



Synertec Corporation Ltd  
ABN 37 161 803 032

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

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

## ASX Announcement

28 February 2024

### FY24 H1 Financial Results & Powerhouse Success Highlighted

**Melbourne, Australia:** Technology design and development growth company, Synertec Corporation Limited (ASX: SOP, "Synertec", "the Company" or "the Group") is pleased to provide the Company's financial results and a summary of key achievements for the six months ending 31 December 2023 ("FY24 H1" or "the Period").

The Company is also pleased to advise that its Powerhouse technology has been highlighted by Santos Limited (ASX:STO) as a success in its recent Sustainability and Climate Report 2023 (<https://www.santos.com/wp-content/uploads/2024/02/Sustainability-and-Climate-Report-2023.pdf>), with additional systems to be implemented in 2024. The report mentions Synertec's Powerhouse technology as a performance highlight in its Climate Transition Action Plan, being a solution which has improved operational efficiency, delivering a reduction in fuel gas and reducing emissions by 800 tonnes of CO2e per year.

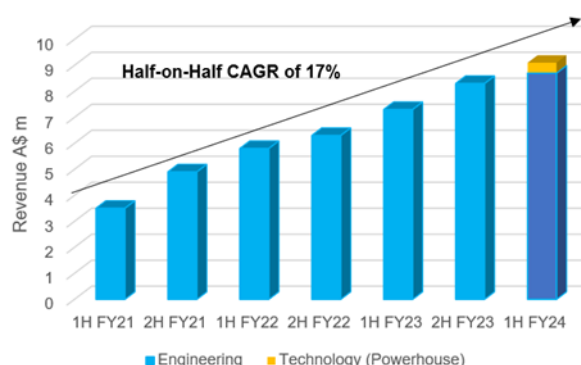
Summary FY24 H1 Financial Results	FY24 H1 (\$m)	FY23 H1 <sup>1</sup> (\$m)	% Change
Group Cash receipts from customers	9.7	7.8	Up 26%
Group Revenue & other income	9.1	7.3	Up 25%
Engineering Consultancy Services Revenue	6.8	5.6	Up 20%
Technology Revenue	0.4	-	Up 100%
Normalised Group EBITDA <sup>2</sup>	(1.9)	(1.0)	Down 86%
Net Cash	5.3	7.1	Down 25%

<sup>1</sup> Prior Comparative Period ("pcp")

<sup>2</sup> Normalised EBITDA excludes costs which are discretionary for the purposes of exploring strategic long term growth opportunities and/or activities and expenses which not considered to be typical ongoing operational overheads for the business.

### FY24 H1 Financial and Operational Highlights

- Revenue & other income increased 25% on pcp to \$9.1 million – six half years of continuous growth, reflecting CAGR of 17% and overall growth of 160%



- Gross margins preserved with further significant revenue growth

- First full Period of Powerhouse Technology revenue, with the first asset commercialised in April 2023
- Powerhouse asset in the field operating at 100% availability of renewable power for the Period, with no site maintenance required, proving its reliability, extremely low operating cost and significant safety and efficiency benefits for our customers, alongside its replacement of fossil fuels
- Net cash of \$5.3 million at 31 December 2023;
  - efficient working capital cycle, as increasing cash receipts align with revenue growth
  - further contracted Powerhouse assets for delivery to Santos under construction during the Period, fully funded by Synertec, on time and budget with modular design proving speed of assembly and large scale constructability



Synertec Corporation Ltd  
ABN 37 161 803 032

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

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

## Performance highlight

### Solar and battery system for remote exploration wells

The Myalla trial used a solar and battery system for eight wells to reduce emissions.

This opportunity was developed as an alternative to the traditional solution of diesel or fuel gas powered generators for remote exploration wells. The trial conducted in 2023 used a fully solar and battery system capable of providing reliable zero emission power. The system was implemented at a remote site in our Roma CSG field resulting in a reduction in fuel gas use and reducing emissions by 800 tonnes of CO<sub>2</sub>e per year.

The outcomes of the trial included:

- Remote renewable power generation with zero emissions for eight exploration wells
- Development of energy modelling for future systems.

Following the success of the trial, three additional solar and battery systems will be implemented in 2024.



*Left: Extract from the Santos Sustainability and Climate Report 2023 highlighting Synertec's Powerhouse asset deployed in 2022 and commercialised in 2023.*

**Synertec's Managing Director, Mr. Michael Carroll, commenting on FY24 H1 said:**

*"We are delighted to see Powerhouse recognised by Santos in their recent Sustainability and Climate Report 2023 report, which is a positive reflection of the technology's performance and its ability to help Santos efficiently reduce their carbon emissions.*

*"The assembly of the next two contracted assets to be deployed for Santos is on schedule and budget with the units expected to contribute financially in FY24. 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.*

*"Our Engineering business continues to grow, with the transition from fixed price solutions to consultancy services over recent years underpinning improved performance. Engineering consultancy services revenue grew by 20% on pcp, as the team builds out to 100 billable FTE professionals, and a Group workforce of 140 people located across Melbourne, Perth and Brisbane. With a wide range of long-term contracts with blue-chip industrial customers and government utilities, the Engineering business provides an exceptional platform for the Group. With a strong and growing work in hand position in Engineering, and increasing demand for Powerhouse, Synertec is well positioned to achieve accelerated earnings growth in coming Periods, delivering value for our shareholders."*

## Financial Performance

Synertec generated Group revenue and other income for the Period of \$9.1 million, up 25% on pcp (31 December 2022: \$7.3 million). This result was underpinned by continuing strong growth in Engineering consultancy services revenue, generating \$6.8 million, an increase of 20% on pcp (31 December 2022: \$5.6 million), as well as the contribution of \$0.4m from Technology, with the commercialisation of the first Powerhouse asset from 1 April 2023.

Normalised Group EBITDA was down \$0.9m on pcp, primarily due to;

- timing of Engineering earnings on a key project (as explained further below, project milestones were deferred by a customer across Period end and invoiced in FY24 H2); and
- increased employment cost in the Period from recruitment of a substantial number of billable engineering resources in responding to customer demand, as well as management team leaders to accommodate the significant expansion of the organisation over the past year, all of which is expected to deliver immediate benefits to earnings in future Periods, beginning in FY24 H2.

Please refer to Synertec's FY24 H1 Interim Financial Report for further detail on the Company's operational and financial performance.

## Powerhouse Technology

- Powerhouse continues to deliver superior operational performance when compared to diesel, gas and hybrid power systems. Since 1 July 2023, Powerhouse has delivered 100% availability of power, with no site maintenance required, proving the technology's reliability, extremely low operating cost and many significant safety and efficiency benefits.



Synertec Corporation Ltd  
ABN 37 161 803 032

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

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

- Powerhouse contributed \$0.4 million of customer revenue, reflecting 6 months of successful operations for the asset currently operating with Santos near Roma, Queensland. By the end of FY24, the Company anticipates having three contracted assets in operation for Santos, near Roma, Queensland.
- The Company commenced construction of two further Powerhouse assets for delivery to Santos in FY24 Q4. Construction is on time and budget, with key components already on hand enabling speed of assembly, as demonstrated to various stakeholders, including customers, suppliers, partners and investors at the Brisbane Factory Open Days held in mid-February 2024.
- Synertec continue 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

- Recurring revenue increasing to over 90% of the Company's long standing blue-chip customer base, up from circa 80% in previous years, reflecting highly innovative solutions, excellent client service stemming from practical and valuable knowledge of our customers' operations from many years of working together, and success with our targeted business development activities.
- While returning a small EBITDA and operating cash outflow of \$0.3m, the deferral of some invoicing milestones from FY24 Q2 to FY24 Q3 by a customer on a major infrastructure project resulted in approximately \$0.5m of revenue and cash otherwise to be received in the Period, pushed into FY24 H2. With the cost associated with this revenue incurred in FY24 H1, this revenue and cash has now been delivered in FY24 Q3, with positive impact to earnings in FY24 H2.

## Outlook

During the remainder of FY24, Synertec will focus on:

- Safely and efficiently completing delivery of the next two Powerhouse assets to Santos
- Advance current Powerhouse technology deployment opportunities with other potential customers
- Work with engaged parties to advance funding solutions (including potential for debt and grant funding) specifically for the roll out of any further Powerhouse assets
- Build on the growth of the Engineering business to deliver annual profitability and positive operating cash flow

**-ENDS-**

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

Mr. David Harris

Executive Director & Company Secretary

Phone: +61 (3) 9274 3000

Email: [david.harris@synertec.com.au](mailto:david.harris@synertec.com.au)

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

### About Synertec:

Synertec Corporation Ltd (ASX: SOP) is a 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.