



SYNERTEC

FY24 Q2 Trading and Business 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, the most advanced fully renewable microgrid system 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

Q2 FY24 Group Operational Highlights

On Track

Assembly of 2 further Powerhouse units for Santos on time and budget, with delivery for Q4 FY24. Construction was fully funded from inventory and cash reserves.

>2,500

Customers have so far identified >2,500 locations in CSG for Powerhouse units of various sizes.

20%

Increase in headcount vs June 2023 driven by strong customer demand.

>80%

Utilisation rate maintained across all billable teams.

Zero

TRIFR and no lost time injuries over 4 consecutive years.

Q2 FY24 Operational Performance – A Track Record of Delivery & Progress

TECHNOLOGY

- Synertec progressed towards orders from multiple potential customers in the energy, mining and community sectors, as well as multiple funding options (including debt facilities and grants) for the scale up of Powerhouse. Global-scale potential customers have identified to Synertec in-excess of 2,500 sites for Powerhouse.
- 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/uptime, with no site visits or maintenance required during the period.
- The Company commenced construction of 2 further Powerhouse units, for delivery to Santos in Q4 FY24. Construction is on time and budget, with key components on hand. Speed-to-market is a key competitive advantage for Powerhouse.
- Signed an exclusive MOU partnership agreement with Siemens to support Powerhouse technology development and expanded market exposure. The partnership will enable global marketing channels.

ENGINEERING

- The Engineering Division continues to secure new contracts, increasing work in hand and providing a solid platform for continued growth and technology development.
- Recurring revenue has increased to over 90% of the existing customer base, up from circa 80% in previous years, reflecting innovative solutions and excellent client service to a blue-chip customer base.
- Appointment to APA Limited's (ASX:APA) Operational Technology Electrical & Instrumentation ('OTE&I') panel, expected to generate at least 10% of Engineering revenue annually. APA is working with Synertec towards its Zero Carbon power supply goal and Synertec is hosting annual innovation workshops with the APA team, focused on improving APA's operational efficiency and carbon abatement. This follows Synertec providing innovative solutions and excellent client service to APA across approx. 40 projects over the past 5 years. The contract is in place until 30 June 2026 with an option for an additional 2-year extension.

Q2 FY24 Group Financial Highlights

Revenue

Group revenue and other income – in the range of approx. \$4.5m-\$5.0m, up circa 5%-10% on Q1 FY24 and 40% on pcp.

Margin

Gross margins remain strong, in line with expectations as the Company delivers on strategic profitability initiatives.

Cash

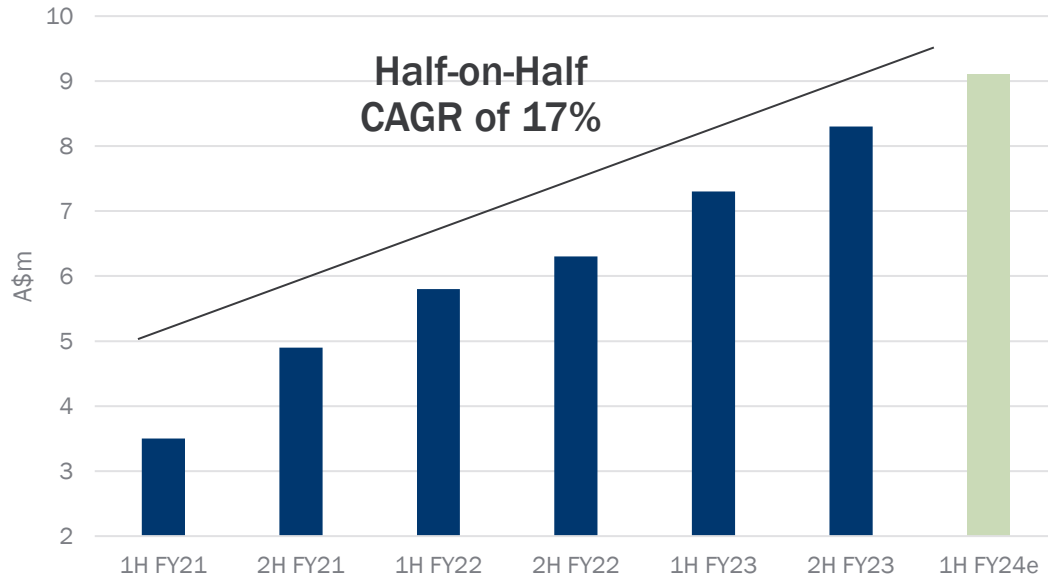
\$5.3m of Cash on Hand as at 31 December 2023, with no debt. The Company is engaged with various parties working towards appropriate funding structures (including debt and grant funding) for its Powerhouse roll out.

Working Capital

Receivables and Work in progress of c. \$4.5m as at 31 December 2023, an increase of circa \$0.8m on 30 June 2023, as the Engineering business continues to grow organically and new projects commence. Debtor days remain within the target range.

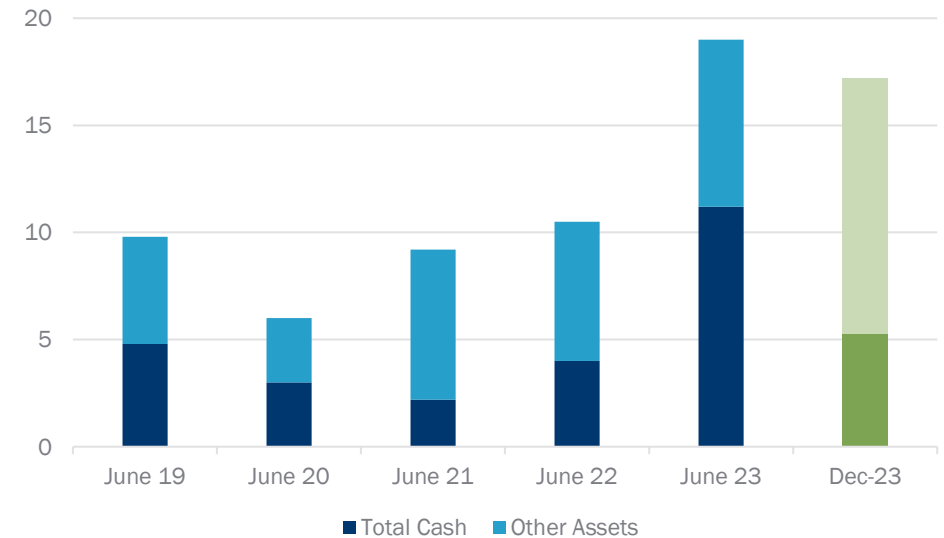
Q2 FY24 Financial Performance - A Track Record of Growth

STRONG AND CONSISTENT REVENUE GROWTH



- Total revenue growth of 160% by half year from 1H FY21 to 1H FY24e
- First full half year period including customer revenue from Powerhouse Technology of \$0.5m
- Growing proportion of Engineering revenue from higher margin consultancy services

ROBUST FINANCIAL POSITION

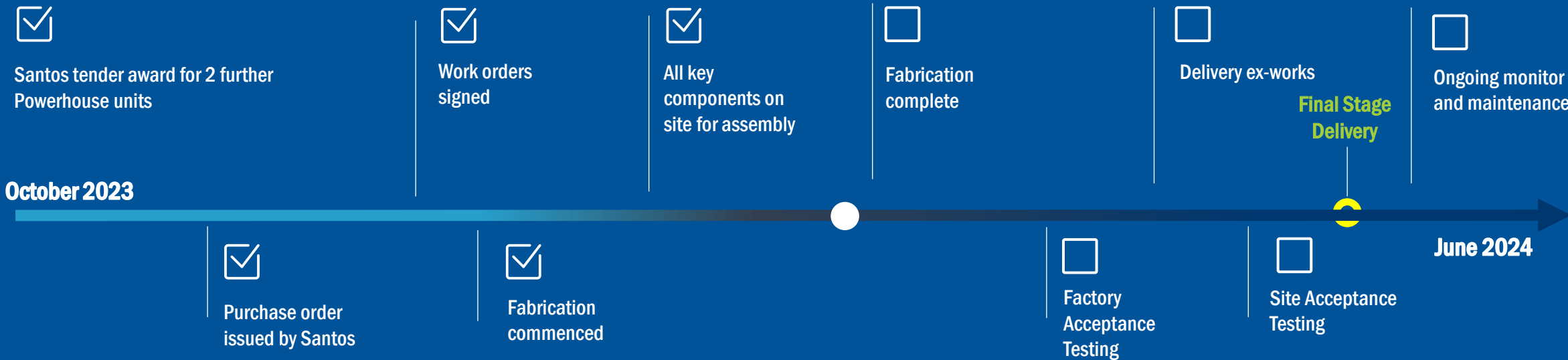


- Total assets of circa \$17m, including cash on hand, receivables and work in progress of circa \$10m
- No working capital debt or covenants
- Strong financial position provides capital flexibility to execute on growth
- The Company is engaged with various parties working towards appropriate funding structures for its Powerhouse roll out

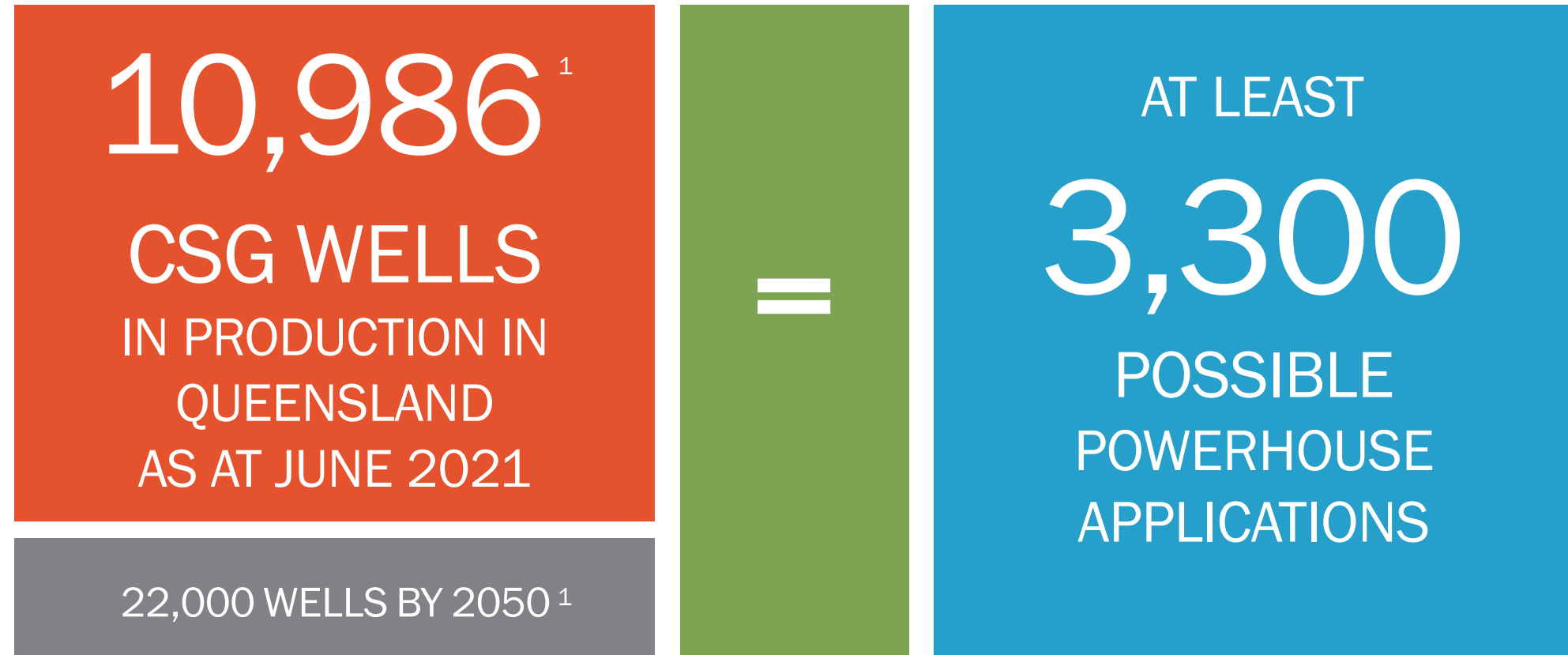
POWERHOUSE TECHNOLOGY



Next Delivery of Powerhouse Units On Track



Powerhouse Initial Applications – Queensland CSG



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

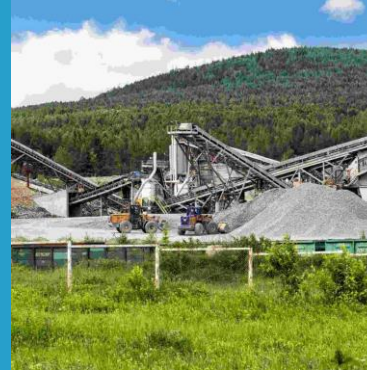
Assumes: 3 Well cluster per Powerhouse on average

Powerhouse – Other Immediate Adjacent Opportunities



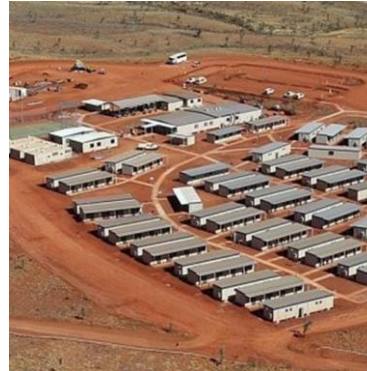
Remote
communities

Mining
Operations



Water Bores

Defence



Mining Camps

Global



Powerhouse – Progress & Catalysts

Powerhouse - COMMERCIAL VALIDATION



- ✓ Field proven technology
- ✓ 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 Powerhouse roll out
- Further orders from Santos
- Orders from multiple clients
- Broader application of the technology



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Synertec Corporation Limited (ASX:SOP) | FY24 Q2 13
Update

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Synertec is certified to:

ISO 9001
ISO 14001
ISO 45001
ISO 27001

expertise  experience