



SYNERTEC

FY24 H1 Financial and Operational Update

**Synertec Corporation Limited
(ASX: SOP)**

**Building a better tomorrow through technology
development and smart engineering**

expertise  experience

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About Synertec

Synertec is an engineering-enabled Technology Company led by Powerhouse, one of the most advanced fully renewable microgrid systems in the world.



TECHNOLOGY

We design, develop and deliver technology that provides our partners with a proven, powerful and immediate transition to a zero-carbon future.

Synertec's IP is developed in-house, delivering accelerated speed to market



ENGINEERING

Our multi-disciplinary expertise of over 100 engineers supports technology development and provides solutions for Tier-1 blue-chip customers in:

- Energy
- Critical Infrastructure
- Water
- Advanced Manufacturing

FY24 H1 Highlights

Group Financial Performance

\$9.1m

Group Revenue & other income, up 25% on pcp and \$9.7m in cash receipts from customers

17%

3-year Revenue CAGR across 6 consecutive half years of growth, with gross margins strengthened

\$14.8m

Total assets including Powerhouse assets under construction for deployment this year

\$5.3m

Cash on hand with no working capital debt or covenants

Powerhouse Technology

Revenue & Margin

\$0.4m from the Powerhouse asset leased by Santos under our BOOM model, no site maintenance required

On Track & Budget

Fully funded assembly of next two Powerhouse assets for Santos to be delivered this year

Future Funding

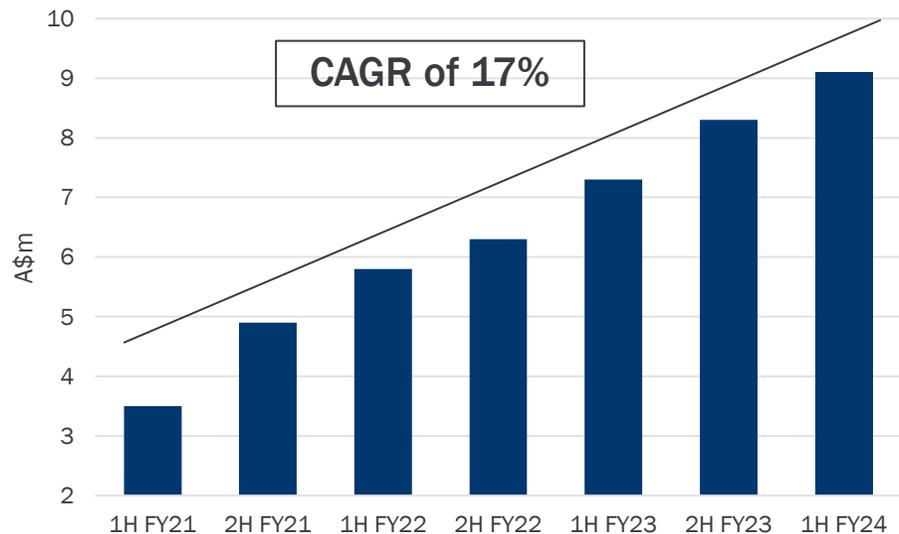
Advancing multiple funding options for roll-out of all future Powerhouse assets

Multiple Customers

Advanced discussions with multiple potential customers in various sectors

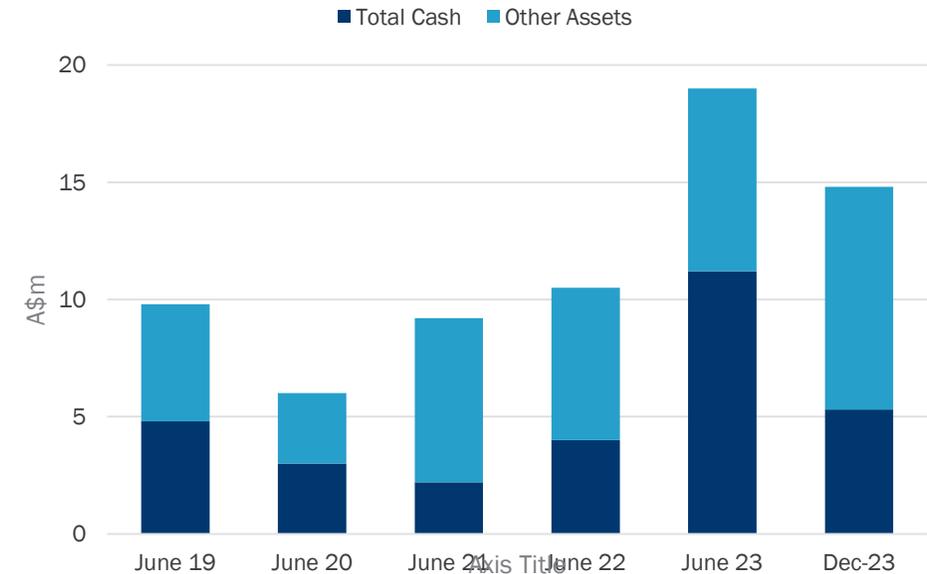
FY24 H1 Financial Performance – A Track Record of Growth

STRONG AND CONSISTENT REVENUE GROWTH



- Total revenue growth of **160%** from 1H FY21 to 1H FY24
- First full half year period including customer revenue from Powerhouse Technology of \$0.4m
- Continued majority of Engineering revenue from **higher margin consultancy services**

ROBUST FINANCIAL POSITION



- Total assets of **\$14.8m**, including cash, receivables and work in progress of \$9.5m, and plant and equipment of \$3.7m, including Powerhouse assets under construction
- **No working capital debt or covenants**
- **Strong financial position** provides capital flexibility to execute on growth

FY24 H1 Operational Performance

POWERHOUSE TECHNOLOGY

- Since 1 July 2023, the Powerhouse asset in the field has been operating at 100% availability of totally renewable power, 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
- Powerhouse contributed \$0.4 million of revenue in H1 FY24, reflecting 6 months of successful operations for the asset currently operating for Santos near Roma, Queensland.
- The Company commenced construction of two further Powerhouse assets, fully funded by Synertec, for delivery to Santos in Q4 FY24, which are on time and budget.
- Modular design has exceeded expectations proving speed of assembly and large-scale constructability in the factory.
- Global-scale potential customers in the Queensland CSG sector have identified to Synertec in-excess of 2,500 sites for Powerhouse.
- Memorandum of Understanding (MoU) between Siemens and Synertec to support Powerhouse technology development and expanded market exposure.

ENGINEERING

- The Engineering Division continues to secure new contracts, increasing work in hand and providing a solid platform for continued growth.
- Recurring revenue has increased to over 90% of the existing blue-chip customer base reflecting 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.
- The deferral of some invoicing milestones from FY24 Q2 to FY24 Q3 by a customer on a major infrastructure project resulted in \$0.5m of revenue and cash otherwise to be received in the Period, pushed into FY24 H2. With most of 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.
- Synertec has over 100 engineers across various States and continues to expand in response to customer demand. Synertec's ability to attract and retain key talent is a positive reflection of the Company's culture and industry positioning.

POWERHOUSE TECHNOLOGY



Powerhouse is Helping our Customers Achieve their Environmental Goals

Synertec is an impact investor supporting our customers to improve their environmental performance

01

Global mining and energy companies have publicly committed to a substantial reduction in GHG emissions, working towards net zero as a matter of social license

02

Powerhouse is highlighted in Santos' Sustainability and Climate Report 2023, noting **800 tonnes of CO2e** reduction achieved by Powerhouse

03

In addition to Scope 1 CO2e reductions, there are **Scope 2 savings from eliminating constant activities** such as re-fueling and/or site maintenance, which also present a safety hazard

Extract from Santos Limited's (ASX:STO) Sustainability and Climate Report 2023 (released 21 February 2024)

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 CO2e 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.



Powerhouse – Delivering Exceptional Field Performance

Powerhouse has delivered exceptional performance standards in H1 FY24, exceeding our customer's KPI's

KPI	Powerhouse Field Performance	
99.5% AVAILABILITY	100.0% availability	<input checked="" type="checkbox"/>
MINIMAL INSPECTIONS	No site maintenance required	<input checked="" type="checkbox"/>
REMOTE MONITORING	Performance monitored 24/7 from SOP's cloud-based control system, including automated load management function	<input checked="" type="checkbox"/>
ZERO CO₂ EMISSIONS	100% clean energy eliminating fossil fuel and reducing site CO ₂ emissions by over 800 tonnes per annum	<input checked="" type="checkbox"/>
COST BENEFIT	Demonstrable cost reduction for our customer when compared to traditional operations, and fuel gas redirected to domestic gas network delivering increased revenue	<input checked="" type="checkbox"/>

Powerhouse Proven Financial Performance

Powerhouse is delivering against our stated financial expectations

Annualised Revenue

Current Powerhouse unit delivering \$0.8m in annualised rental income with operating EBITDA margin >95%

Improving Capex & Constructability

Design and scale driving down capital costs and increasing speed of assembly

Rapid Payback

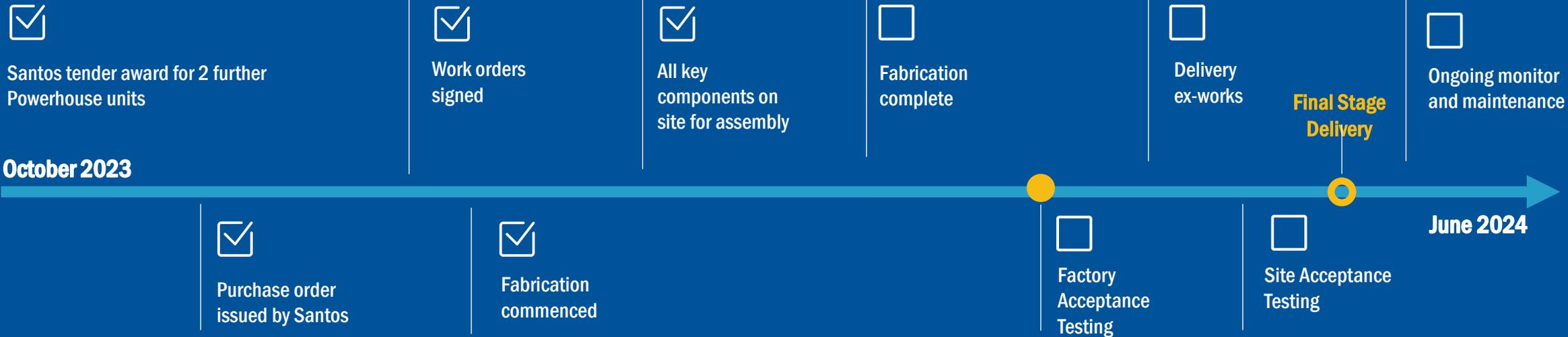
Current Powerhouse economics delivering a 3-year payback, in line with SOP's guidance and expectations

Proven Economics

Strong operational and economic performance underpins multiple customers' growing interest in Powerhouse technology



Next Delivery of Powerhouse Assets On Track



Powerhouse Initial Applications – Queensland CSG



1 - GasFields Commission, Shared Landscapes, Industry Trends Report, 2022.

Assumes: 3 Well cluster per Powerhouse on average

Powerhouse – Other Immediate Adjacent Opportunities



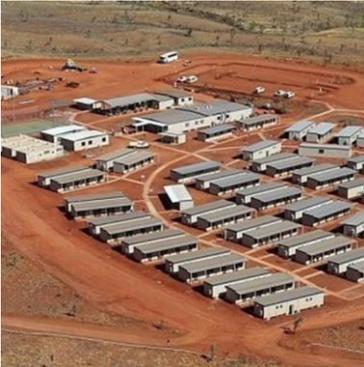
Remote communities

Mining Operations



Water Bores

Defence



Mining Camps

Global



Multiple Funding Options for Powerhouse

Synertec is advancing multiple funding options for the future roll out of Powerhouse units to ensure rapid scalability

Potential Future Powerhouse Funding Options

Strategic Partnership

Exploring opportunity to establish relationships with a strategic partner to facilitate capital for accelerated growth

Debt Funding

Opportunity for broad debt financing package to provide capital for future Powerhouse rollout

Upfront Payment

Potential for future customers to provide upfront payment in lieu of a component of future rental revenue to provide capex for unit construction

Project Financing

Traditional project financing on a asset by asset basis

Direct Unit Sale

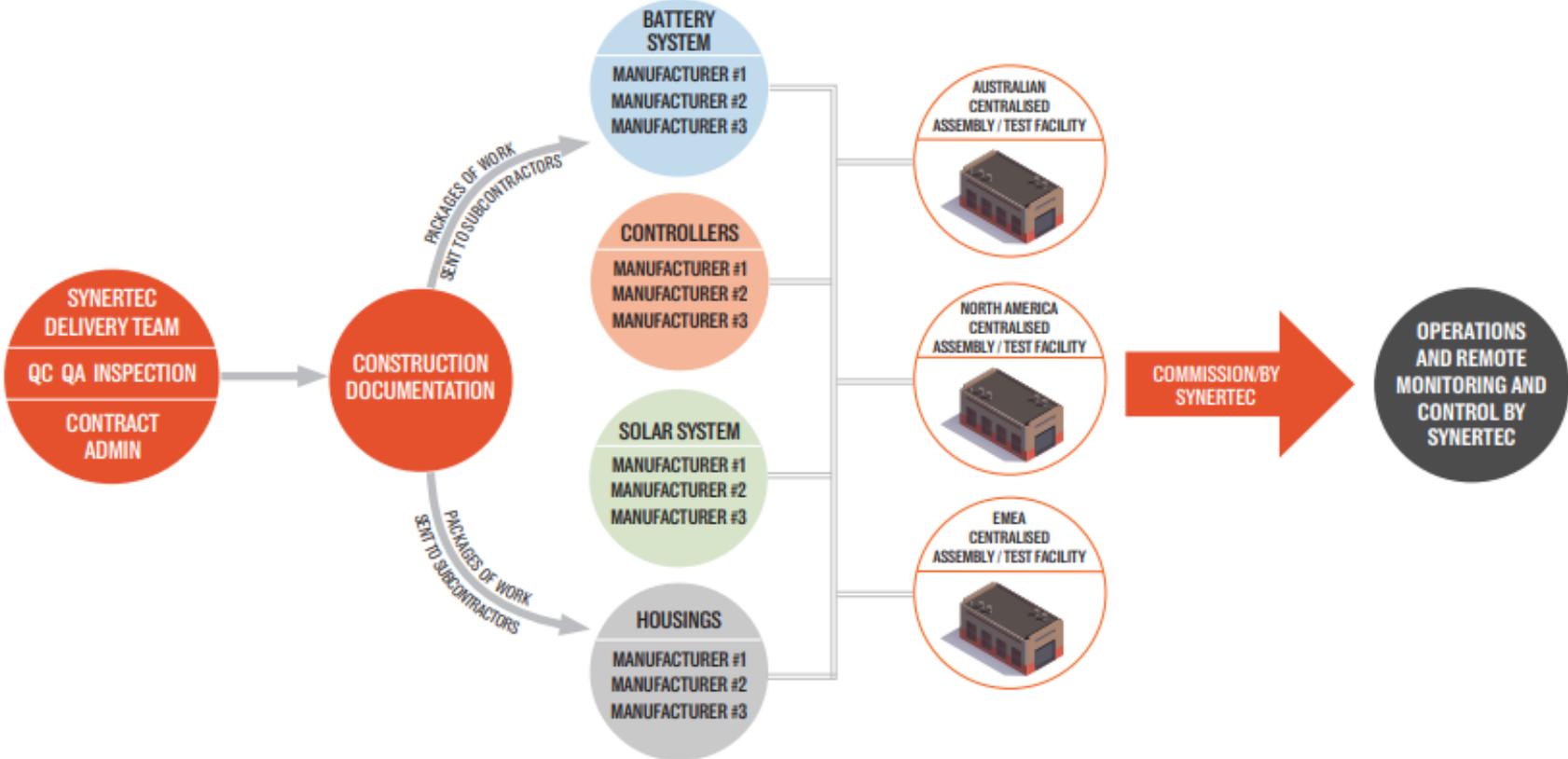
Potential customers have expressed interest in direct asset purchase which would see SOP receive upfront deposit

Grants

Application process underway with Government agencies, with remote community power supply a current opportunity

Powerhouse Rollout Strategy

Synertec has developed a highly scalable Powerhouse roll out strategy that will enable the rapid, low risk and capital efficient assembly of future assets



01. Partners

02. Proven Methodology

SOP engineering skillset has delivered the successful on time & budget construction of current Powerhouse assets proving fast & low risk assembly strategy

03. Secured Supply Chain

All key supply chain partners secured to ensure availability of essential componentry

Powerhouse – Progress and Catalysts

Powerhouse – COMMERCIAL VALIDATION



- Field proven technology
- Long term performance exceptional
- Commercial validation via Santos and the GLNG JV
- Multiple orders received
- Proven financial model
- Strategic global supply and marketing partnership (Siemens)

Powerhouse – FUTURE CATALYSTS



- Secure appropriate funding structure(s) for future Powerhouse roll out
- Further orders from Santos
- Orders from multiple clients
- Broader application of the technology
- Different industry and/or community sectors

Appendices



Powerhouse Financial Model Highlights

POWERHOUSE – MULTIPLE REVENUE OPTIONS WITH STRONG ECONOMICS

- Delivery options:
 - Build Own Operate Maintain (BOOM)
 - Sale with long term maintenance program
- Funding Options
 - Customer finance – build in to rent model
 - Debt finance – given strong counterparties
- Monthly rental, take or pay
- Payback period of c.3 years
- EBITDA margin per unit anticipated to be greater than 90%



POWERHOUSE MICROGRID SYSTEM FOR A QUEENSLAND CSG WELL SITE

- Power Availability: 100%, continuous load 24/7
- Powerhouse Unit size: 3 - 5 well cluster (load will vary depending on operating conditions)
- Annual Rent: \$600k - \$800k
- Capex: circa \$1.7m - \$2.5m
- Annual Maintenance: approx. 2% of capex (average)
- Annual Monitoring/Operation: approx. 1% of capex (average)

Formal Technology Partnership with Siemens

Memorandum of Understanding (MoU) signed between Siemens and Synertec to support Powerhouse technology development and expanded market exposure

- Siemens is a leading global multinational technology conglomerate
- Scope of the collaboration includes:
 - Siemens to promote the Powerhouse solution locally and globally
 - Applicable Siemens cutting-edge technology to renewable microgrids
 - Siemens to ensure timely supply of their technology for accelerated Powerhouse roll out
 - Siemens to prioritise support to Synertec for future Powerhouse developments and testing

The Partnership will enable global marketing channels, efficient delivery and development of future applications of Powerhouse technology

SIEMENS

&



SYNERTEC

Engineering Solutions – Recurring “Blue Chip” Customer Base

	Engineering
Product	Enabler of technology development & access to markets
Overview	Niche multi-disciplinary engineering expertise supporting a Tier-1 blue chip customer base + Supports Synertec Group’s focus on technologies for low carbon energy transition and digitisation of industry
Market Opportunity	90%+ of revenue from repeat business Targeting four key industries: <ul style="list-style-type: none"> • Energy • Critical Infrastructure • Water • Advanced Manufacturing (Pharmaceutical & Biotech)
Revenue Model	Engineering consulting and fixed fee structures
Total Addressable Market	Tier-1 blue chip customer base investing in large target markets of energy, water, critical infrastructure & advanced manufacturing

Energy

Water

Critical Infrastructure

Advanced Manufacturing

Board and Executive

“Synertec is committed to strengthen and diversify the skills of our Board in line with our ambitious strategic goals and strong governance practices, as we continue to increase the scale and profile of our Company.”



Dennis Lin

Independent Non-Executive Director, Chair

Dennis has over 20 years of experience in mergers and acquisitions, strategy, restructuring, market entry, investor communications, and capital raisings in Australia, China, and the USA.



Michael Carroll

Managing Director

Michael is a founding principal and a significant beneficial owner of Synertec. He has successfully grown the business since it was first established in 1996.



David Harris

Executive Director, CFO & Company Secretary

David leads Technology and is CFO, with over 30 years of local and international experience in senior leadership and board positions for global and ASX- listed companies.



Peter Lamell

Independent Non-Executive Director

Peter’s experience includes over twenty-five years working with Royal Dutch Shell in a number of strategic, operational and executive roles across a range of geographies including Australia, Europe and North America.



Ian Campbell

Independent Non-Executive Director

Ian is an experienced Debt Capital Markets professional with an extensive and demonstrated history of working in the financial services industry as a trusted advisor to corporate Australia. Ian was most recently Managing Director and Global Vice Chair Debt Capital Markets and Head of Sustainability & Corporate Transition at Citi.



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Synertec Corporation Limited (ASX:SOP) | FY24 H1 22
Financial Results

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ISO 14001
ISO 45001
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