interest expense		(124,628)	(131,237)
<b>Total expenses</b>		<b>(26,925,417)</b>	<b>(21,421,298)</b>
<b>Loss before tax</b>		<b>(7,258,228)</b>	<b>(5,862,539)</b>
Income tax expense	10(i)	-	-
<b>Loss after tax</b>		<b>(7,258,228)</b>	<b>(5,862,539)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(7,258,228)</b>	<b>(5,862,539)</b>
<b>Earnings per share (cents)</b>			
Basic loss per share	24	(1.63)	(1.50)
Diluted loss per share	24	(1.63)	(1.50)

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

*In Australian dollars*

	Note	30 June 2024	30 June 2023
<b>Assets</b>			
Cash and cash equivalents	11	6,418,918	10,653,858
Trade and other receivables	12	2,657,287	2,278,104
Contract assets	13	1,412,385	1,843,966
Inventories	14	478,487	1,160,647
Other assets	15	1,702,230	1,123,618
<b>Total current assets</b>		<b>12,669,307</b>	<b>17,060,193</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	6,475,417	1,738,263
Intangible assets		-	361,801
Other assets	15	1,300,529	-
<b>Total non-current assets</b>		<b>7,775,946</b>	<b>2,100,064</b>
<b>Total assets</b>		<b>20,445,253</b>	<b>19,160,257</b>
<b>Liabilities</b>			
Trade and other payables	18	3,765,839	3,639,348
Interest bearing liabilities	17	498,659	941,455
Employee benefits	19	1,624,671	1,118,121
Contract liabilities	20	131,854	261,573
Lease liabilities	21	282,169	180,294
<b>Total current liabilities</b>		<b>6,303,192</b>	<b>6,140,791</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	17	83,074	126,537
Lease liabilities	21	1,723,077	1,175,588
Employee benefits	19	282,176	181,659
<b>Total non-current liabilities</b>		<b>2,088,327</b>	<b>1,483,784</b>
<b>Total liabilities</b>		<b>8,391,518</b>	<b>7,624,574</b>
<b>Net assets</b>		<b>12,053,735</b>	<b>11,535,683</b>
<b>Equity</b>			
Issued capital	22	27,642,680	20,952,119
Share option and warrants reserve	25	1,514,128	428,409
Retained earnings		(17,103,073)	(9,844,845)
<b>Total equity</b>		<b>12,053,735</b>	<b>11,535,683</b>

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

## Consolidated Statement of Changes in Equity

*In Australian dollars*

	Note	Issued capital	Share option and warrants reserve	Retained earnings	Total
		\$	\$	\$	\$
<b>Balance at 1 July 2022</b>		8,518,510	624,609	(3,982,304)	5,160,816
Issue of shares		13,000,000	-	-	13,000,000
Capital raising costs		(1,049,000)	-	-	(1,049,000)
Exercised options	25	482,609	(382,609)	-	100,000
Broker options on issue	25	-	186,409	-	186,409
Loss for the year		-	-	(5,862,539)	(5,862,539)
<b>Total comprehensive loss</b>		-	-	(5,862,539)	(5,862,539)
<b>Balance at 30 June 2023</b>		<b>20,952,119</b>	<b>428,409</b>	<b>(9,844,845)</b>	<b>11,535,686</b>
<b>Balance at 1 July 2023</b>		20,952,119	428,409	(9,844,845)	11,535,686
Issue of shares		7,074,193	-	-	7,074,193
Capital raising costs		(383,632)	-	-	(383,632)
Warrants on issue	25	-	1,085,719	-	1,085,719
Loss for the year		-	-	(7,258,228)	(7,258,228)
<b>Total comprehensive loss</b>		-	-	(7,258,228)	(7,258,228)
<b>Balance at 30 June 2024</b>	22	<b>27,642,680</b>	<b>1,514,128</b>	<b>(17,103,073)</b>	<b>12,053,735</b>

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

## Consolidated Statement of Cash Flows

*In Australian dollars*

	Note	30 June 2024	30 June 2023
<b>Cash flows from operating activities</b>			
Cash receipts from customers		20,904,783	15,940,743
Cash paid to suppliers and employees		(25,318,777)	(19,152,870)
Cash used in operations		(4,413,993)	(3,212,127)
Government grant received		304,525	1,114,643
Interest received		125,675	22,446
Interest paid		(193,755)	(175,720)
Payments for R&D activities		(1,132,051)	(1,652,290)
Payments for corporate development activities		(884,756)	(718,081)
<b>Net cash used in operating activities</b>	11A(i)	<b>(6,194,357)</b>	<b>(4,621,129)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	36,364
Purchase of property, plant and equipment		(3,834,906)	(366,877)
<b>Net cash used in investing activities</b>		<b>(3,834,906)</b>	<b>(330,514)</b>
<b>Cash flows from financing activities</b>			
Payments for capital raising costs		(383,632)	(862,585)
Proceeds from issue of shares		7,000,000	13,000,000
Proceeds from exercised options		-	100,000
Repayment of loans and borrowings		(486,258)	(374,286)
Repayment of finance lease liabilities		(335,787)	(378,381)
<b>Net cash from financing activities</b>		<b>5,794,323</b>	<b>11,484,747</b>
<b>Net increase in cash and cash equivalents</b>		<b>(4,234,941)</b>	<b>6,533,104</b>
Cash and cash equivalent at beginning of the year		10,653,858	4,120,753
<b>Cash and cash equivalents at end of the year</b>	11	<b>6,418,918</b>	<b>10,653,858</b>

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

## Notes to The Financial Statement

### 1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The financial statements cover Synertec Corporation Limited as a consolidated entity consisting of Synertec Corporation Limited (referred as the 'Company' or 'Parent Company') and the entities it controlled at the end of, or during, the year ended 30 June 2024 (together referred to as the 'Group').

Synertec Corporation Limited is the Group's Ultimate Parent Company. It is a public company (limited by shares) incorporated in Bermuda, and listed on the Australian Securities Exchange (ASX:SOP).

Its registered office is: Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Its registered office in Australia is Ground Floor, 2-6 Railway Parade, Camberwell, VIC 3124, Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements.

The financial statements were approved and authorised for issue, in accordance with a resolution of directors, on 30 August 2024.

### 2. MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of accounting

The consolidated general purpose financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Synertec Corporation Limited is a for-profit entity for the purpose of preparing the financial statements.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated.

#### 2.3 Functional and presentational currency

These financial statements are presented in Australian dollars, which is the Group's functional currency and presentation currency.

#### 2.4 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2024. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition; or up to the effective date of disposal, as applicable.

#### 2.5 Revenue and other income

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received in advance are initially recognised as deferred revenue in the form of a separate contract liability.



## Notes to The Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.5 Revenue and other income (continued)

The Group's main revenue streams are as follows:

##### Engineering services

The Group provides engineering services relating to the design and engineering of customised Systems, Process, Chemical, Mechanical Design, Automation, Safety, Electrical and Software Engineering solutions. Revenue from these services is recognised on a time-and-materials basis as the services are provided and the performance obligation is satisfied over time. The satisfaction of the performance obligation is achieved on completion of timesheets and acquisition of materials required for the projects. Customers are invoiced monthly as work progresses. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as Contract assets as only the passage of time is required before payment of these amounts will be due.

##### Fixed price solutions

The Group enters into contracts for the design, engineering and construction of customised engineering solutions in exchange for a fixed fee and recognises the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

To depict the progress by which the Group transfers control of the systems to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation using the percentage complete basis as this provides the most accurate depiction of the transfer of goods and services to each customer due to the Group's ability to make reliable estimates of costs to complete the Project, arising from its significant historical experience constructing similar solutions.

##### Advanced receipt

When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position as Contract liabilities.

##### Technology contracts - Operating Leases

As the current contract has been assessed as an operating lease, the Group is recognising revenue over time on a straight line basis.

##### Research and development tax credits

Research and development ('R&D') tax credits relate to technology projects, for which eligible R&D activities are being undertaken. The federal government's Research and Development Tax Incentive program (R&DTI) offers a tax offset for companies conducting eligible R&D activities. When management is able to calculate a reasonable estimate of the R&DTI refund likely to be received for a financial year, that amount is recognised in the financial year to which the refund relates. When a reasonable estimate cannot be determined, income from the R&DTI refund is recognised when it is received.

The Group is eligible for a 43.5% refundable R&D tax offset on applicable research and development activities given that its aggregate turnover is less than \$20 million. The refundable tax offset is equal to the company's tax rate (25%) plus a premium of 18.5% provided the company is below the \$20 million threshold. The Group has recognised the R&D credit on an accrual basis.

#### 2.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

#### 2.7 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- lease finance costs as a result of IFRS 16.

Interest income or expense is recognised using the effective interest method.

#### 2.8 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rates at the dates of the transactions (spot exchange rate).

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss.

## Notes to The Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.9 Income taxes

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 changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income (OCI).

##### (i) Current tax

Current income tax assets and / or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are always provided for in full.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group has a right and intention to set-off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Synertec Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Synertec Corporation Limited is responsible for recognising the current tax liabilities of the Australian tax consolidated group. The tax consolidated group has entered into an agreement whereby each component in the Group contributes to income tax payable in proportion to their contributions to the taxable profit of the tax consolidated group.

#### 2.10 Inventory

Inventories are measured at the lower of cost and net realisable value, and primarily relates to materials. These materials then get transferred to Capital Work In Progress when materials are free issued as part of the assembly process. The cost of inventories is based on the first-in, first out principle.

#### 2.11 Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

## Notes to The Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.11 Property, plant and equipment

##### (iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment are as follows:

• Motor Vehicles	10 years
• Furniture and Equipment	16 years
• Computers	3 years
• Powerhouse Units	10-25 years
• Leasehold Improvements	2-10 years

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

#### 2.12 Interest Bearing Liabilities

Loans and borrowings are initially recognised at fair value of the consideration received, net transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### 2.13 Impairment

##### (i) Financial assets measured at amortised cost

The Group applies a simplified approach in calculating Expected Credit Losses (ECLs) for trade receivables and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

##### (ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

## Notes to The Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (continued)

#### 2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognised as finance cost.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow is remote in which case, no liability is recognised.

#### 2.15 Employee benefits

##### (i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

##### (ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value using high quality corporate bond rates. Remeasurements are recognised in profit or loss in the period in which they arise.

##### (iv) Share-based payment

The Group operates an equity-settled, share-based compensation plan.

The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued.

The cost of equity-settled transactions is 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 consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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.



## Notes to The Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (continued)

#### 2.15 Employee benefits (continued)

##### (iv) Share-based payment (continued)

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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

#### 2.16 Leases

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. The Group assesses whether the contract meets three key evaluations which are whether:

1. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
2. the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; or
3. the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

##### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in lease liabilities.

##### Measurement and recognition of leases as a lessor

For new contracts entered into, the Group considers whether a contract is, or contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or operating lease.

To classify a lease, the Group makes an overall assessment whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If it is not the case, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## Notes to The Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.16 Leases (continued)

##### Operating Lease

The Group recognises lease payments received under operating leases as revenue on a straight-line basis over the lease term.

#### 2.17 Financial instruments

The Group does not hold derivative financial assets. Where required the Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, and loans and receivables.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

##### (i) Non-derivative financial assets and financial liabilities - recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### (ii) Non-derivative financial assets - measurement

###### Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

###### Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents may include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### (iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

#### 2.18 Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

#### 2.19 Warrants

**Description of Warrant Options:** On 3 May 2024, the Group issued warrant options in connection with the Facility Agreement. The warrant options provide the holder the right to purchase 18.5 Million Synertec shares at an exercise price of 13.5 Cents per share.

**Valuation Methodology:** Warrants are measured at fair value. The fair value of the warrant options was determined indirectly by calculating the difference between the fair value of the Facility Agreement with the warrants and the fair value of the Facility Agreement without the warrants. The fair value of the Facility Agreement was assessed using a discounted cash flow analysis and crosschecked using other valuation techniques.

**Initial Recognition:** The warrant options were initially recognised as equity instruments at a fair value of \$1,085,719 on the date of issuance. Warrant options classified as equity instruments are not remeasured after initial recognition.

The warrants were classified as equity instruments on the basis that each warrant is convertible to an ordinary share. The warrants met with fixed for fixed criteria in IAS 32 making them equity in nature.

**Disclosure of Fair Value:** Fair value of warrant options at the date of issuance: \$1,085,719

**Valuation techniques and inputs used:** Discounted cash flow analysis with key inputs including discount rate of 15.3% and a secured facility of \$15 million drawn down.

## Notes to The Financial Statements

### 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### 3.1 Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 2.5 – Revenue and other income.

##### Technology contracts - Operating Leases

Judgement is required to determine whether the nature of leases entered into are finance or operating in classification, in particular the relationship between the fair value of the underlying asset and minimum lease payments. Management's judgement on this matter is that the leases are operating in classification applying both the quantitative and qualitative tests described in the relevant accounting standard.

##### Deferred tax assets

Judgement is required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in the future periods in order to recognise and utilise those deferred tax assets. Judgement is also required in respect of the expected manner of recovery of the value of an asset or liability (which will then impact the quantum of the deferred tax assets or deferred tax liabilities recognised) and the application of existing laws.

Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as exchange rates, commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in which the Group operates could limit the ability of the Group to obtain tax deductions and recover/utilise deferred tax assets in future periods.

The carrying amount of recognised and unrecognised deferred tax assets was reviewed at 30 June 2024. While the Board remains confident and optimistic about the long term strategy of the Company and the economic fundamentals of the target markets in which it operates delivering long term sustainable and profitable growth for its shareholders, the Board resolved to adopt an approach with respect to the judgements involved in determining the carrying value of the deferred tax asset, considering the current and potential economic environment. No deferred tax assets have been recognised in the accounts of the Group.

##### 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. At 30 June 2024 the Group has concluded there will not be future taxable amounts to utilise temporary differences and losses within 12 months.

#### 3.2 Assumptions and estimation uncertainties

##### Contract assets - recognition of project revenue

Recognising project revenue requires judgement in determining percentage of completion, actual work performed and/or the estimated costs to complete the work.

##### Research and Development tax credits

The Group has recognised Research and Development tax credits on an accrual basis. As the Group's return has not yet been submitted, the consolidated entity has made an estimate of the likely refund amount based on the preliminary number provided by the Group's external tax consultant.

## Notes to The Financial Statements

### 4. OPERATING SEGMENTS

From 1 July 2021, the Group restructured the business to form two key areas of operation, being Engineering Solutions ('Engineering') and Technology and Future Business ('Technology'). These two divisions/segments are managed separately as each requires different skills, technologies, marketing approaches and other resources. This is the basis on which information is internally provided to the Chief Operating Decision Makers ('CODMs') for assessing performance and making operating decisions. All inter-segment transfers are conducted at arm's length prices based on prices charged to customers in stand-alone sales of identical goods or services.

The segment disclosures are before corporate costs. The Corporate area of the Group, which is a cost centre, includes the Board and Executives which oversee the function and strategic direction of Engineering and Technology, as well as the governance, financing and operation of the public ASX-listed head parent company, Synertec Corporation Limited. The activities of the head company include governance oversight, finance and related affairs, corporate development, investor relations and other functions associated with the operation and regulatory compliance of the Group's head company.

It includes parent company costs and interest income and charges which are not otherwise allocated to operating segments as this type of activity is driven by the Group function, which manages the cash position, governance and compliance for the Group as a whole.

The Board assesses the performance of the operating segments based on a segment profit measure referred to as Normalised EBITDA, which excludes the effects of non-operating and non-recurring costs. Transformation initiatives and Powerhouse spend are one off in nature due to specific projects and developments in the product.

The Group's revenue includes three customers who contributed more than 10% of the Group's total revenue in FY24, including customer 1 (contributing 25%), customer 2 (contributing 21%) and customer 3 (contributing 11%).

The revenues and profit generated by each of the Group's two key business segments and their respective segment assets and liabilities are summarised as follows:

	1 July 2023 to 30 June 2024		
	Engineering	Technology	Total
<b>Revenue and other income</b>			
From external customers	17,878,354	1,074,084	18,952,438
From other segment <sup>(1)</sup>	3,057,120	-	3,057,120
Government incentives	-	492,275	492,275
Other	222,476	-	222,476
<b>Segment revenues and other income</b>	<b>21,157,950</b>	<b>1,566,359</b>	<b>22,724,309</b>
<b>Segment normalised EBITDA</b>	<b>773,466</b>	<b>(1,182,980)</b>	<b>(409,514)</b>
Corporate development	-	(1,025,853)	(1,025,853)
Transformation initiatives	(185,543)	-	(185,543)
Powerhouse net spend	-	(899,776)	(899,776)
Depreciation and amortisation	(658,259)	(411,177)	(1,069,436)
<b>Segment operating profit / (loss)</b>	<b>(70,336)</b>	<b>(3,519,786)</b>	<b>(3,590,122)</b>
<b>Assets and liabilities</b>			
<b>Segment assets</b>	<b>8,148,757</b>	<b>6,485,200</b>	<b>14,633,957</b>
<b>Segment liabilities</b>	<b>7,230,992</b>	<b>365,174</b>	<b>7,596,167</b>

(1) The revenue recognised by the Engineering business includes the provision of services to the Technology business, primarily relating to the Powerhouse Technology. In the Technology business, these costs were either recognised as an expense in the profit and loss statement or categorised as property plant and equipment or inventory or a prepayment in the balance sheet, where applicable.



## Notes to The Financial Statements

### 4. OPERATING SEGMENTS (continued)

	1 July 2022 to 30 June 2023		
	Engineering	Technology	Total
<b>Revenue and other income</b>			
From external customers	14,631,661	207,699	14,839,360
From other segment <sup>(1)</sup>	4,419,401	-	4,419,401
Government incentives	-	719,399	719,399
<b>Segment revenues and other income</b>	<b>19,051,061</b>	<b>927,097</b>	<b>19,978,159</b>
<b>Segment normalised EBITDA</b>	<b>1,300,749</b>	<b>(1,085,609)</b>	<b>215,140</b>
Corporate development	-	(524,784)	(524,784)
Transformation initiatives	(251,297)	-	(251,297)
Profit on disposal of motor vehicles	27,201	-	27,201
Powerhouse net spend	-	(2,404,799)	(2,404,799)
Depreciation and amortisation	(402,751)	(264,826)	(667,577)
<b>Segment operating profit / (loss)</b>	<b>673,902</b>	<b>(4,280,018)</b>	<b>(3,606,115)</b>
<b>Assets and liabilities</b>			
<b>Segment assets</b>	<b>8,608,748</b>	<b>10,103,010</b>	<b>18,711,759</b>
<b>Segment liabilities</b>	<b>6,841,208</b>	<b>390,086</b>	<b>7,231,295</b>

(1) The revenue recognised by the Engineering business includes the provision of services to the Technology business, primarily relating to the Powerhouse and CTS projects. In the Technology business, these costs were recognised as an expense in the profit and loss statement.

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

#### (i) Revenue and other income

	1 July 2023 to 30 June 2024	1 July 2022 to 30 June 2023
Total reportable segment revenues	22,724,309	19,978,159
Elimination of inter-segment revenues	(3,057,120)	(4,419,401)
	<b>19,667,189</b>	<b>15,558,759</b>

#### (ii) Segment operating profit/(loss)

Segment operating profit /loss	(3,590,122)	(3,606,115)
Elimination of inter-segment profits	(766,977)	(239,952)
Corporate expenses	(2,776,500)	(1,885,234)
<b>Group operating loss</b>	<b>(7,133,600)</b>	<b>(5,731,302)</b>
Finance income	125,841	44,780
Finance costs	(250,469)	(176,017)
<b>Group loss before tax</b>	<b>(7,258,228)</b>	<b>(5,862,539)</b>

#### (iii) Segment assets

	30 June 2024	30 June 2023
<b>Segment assets</b>	<b>14,633,957</b>	<b>18,711,759</b>
Corporate assets	5,811,296	448,498
<b>Total assets</b>	<b>20,445,253</b>	<b>19,160,257</b>

#### (iv) Segment liabilities

<b>Segment liabilities</b>	<b>7,596,167</b>	<b>7,231,295</b>
Corporate liabilities	795,351	393,279
<b>Total liabilities</b>	<b>8,391,518</b>	<b>7,624,574</b>

## Notes to The Financial Statements

### 5. REVENUE

#### Revenue from contracts with customers

	30 June 2024	30 June 2023
Engineering services	13,842,486	10,441,110
Fixed price solutions	4,035,867	4,156,350
Technology contracts	1,074,084	207,699
	<b>18,952,438</b>	<b>14,805,159</b>

Revenue recognised under Technology contracts is recognised as an operating lease following guidelines by IFRS 16. Future undiscounted lease payments to be received on an annual basis are as follows:

	Lease Revenue from Technology Contracts					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Total
Lease revenue	<b>2,415,000</b>	<b>2,415,000</b>	<b>2,415,000</b>			<b>7,245,000</b>

The minimum term of the contracts is 3 years. It is expected by both parties that the Powerhouse System will be continuously deployed and contracted over at least 7 years with minimum expected revenue of \$2.4 million per annum.

### 6. OTHER INCOME

Government benefits - R&D tax credits <sup>(1)</sup>	492,275	709,399
Government benefits - export market development grants scheme	-	10,000
Profit on disposal of motor vehicles	-	27,201
Gain on lease modification <sup>(2)</sup>	222,476	7,000
	<b>714,751</b>	<b>753,600</b>

(1) The Group is eligible for a 43.5% refundable R&D tax offset on applicable research and development activities given that its aggregate turnover is less than \$20 million. The refundable tax offset is equal to the company's tax rate (25%) plus a premium of 18.5% provided the company is below the \$20 million threshold. The Group is entitled to a refundable benefit of 43.5% on all its eligible R&D expenditure.

The tax credits recognised for the year ended 30 June 2024 are expected to be refunded to the Group following lodgement of its annual income tax return.

(2) This represents gain on lease modification of the lease at Camberwell Office. Refer to note 21.

## Notes to The Financial Statements

### 7. EMPLOYEE BENEFITS EXPENSE

Recognised in profit or loss

	30 June 2024	30 June 2023
Gross employee benefits expense	14,266,342	12,849,150
Superannuation expense	1,558,978	1,110,287
Employee benefits expense in the statement of profit or loss and other comprehensive income	<b>15,825,320</b>	<b>13,959,437</b>

### 8. BUSINESS AND CORPORATE DEVELOPMENT EXPENSES

Business development costs <sup>(1)</sup>	898,014	777,991
Corporate development costs <sup>(2)</sup>	1,918,879	720,031
	<b>2,816,893</b>	<b>1,498,022</b>

(1) During the year, Synertec was awarded new contracts and existing contract extensions across all four key target sectors with Rail and Water. This is reflected in the increased business development costs in securing those contracts.

(2) Corporate development costs includes costs of exploring the Technology market opportunities in Australia and other strategic growth opportunities for the Group throughout the year.

### 9. OTHER EXPENSES

IT and telecommunication costs	868,410	590,513
Legal, professional fees and insurances	1,081,004	844,583
Administrative expenses	1,071,182	687,649
	<b>3,020,596</b>	<b>2,122,745</b>

## Notes to The Financial Statements

### 10. TAXES

#### (i) Tax recognised in profit or loss

Deferred tax expense	
Origination and reversal of temporary differences	
Income tax expense	

30 June 2024	30 June 2023
-	-
-	-

#### (ii) Reconciliation of effective tax rate

Loss before tax	
Income tax benefit using the Group's domestic tax rate (25%, FY23:25%)	
Non-deductible expenses	
R&D net benefit	
Current year DTA movement not recognised	
Income tax expense/(benefit)	

(7,258,228)	(5,862,539)
(1,814,557)	(1,465,635)
9,727	3,948
159,944	233,223
1,644,885	1,228,465
-	-

#### (iii) Movement in deferred tax assets

Opening balance	
Charged to profit and loss	
Closing balance	

241,013	230,509
(4,600)	10,504
<b>236,413</b>	<b>241,013</b>

#### (iv) Movement in deferred tax liabilities

Opening balance	
Charged to profit and loss	
Closing balance	

(241,013)	(230,509)
4,600	(10,504)
<b>(236,413)</b>	<b>(241,013)</b>

#### (v) Movement in net deferred tax asset/(liability)

Opening balance	
Charged to profit and loss	
Closing balance	

-	-
-	-
-	-

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. At 30 June 2024 the Group has concluded there will not be future taxable amounts to utilise temporary differences and losses within 12 months.

#### (vi) Deferred tax assets not brought to account at reporting date

Temporary differences	
Unused carry forward tax losses	

30 June 2024	30 June 2023
816,289	659,376
4,520,231	3,086,239
<b>5,336,520</b>	<b>3,745,615</b>

Deferred tax assets are not subject to any expiry date or limited to a certain type of taxable income and remain available to be deducted from any future taxable profits of the Group. This includes unused carry forward tax losses not brought to account as at 30 June 2024, which amount to \$4,520,231. At the current Australian corporate income tax rate applicable to the Company of 25% (FY23: 25%), this equates to approximately \$18.1 million in taxable profits that potentially could be earned by the Group before an income tax expense is incurred, subject to applicable laws and regulations.



## Notes to The Financial Statements

## 10. TAXES (continued)

**(vii) Movement in deferred tax balances during the year**

[illegible]

## Notes to The Financial Statements

### 11. CASH AND CASH EQUIVALENTS

	Note	30 June 2024	30 June 2023
Bank balances		6,417,614	10,652,554
Cash on hand		1,304	1,304
<b>Cash and cash equivalents</b>		<b>6,418,918</b>	<b>10,653,858</b>

#### 11A. Cash flow information

##### (i) Reconciliation of cash flows from operating activities

###### Cash flows from operating activities

Loss for the year	(7,258,228)	(5,862,539)
Adjustments:		
Depreciation and amortisation	1,075,186	667,577
Interest costs	124,628	131,237
Gain on lease modification	(222,476)	-
Gain on sale of motor vehicles	-	(27,201)
	(6,280,890)	(5,090,926)
Change in contract assets	431,581	(504,523)
Change in inventory	(463,522)	(1,148,385)
Change in other assets	(212,112)	179,539
Change in trade and other receivables	(395,251)	(473,098)
Change in trade and other payables	253,990	1,924,720
Change in employee benefits	607,067	283,159
Change in contract liabilities	(129,719)	211,520
Cash used in operating activities	(6,188,856)	(4,617,994)
Realised foreign currency gains	(5,502)	(3,136)
<b>Net cash used in operating activities</b>	<b>(6,194,357)</b>	<b>(4,621,129)</b>

##### (ii) Credit standby arrangement

The Company has the following credit standby facilities which are subject to funding provider review annually:

Funding Facility <sup>(1)</sup>	15,000,000	-
Bank guarantee <sup>(2)</sup>	700,000	700,000
Credit Card	100,000	100,000
<b>Total</b>	<b>15,800,000</b>	<b>800,000</b>

###### Utilised

Bank guarantee	622,012	640,881
Credit Card	53,319	48,523
Funding Facility	-	-
<b>Total</b>	<b>675,331</b>	<b>689,404</b>

(1) During the reporting period, the Group entered into a \$15 million Funding Facility Agreement with Altor Capital Management, comprising two tranches – Tranche 1 of up to \$10 million and Tranche 2 of up to \$5 million. Subject to meeting certain specified pre-conditions, the Group can draw down on these Tranches (minimum drawdown of \$1 million) for working capital purposes. As at the reporting date, the Group had not utilised any of the funding available under the Facility Agreement.

(2) The Company is not subject to any covenants on its facilities with its corporate banker, ANZ.

## Notes to The Financial Statements

### 12. TRADE AND OTHER RECEIVABLES

<b>Current</b>	<b>Note</b>	<b>30 June 2024</b>	<b>30 June 2023</b>
Trade receivables		2,161,879	1,535,388
Other receivables		495,408	742,716
		<b>2,657,287</b>	<b>2,278,104</b>

Included in other receivables is R&D tax credits amounting to \$492,275 (2023:\$718,746), recognised for the period ended 30 June 2024 expected to be refunded to the Group following lodgement of its annual income tax return.

The Company's exposure to credit and market risks, and impairment losses related to trade and other receivables, are disclosed in Note 29.

### 13. CONTRACT ASSETS

Work in progress	<b>1,412,385</b>	<b>1,843,966</b>
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Determining when to recognise contract revenue requires a degree of judgement. Contract revenue and expenses are recognised in accordance with the percentage of completion method (input) unless the outcome of the contract cannot be reliably estimated. The percentage of completion is estimated by assessing actual work performed and the estimated costs to complete the work.

At 30 June 2024, aggregate costs incurred under open contracts and recognised profits earned, net of recognised losses, amounted to \$1,412,385 (2023: \$1,843,966).

### 14. INVENTORIES

Stock on hand	478,487	1,160,647
	<b>478,487</b>	<b>1,160,647</b>

Stock on hand primarily relates to key components for technology products. These are off-the-shelf components in nature, that have not been customised. Most of these items have long lead times for supply and therefore have been acquired in advance to enable timely response to customer orders.

### 15. OTHER ASSETS

<b>Current</b>		
Prepayments and other debtors	1,322,645	1,077,731
Deposits	40,316	45,887
Capital borrowing costs	339,269	-
	<b>1,702,230</b>	<b>1,123,618</b>
<b>Non-current</b>		
Capital borrowing costs	<b>1,300,529</b>	-

Capital borrowing costs relates to capitalisation of warrants that were issued as part of securing the \$15m debt facility with Altor Capital. Refer to notes 11 and 29(ii) for further details on the Group's unutilised funding arrangements.

## Notes to The Financial Statements

### 16. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and equipment	Leasehold improvements	Motor vehicles	Powerhouse plant and equipment <sup>(1)</sup>	Right-of-use assets	TOTAL
<b>Cost</b>							
<b>Balance at 1 July 2022</b>	495,206	29,355	327,706	132,584	-	1,926,487	2,911,338
Additions	126,474	1,655	-	198,006	-	40,743	366,877
Disposals	-	-	-	(56,548)	-	-	(56,548)
<b>Balance at 30 June 2023</b>	<b>621,680</b>	<b>31,009</b>	<b>327,706</b>	<b>274,042</b>	<b>-</b>	<b>1,967,230</b>	<b>3,221,667</b>
<b>Balance at 1 July 2023</b>	621,680	31,009	327,706	274,042	-	1,967,230	3,221,667
Additions	169,004	28,945	61,753	-	3,982,524	2,211,591	6,453,817
Disposals	(87,038)	(1,863)	-	-	-	(1,004,377)	(1,093,277)
<b>Balance at 30 June 2024</b>	<b>703,646</b>	<b>58,092</b>	<b>389,459</b>	<b>274,042</b>	<b>3,982,524</b>	<b>3,174,445</b>	<b>8,582,207</b>
<b>Accumulated depreciation</b>							
<b>Balance at 1 July 2022</b>	317,896	24,487	53,976	82,110	-	644,373	1,122,841
Disposals	-	-	-	(47,732)	-	-	(47,732)
Depreciation/amortisation expense	136,937	1,931	32,771	24,439	-	212,215	408,292
<b>Balance at 30 June 2023</b>	<b>454,833</b>	<b>26,419</b>	<b>86,746</b>	<b>58,818</b>	<b>-</b>	<b>856,587</b>	<b>1,483,401</b>
<b>Balance at 1 July 2023</b>	454,833	26,419	86,746	58,818	-	856,587	1,483,401
Disposals	(88,222)	(1,775)	-	-	-	-	(89,997)
Depreciation/amortisation expense	180,110	10,866	47,939	51,006	48,272	375,192	713,385
<b>Balance at 30 June 2024</b>	<b>546,722</b>	<b>35,511</b>	<b>134,685</b>	<b>109,823</b>	<b>48,272</b>	<b>1,231,779</b>	<b>2,106,789</b>
<b>Carrying amounts</b>							
<b>at 1 July 2022</b>	<b>177,311</b>	<b>4,867</b>	<b>273,730</b>	<b>50,474</b>	<b>-</b>	<b>1,282,115</b>	<b>1,788,498</b>
<b>at 30 June 2023</b>	<b>166,847</b>	<b>4,590</b>	<b>240,959</b>	<b>215,224</b>	<b>-</b>	<b>1,110,643</b>	<b>1,738,263</b>
<b>at 1 July 2023</b>	<b>166,848</b>	<b>4,589</b>	<b>240,959</b>	<b>215,224</b>	<b>-</b>	<b>1,110,644</b>	<b>1,738,266</b>
<b>at 30 June 2024</b>	<b>156,924</b>	<b>22,581</b>	<b>254,773</b>	<b>164,218</b>	<b>3,934,253</b>	<b>1,942,665</b>	<b>6,475,417</b>

(1) Assets under Powerhouse plant and equipment are leased to customers on an operating lease basis, under a Build Own Operate Maintain arrangement. Revenue from these leases are recognised under Technology Contracts under Note 5.

## Notes to The Financial Statements

### 17. INTEREST BEARING LIABILITIES

Details of the Group's interest bearing liabilities

#### Current

Interest Bearing Liabilities <sup>(1)</sup>

30 June 2024	30 June 2023
498,659	941,455
<b>498,659</b>	<b>941,455</b>

#### Non-current

Interest bearing liabilities <sup>(1)</sup>

<b>83,074</b>	<b>126,537</b>
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(1) Included in interest-bearing liabilities are insurance premium funding and motor vehicles finance, comparatives have been changed for prior year, as amount was included in Other payables previously

Funding Facility

30 June 2024	30 June 2023
15,000,000	-
<b>15,000,000</b>	<b>-</b>

#### Lender and Loan Amount

During the reporting period, the Group entered into a \$15 million Funding Facility Agreement with Altor Capital Management, comprising two tranches – Tranche 1 of up to \$10 million and Tranche 2 of up to \$5 million. Subject to meeting certain specified pre-conditions, the Group can draw down on these Tranches (minimum drawdown of \$1 million) for working capital purposes. As at the reporting date, the Group had not utilised any of the funding available under the Facility Agreement.

#### Interest Rate

Three-month BBSY plus margin of 9.00 %. BBSY subject to floor of 3.00% and a cap of 5.35%

#### Repayment

Principal repayment will not occur within the first 24 months from the drawdowns.

There will be a 6-month interest holiday on each drawdown where interest will accrue and capitalise monthly.

Principal holiday of 24 months from the first drawdown with principal repayment amount equal to 30% of the outstanding loan payable, leaving a 70% balloon payment at the completion of the term.

#### Financial Covenants

Compliance around EBITDA subject to cure period. Additionally the Borrower must ensure that, at all times:

- 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:
  - a) Cash at bank plus
  - b) Inventory plus
  - c) Receivables plus
  - d) Property, plant and equipment plus
  - e) Contract Assets

#### Warrants

Warrants issued details as part of Note 25.



## Notes to The Financial Statements

### 18. TRADE AND OTHER PAYABLES

	30 June 2024	30 June 2023
Trade payables	1,383,533	2,143,563
Other payables	2,264,031	1,487,432
Fixed price project accruals	118,275	8,353
	<b>3,765,839</b>	<b>3,639,348</b>

### 19. EMPLOYEE BENEFITS

#### Current

Annual leave	1,203,392	791,397
Long service leave	421,279	326,724
	<b>1,624,671</b>	<b>1,118,121</b>

#### Non-Current

Long service leave	282,176	181,659
	<b>282,176</b>	<b>181,659</b>

### 20. CONTRACT LIABILITIES

Billing in advance of work completed	<b>131,854</b>	<b>261,573</b>
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When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position as Contract liabilities.

### 21. LEASES

Lease liabilities are presented in the statement of financial position as follows:

	30 June 2024	30 June 2023
Lease liabilities (current)	282,169	180,294
Lease liabilities (non-current)	1,723,077	1,175,588
	<b>2,005,246</b>	<b>1,355,882</b>

The Group has leases for its head office and warehouse in Camberwell, an office in Perth and a photocopier. The lease liabilities are secured by the related underlying assets.

Synertec's headcount has tripled in size to approximately 140 people since the move to Camberwell Head office in 2020. As part of its growth strategy, the organisation had first rights on the remaining space on the Ground floor. The opportunity to expand into this space became available in January 2024, and as a result the company now occupies the entire Ground floor of the building to facilitate enough space for its growing Melbourne workforce. The company has entered into a 5 year lease term for the Ground floor at its current address in Camberwell.

Future minimum lease payments at 30 June 2024 were as follows:

	Minimum lease payment due						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Four to five years	Total
Lease payments	510,677	508,929	506,932	483,719	275,334	-	2,285,591
Finance charges	(105,833)	(82,819)	(57,984)	(29,471)	(4,237)	-	(280,345)
<b>Net present values</b>	<b>404,844</b>	<b>426,110</b>	<b>448,947</b>	<b>454,247</b>	<b>271,097</b>	<b>-</b>	<b>2,005,246</b>

Out of the total finance costs of \$250,469 is an amount of \$100,152 attributable to lease liabilities during the year ending 30 June 2024.

## Notes to The Financial Statements

### 22. ISSUED CAPITAL

	Shares	\$
<b>Balance at 1 July 2023</b>	<b>431,495,935</b>	<b>20,952,119</b>
Issue of ordinary shares - fully paid	87,829,746	7,074,193
Capital raising costs	-	(383,632)
<b>Balance at 30 June 2024</b>	<b>519,325,681</b>	<b>27,642,680</b>
<b>Balance at 1 July 2022</b>	<b>357,360,560</b>	<b>8,518,510</b>
Issue of ordinary shares - fully paid	67,613,636	13,000,000
Exercised options	6,521,739	482,609
Capital raising costs	-	(1,049,000)
<b>Balance at 30 June 2023</b>	<b>431,495,935</b>	<b>20,952,119</b>

In May 2024, Synertec undertook a share placement to various institutional and sophisticated investors and successfully raised \$7.0 million (before costs) through a placement of 87,500,000 new shares at \$0.08 per share.

In March 2024, Synertec issued 329,746 fully paid ordinary shares at a deemed issue price of \$0.225 per share, in respect of short-term incentives to eligible employees. These shares relate to FY23 incentive program.

#### Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

### 23. SHARE BASED PAYMENTS

During the course of FY24 no Share based payments were made to internal or external parties by Synertec.

### 24. EARNINGS PER SHARE

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Group, 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.

#### Earnings per share

	30 June 2024
Loss after income tax (in Australian dollars)	(7,258,228)
Weighted average number of ordinary shares used in calculating basic earnings per share	445,264,211
Weighted average number of ordinary shares used in calculating diluted earnings per share	456,082,841
Basic loss per share (cents per share)	(1.63)
Diluted loss per share (cents per share)	(1.63)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

### 25. SHARE OPTION AND WARRANTS RESERVE

	Note	30 June 2024	30 June 2023
<b>Balance at 1 July 2023</b>		<b>428,409</b>	<b>624,609</b>
Exercised options	23	-	(382,609)
Broker options on issue	23	-	186,409
Warrants issued		1,085,719	-
<b>Balance at 30 June 2024</b>		<b>1,514,128</b>	<b>428,409</b>

#### Options

Opening balance consists of 10,000,000 unlisted options with an exercise price of \$0.20 cents and 3,600,000 unlisted options with an exercise price of \$0.32 cents

## Notes to The Financial Statements

### 25. SHARE OPTION AND WARRANTS RESERVE (continued)

#### Warrants

Synertec negotiated a funding arrangement with Altor Capital of up to \$15.0 million (Host Debt Instrument). The funding will provide Synertec with a working capital facility for the construction of powerhouse units and general corporate purposes, to be drawn in AUD only. As part of the funding arrangement, Synertec will issue below instrument:

Warrants, with the following main terms:

- Number of Warrants = \$2.5 million divided by the exercise price.
- Consideration: Nil.
- Expiry Date: 60 months from financial close.
- Exercise: Each warrant may be exercised at any time and for one ordinary share, at an exercise price of 13.5 cents.

As per Synertec accounting policy based on IFRS the reserve reflects amounts arising from share-based payment arrangements with employees and brokers as well as equity instruments issued in relation to funding arrangements.

**Interest Rate:** Three -month BBSY plus margin of 9.00 %. BBSY subject to floor of 3.00% and a cap of 5.35% (embedded non option derivative).

**Voluntary Prepayments:** Synertec 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 (embedded call option).

- 2.5% of the amount prepaid if payment is made within less than 24 months of Financial Close.
- 1.5% of the amount prepaid if the payment is made within 24 - 36 months of the Financial Close.

**As Synertec has no drawdown:** No Liability is recognised with respect to host debt instrument or embedded call option. Provided that BBSY interest rate floor and ceiling are 'out of the money' when Synertec became party to the Facility Agreement, the company has initially measured non option derivative at \$nil.

**Description of Warrant Options:** On May 3 2024, the Group issued warrant options in connection with the Facility Agreement. The warrant options provide the holder the right to purchase 18.5 Million shares of the Synertec's stock at an exercise price of 13.5 Cents per share.

**Valuation Methodology:** Warrants are measured at fair value. The fair value of the warrant options was determined indirectly by calculating the difference between the fair value of the Facility Agreement with the warrants and the fair value of the Facility Agreement without the warrants. The fair value of the Facility Agreement was assessed using a discounted cash flow analysis and crosschecked using other valuation techniques.

**Initial Recognition:** The warrant options were initially recognized as equity instruments at a fair value of \$1,085,719 on the date of issuance. Warrant options classified as equity instruments are not remeasured after initial recognition.

The warrants were classified as equity instruments on the basis that each warrant is convertible to an ordinary share. The warrants satisfied the fixed for fixed criteria in IAS 32 making them equity in nature.

**Disclosure of Fair Value:** Fair value of warrant options at the date of issuance: \$1,085,719.

**Valuation techniques and inputs used:** Discounted cash flow analysis with key inputs including discount rate of 15.3% and a secured facility of \$15 million drawn down.

### 26. CONTINGENT LIABILITIES

As part of FY24 financial year consistent with prior year - The Group has potential contingent liabilities with respect to the perpetual and exclusive Intellectual Property Licence agreement ("Licence Agreement") with CDP technology partner, GreenTech.

The Licence Agreement is exclusive within the stated Territories, however if:

- on or before the date which is three years after November 2021, the Commencement Date ("First Milestone Date"), Synertec has not received an amount of revenue equal to more than \$2 million from services or sales associated with the GreenTech IP within the Territories (or with the consent of GreenTech, from outside the Territories) ("First Milestone"); or
- on or before the date which is five years after the Commencement Date ("Second Milestone Date"), the licence is still an exclusive licence and Synertec has not received an amount of revenue equal to more than \$5 million from services or sales associated with the GreenTech IP within the Territories (or with the consent of GreenTech, from outside the Territories) ("Second Milestone"); then GreenTech may convert the licence from an exclusive licence to a non-exclusive licence.

As additional consideration for the grant of the licence, Synertec will issue the following securities to GreenTech (or its nominee):

- 2.5 million fully paid ordinary shares in Synertec if the First Milestone is achieved by the First Milestone Date; and
- 2.5 million fully paid ordinary shares if the Second Milestone is achieved by the Second Milestone Date.

## Notes to The Financial Statements

### 26. CONTINGENT LIABILITIES (continued)

If a change of control of Synertec occurs or if the milestone fees are unable to be paid by way of issue of shares in Synertec when payable, the milestone fees will be paid in cash in the amount of \$250,000 each. No other Contingent Liabilities have been identified during FY24.

### 27. RELATED PARTIES

The key management personnel compensation comprised:

	30 June 2024	30 June 2023
Short-term employee benefits	1,390,398	1,309,406
Post-employment benefits	78,748	66,222
Equity	-	-
Other long-term employment benefits	97,292	92,519
	<b>1,566,438</b>	<b>1,468,147</b>

Compensation of the Company's key management personnel includes salaries, accrued leave balances, non-cash benefits and contributions to an employee defined contribution plan.

There were no other related party transactions.

### 28. AUDITOR'S REMUNERATION

	30 June 2024	30 June 2023
Audit and review services - Grant Thornton Audit Pty Ltd		
Audit and review of financial statements	122,028	96,495
	<b>122,028</b>	<b>96,495</b>
Other services - Grant Thornton Australia Limited		
In relation to taxation	20,000	34,797
In relation to other services	15,522	2,060
	<b>157,551</b>	<b>133,352</b>

### 29. FINANCIAL INSTRUMENTS

#### Financial risk management

##### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

##### Risk management framework

The Group's Directors have overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Synertec does not have any expected credit loss as debtor exposures primarily relate to blue-chip tier-1 customers. Further, all debtor balances remain current and debtor-days remain within the Group's 30-40 day target range.

## Notes to The Financial Statements

### 29. FINANCIAL INSTRUMENTS (continued)

#### (i) Credit Risk (continued)

##### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Note	Carrying amount	
		30 June 2024	30 June 2023
Trade and other receivables	12	2,161,879	1,535,388
Cash and cash equivalents	11	6,418,918	10,653,858
Deposits	15	40,316	45,887
		<b>8,621,113</b>	<b>12,235,133</b>

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

As the Group provides services under contract, each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group historically has had negligible bad debts and as such does not consider it necessary to establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Group does not require collateral in respect of trade and other receivables. The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was as follows.

	Carrying amount	
	30 June 2024	30 June 2023
Australia	2,161,879	1,535,388
	<b>2,161,879</b>	<b>1,535,388</b>

The Group's most significant balance outstanding to an external single customer, accounts for \$574,799 of the trade and other receivables carrying amount at 30 June 2024 (30 June 2023: \$402,606). The amount was received subsequent to year end within the agreed terms.

##### Impairment losses

The aging of the trade and other receivables balance at the end of the reporting period that were not impaired was as follows:

Neither past due nor impaired	1,991,521	1,476,167
Past due 1 - 30 days	170,357	59,222
	<b>2,161,879</b>	<b>1,535,388</b>

##### Cash and cash equivalents (including deposits)

The Group held cash and cash equivalents of \$6,418,918 at 30 June 2024 (30 June 2023: 10,653,858) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with a reputable bank and financial institution counterparties.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses detailed project plans, which assists it in monitoring cash flow requirements and optimising its cash return on projects delivered. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 30 June 2024, the expected cash flows from trade and other receivables maturing within two months are \$2,161,879 (30 June 2023: \$1,535,388). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. After the year end, \$2,148,076 out of the amount due at 30 June 2024 has been received.



## Notes to The Financial Statements

### 29. FINANCIAL INSTRUMENTS (continued)

#### (ii) Liquidity Risk (continued)

During the reporting period, the Group entered into a \$15 million Funding Facility Agreement with Altor Capital Management, comprising two tranches – Tranche 1 of up to \$10 million and Tranche 2 of up to \$5 million. Subject to meeting certain specified pre-conditions, the Group can draw down on these Tranches (minimum drawdown of \$1 million) for working capital purposes. As at the reporting date, the Group had not utilised any of the funding available under the Facility Agreement.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

#### 30 June 2024

Non-derivative financial liabilities	Carrying amount	Total	Contractual cashflows		
			0-1 years	1-2 years	2-5 years
Lease liabilities	2,005,246	2,005,246	404,844	426,110	1,174,291
Trade and other payables	4,347,572	4,347,572	4,264,498	83,074	-
	<b>6,352,818</b>	<b>6,352,818</b>	<b>4,669,342</b>	<b>509,184</b>	<b>1,174,291</b>

#### 30 June 2023

Non-derivative financial liabilities	Carrying amount	Total	Contractual cashflows		
			0-1 years	1-2 years	2-5 years
Lease liabilities	1,659,841	1,659,841	256,418	247,900	1,155,523
Trade and other payables	4,707,340	4,707,340	4,535,821	171,519	-
	<b>6,367,181</b>	<b>6,367,181</b>	<b>4,792,239</b>	<b>419,419</b>	<b>1,155,523</b>

#### (iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases and cash and cash equivalents are denominated. The currencies in which these transactions are primarily denominated are AUD, EUR and USD.

At any point in time, the Group typically holds EUR and USD in anticipation of future purchase orders. The Group reviews the market regularly to evaluate if the cost of obtaining derivatives outweighs the risk of currency movement. They have not invested in any derivative financial assets. The Group has reviewed contract terms with customers where significant currency risk on purchase orders may occur, and have enforceable provisions protecting them from adverse currency movements.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

## Notes to The Financial Statements

### 29. FINANCIAL INSTRUMENTS (continued)

#### (iii) Market risk (continued)

##### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	30 June 2024			30 June 2024		
	USD	GBP	EURO	USD	GBP	EURO
Trade and other receivables	-	-	-	-	-	-
Cash and cash equivalents	12,423	2	3,713	15,414	2	3,791
<b>Financial assets</b>	<b>12,423</b>	<b>2</b>	<b>3,713</b>	<b>15,414</b>	<b>2</b>	<b>3,791</b>
Trade and other payables	14,819	25,643	27,768	151,284	-	83
Financial liabilities	14,819	25,643	27,768	151,284	-	83
<b>Net exposure</b>	<b>27,242</b>	<b>25,645</b>	<b>31,481</b>	<b>166,698</b>	<b>2</b>	<b>3,874</b>

##### Currency risk sensitivity analysis for currencies in which monetary assets are held

A reasonably possible change of 10% in exchange rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes an increase/(decrease) in the value of the Australian dollar against the currencies shown below.

	Profit or loss, net of tax		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
<b>30 June 2024</b>				
USD	(791)	966	(791)	966
Euro	(236)	289	(236)	289
<b>Currency exchange risk (net)</b>	<b>(1,027)</b>	<b>1,255</b>	<b>(1,027)</b>	<b>1,255</b>
<b>30 June 2023</b>				
USD	(981)	1,199	(981)	1,199
Euro	(241)	295	(241)	295
<b>Currency exchange risk (net)</b>	<b>(668)</b>	<b>816</b>	<b>(668)</b>	<b>816</b>

##### Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal amount	
	30 June 2024	30 June 2023
<b>Variable rate instruments</b>		
ANZ Chattel mortgage	0.00%	10.88%

## Notes to The Financial Statements

### 29. FINANCIAL INSTRUMENTS (continued)

#### (iii) Market Risk (continued)

##### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Synertec has no variable rate borrowings as at 30th June 2024.

	Profit or loss		Equity, net of tax	
	1% increase	1% decrease	1% increase	1% decrease
<b>30 June 2024</b>				
Variable rate instruments	-	-	-	-
<b>Cash flow sensitivity (net)</b>	-	-	-	-
<b>30 June 2023</b>				
Variable rate instruments	31	(31)	31	(31)
<b>Cash flow sensitivity (net)</b>	<b>31</b>	<b>(31)</b>	<b>31</b>	<b>(31)</b>

#### Capital Management

The Board's policy is to maintain a strong capital base to sustain future development of the business. Capital consists of total equity. The Directors monitor the return on capital as well as the level of dividends to ordinary shareholders.

The Directors seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

### 30. INTEREST IN SUBSIDIARIES

#### Composition of the Group

Name of subsidiary	Country of incorporation / principle place of business	Principal activity	Group proportion of ownership interests	
			30 June 2024	30 June 2023
Synertec Holdings Pty Ltd	Australia	Holding company	100%	100%
Synertec Pty Ltd	Australia	Engineering products and solutions	100%	100%
Powerhouse (by Synertec) Pty Ltd	Australia	Technology solutions	100%	100%
Powerhouse by Synertec, Inc	United States	Technology solutions	100%	100%

### 31. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect the consolidated entity's operations, the results from those operations, or the consolidated entity's state of affairs in future years.

## Directors Declaration

1. In the opinion of the Directors of Synertec Corporation Limited ("the Group"):

- (a) the financial statements and notes thereto, set out on pages 42 to 71:
  - (i) present fairly the financial position of the Group as at 30 June 2024 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date;
  - (ii) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. In respect of the year ended 30 June 2024, the persons performing the roles of Chief Executive Officer and Chief Financial Officer have declared that the Company has:

- (a) kept such accounting records as correctly record and explain its transactions and financial position;
- (b) kept its accounting records such that financial statements of the Group that are presented fairly can be prepared from time to time; and
- (c) kept its accounting records accordingly so that the financial statements of the Company can be conveniently and properly audited.

Signed in accordance with a resolution of the Directors:  
For and on behalf of the Directors



Mr. Michael Carroll  
Managing Director  
Melbourne, Australia

30 August 2024

## Independent Auditor's Report



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### Independent Auditor's Report

To the Members of Synertec Corporation Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Synertec Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and the directors' declaration.

In our opinion, the accompanying financial report of the Group presents fairly, in all material respects, the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date and is in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 auditor independence requirements 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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# Independent Auditor’s Report

### 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.

Key audit matter	How our audit addressed the key audit matter
<b>Revenue (Note 5)</b> <p>Synertec Corporation Limited recognises a portion of their revenue using the percentage completion input method for fixed price solutions. As these projects may be ongoing at year end there is significant estimation required when recognising the work in progress (contract asset) or deferred revenue (contract liability) and ensuring that the appropriate amount of revenue has been recognised under IFRS 15 <i>Contracts with Customers</i>.</p> <p>The engagement team has identified this area as a significant risk due to the significant judgement involved in estimating the percentage completion method for fixed price projects.</p> <p>Due to the number and nature of the significant estimates over the life of the revenue contracts and the specific contract terms relating to each individual contract, the engagement team has determined this as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Evaluating the Group's revenue recognition policy across all revenue streams to ensure it is in line with IFRS 15;</li><li>• Evaluating the design of relevant processes and controls relating to revenue initiation, processing and recording in the ledger;</li><li>• Testing a sample of project revenue contracts based on quantitative and qualitative factors which may indicate that a greater level of judgement is required in recognising revenue. For those contracts selected for testing, the procedures undertaken included:<ul style="list-style-type: none"><li>– Reviewing the contract terms and conditions to evaluate how the individual characteristics of each contract were reflected in the contract profitability estimate;</li><li>– Evaluating historical accuracy of forecast costs to complete to corroborate discussions with project managers;</li><li>– Verifying the entitlement to contract modifications, variations and claims recognised within contract revenue to supporting documentation and the underlying contracts;</li><li>– Assessing the forecast costs to complete and contract accruals through discussion and challenge of project managers;</li><li>– Tracing key inputs into the revenue recognition calculation to underlying support and assessing the reasonableness of these inputs, including discussion of the project status with project managers and evaluating the accuracy of costs incurred to date; and</li></ul></li><li>• Assessing the adequacy of relevant financial statement disclosures for compliance in accordance with International Accounting Standards.</li></ul>

### Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2024 but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

## Independent Auditor's Report

In connection with our audit of the financial report, our responsibility is to read the other information 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, 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.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Accounting Standards

In preparing the financial report, the Directors are responsible for assessing the Group's ability 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 have 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 International Standards of Auditing 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 at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd  
Chartered Accountants

B A Mackenzie  
Partner – Audit & Assurance  
Melbourne, 30 August 2024

## Shareholder Information

The shareholder information set out below was applicable as at 16 August 2024.

**Unmarketable Parcels** The number of unmarketable parcel holders as at 16 August 2024 based upon a share price of \$0.08 (8 cents) is 175 shareholders holding in aggregate 357,768 shares.

### Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares	Number of holders of unlisted options	Number of unlisted options	% of unlisted options	Number of holders of performance rights	Number of performance rights	% of performance rights
1 - 1,000	75	16,013	0.00	-	-	-	-	-	-
1,001 - 5,000	81	234,184	0.05	-	-	-	-	-	-
5,001 - 10,000	73	573,505	0.11	-	-	-	-	-	-
10,001 - 100,000	375	14,999,033	2.89	4	266,667	1.96	14	486,015	73.70
100,001 - and over	231	503,502,946	96.95	15	13,333,333	98.04	1	173,475	26.30
	<b>835</b>	<b>519,325,681</b>	<b>100.00</b>	<b>19</b>	<b>13,600,000</b>	<b>100.00</b>	<b>15</b>	<b>659,490</b>	<b>100.00</b>

### 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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	124,404,680	23.955
NORTHWEST NONFERROUS AUSTRALIA MINING PTY LTD	39,375,000	7.582
KENSINGTON TRUST SINGAPORE LTD <MSC RETIREMENT A/C>	38,036,842	7.324
UBS NOMINEES PTY LTD	34,598,577	6.662
CITICORP NOMINEES PTY LIMITED	29,705,697	5.720
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,635,228	3.973
FIRST TRUSTEE COMPANY (NZ) LIMITED <IAN ROGER MOORE A/C>	20,500,000	3.947
MR ANDREW MACBRIDE PRICE <EST JOHN AM PRICE A/C>	8,445,000	1.626
LYNTER PTY LTD <HERFORD SUPER FUND A/C>	6,593,300	1.270
PONDEROSA INVESTMENTS WA PTY LTD <THE PONDEROSA INVESTMENT A/C>	6,475,000	1.247
GP SECURITIES PTY LTD	6,000,000	1.155
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	5,751,747	1.108
KIPBERG PTY LTD <EDP FAMILY A/C>	5,582,240	1.075
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	5,000,000	0.963
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	4,535,673	0.873
KENSINGTON TRUST SINGAPORE LTD <PINNACLE MCGA RETIREMENT A/C>	4,361,654	0.840
MR JAMES LEE PARKS	4,250,000	0.818
BUTTONWOOD NOMINEES PTY LTD	3,567,798	0.687
LJEG SMSF PTY LTD <LJEG SUPERFUND A/C>	3,554,232	0.684
MR DAVID EDWIN HARRIS	3,497,826	0.674
	<b>374,870,494</b>	<b>72.184</b>

### Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	13,600,000	19
Performance rights over ordinary shares issued	659,490	15

## Shareholder Information

The following persons hold 20% or more of unquoted equity securities:

	Class	Number held
MR MARK LEAR POLLASKY	Unlisted options, exercisable at \$0.32, expiring 5 January 2025	1,200,000
MR MARK LEAR POLLASKY	Unlisted options, exercisable at \$0.20, expiring 15 March 2025	3,000,000
TAYCOL NOMINEES PTY LTD	Unlisted options, exercisable at \$0.32, expiring 5 January 2025	1,113,333
TAYCOL NOMINEES PTY LTD <211 A/C>	Unlisted options, exercisable at \$0.20, expiring 15 March 2025	3,247,222

### Substantial holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares	% of total
	Number held	shares issued
Regal Funds Management Pty Limited and its associates	78,357,818	15.09
Perennial Value Management Limited	63,413,296	14.70
Kensington Trust Singapore Ltd	42,398,496	8.16
Northwest Nonferrous Australia Mining Pty Ltd (Northwest) and its Associates	39,375,000	7.58

\*Indicative relevant interest in shares based on number of voting securities recorded as at the date of their last substantial shareholder notice lodged with ASX.

### Share buy-back

There is no current on-market share buy-back.

### Voting rights

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

#### Ordinary shares

All issued shares carry voting rights on a one-for-one basis.

#### Unquoted Options

There are no voting rights attached to the unquoted options.

#### Performance Rights

There are no voting rights attached to the performance rights.

There are no other classes of equity securities.

### Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: <https://www.synertec.com.au/investors/corporate-governance/>

### Annual General Meeting

Synertec Corporation Limited advises that its Annual General Meeting will be held on Thursday, 28 November 2024. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX in due course. In accordance with ASX Listing Rules and the Company's Bye-laws, the closing date for receipt of nominations for the position of Director are required to be lodged at the registered office of the Company by 5.00pm (AEDT) on 10 October 2024.







Synertec is dedicated to helping our partners towards a low emission future  
and has a strategic focus on developing and commercialising  
environmentally friendly and energy efficient technologies.



**SYNERTEC**