



SYNERTEC

Synertec Corporation Limited ARBN 161 803 032

Half-year report for the period ended 31 December 2024

Lodged with the ASX under listing Rule 4.2A

Results for announcement to the market
Synertec Corporation Limited (ASX:SOP)

Appendix 4D Reference	31 Dec 2024 \$'000	31 Dec 2023 \$'000	Variance \$'000	Variance %
2.1 Revenue from ordinary activities	8,518	9,126	Down 608	Down 7%
2.2 Loss from ordinary activities after tax attributable to the owners of Synertec Corporation Limited	(4,246)	(3,401)	Down 844	Down 25%
2.3 Loss for the year attributable to the owners of Synertec Corporation Limited	(4,246)	(3,401)	Down 844	Down 25%
2.4 Dividends/distributions	No dividends were paid during the period, and no dividends have been proposed for payment.			
2.5 Record date	Not applicable			
2.6 Explanation of the figures in 2.1 to 2.4	Refer to Directors' Report within the Interim Financial Report for the Half Year Ended 31 December 2024 - 'Review of operations' section.			
3 Net tangible assets per share (cents)	1.5	1.8	(0.3)	Down 16%
4 Details of entities over which control has been gained or loss	The was no control/further control gained over any entities during the period.			
5 Details of Individual and total Dividends	Not applicable			
6 Details of dividend reinvestment plans in operation	Not applicable			
7 Details of associates or joint venture entities	There are no associates or joint venture entities.			
8 Foreign entities	Not applicable			
9	The 31 December 2024 Interim Financial Report and accompanying notes for the Half Year Ended 31 December 2024 of Synertec Corporation Limited has been reviewed by the Company's Auditor and is not subject to a modified opinion, emphasis of matter or other matter paragraph.			
Attachments	The Interim Financial Report of Synertec Corporation Limited for the Half Year Ended 31 December 2024.			

Signed:

Mr. Michael Carroll
Managing Director
Synertec Corporation Limited
Melbourne, Australia
Date: 28 February 2025

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SYNERTEC

Synertec Corporation Limited

ARBN 161 803 032

Interim Financial Report

**For the Half-Year Ended
31 December 2024**

Synertec Corporation Limited
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For the period ended 31 December 2024

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2024 and any public announcements made by Synertec Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors	Mr. Dennis Lin (Independent Non-Executive Director, Chair) Mr. Michael Carroll (Managing Director) Mr. Johannes Risseuw (Independent Non-Executive Director) Mr. Peter Lamell (Independent Non-Executive Director) Mr. Ian Campbell (Independent Non-Executive Director)
Company Secretary	Mr. Stefan Ross Vistra (Australia) Pty Limited Suite 902, Lvl 9, 146 Arthur St North Sydney, NSW 2060 Australia
Principal registered office in Bermuda	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Registered agent office in Australia	Ground Floor 2-6 Railway Parade Camberwell, Victoria 3124 Australia Telephone: +(61 3) 9274 3000
Share registry	Boardroom Pty Limited Level 8, 210 George Street Sydney, NSW 2000 Australia Telephone: 1300 737 760 (within Australia) +(61 2) 9290 9600 (outside Australia) Facsimile: +(61 2) 9297 0664
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 5 727 Collins Street Melbourne, Victoria 3008 Australia
Stock exchange listing	Synertec Corporation Limited shares are listed on the Australian Securities Exchange (ASX) ASX Code: SOP (fully paid ordinary shares)
Website address	www.synertec.com.au

Synertec Corporation Limited
Directors' Report
31 December 2024

The Directors present their report together with the financial statements of the consolidated entity for the half-year ended 31 December 2024.

1. Directors

The following persons were directors of Synertec Corporation Limited during the whole of the financial half-year and up to the date of this report:

Mr. Dennis Lin (Independent Non-Executive Director, Chair)
 Mr. Michael Carroll (Managing Director)
 Mr. Johannes Risseeuw (Independent Non-Executive Director) - appointed on 29 October 2024
 Mr. Peter Lamell (Independent Non-Executive Director)
 Mr. Ian Campbell (Independent Non-Executive Director)
 Mr. David Harris (Executive Director) - resigned on 28 November 2024

2. Significant changes in the state of affairs

No significant changes noted in the half year ended 31 December 2024.

3. Review of operations

Financial highlights

Summary FY25 H1 Financial Results	FY25 H1 (\$m)	FY24 H1 (\$m)	% Change
Group Cash receipts from customers	10.5	9.7	Up 9%
Group Revenue & other income	8.5	9.1	Down 7%
Engineering Consultancy Services Revenue	6.6	6.8	Down 3%
Technology Revenue from customers	1.0	0.4	Up 137%
Engineering EBITDA	0.4	0.01	Up 3577%
Technology EBITDA	(1.7)	(1.8)	Up 10%
Normalised Group EBITDA ²	(2.2)	(1.9)	Down 13%
Group EBITDA	(3.4)	(3.0)	Down 16%
Group Net Loss After Tax	(4.2)	(3.4)	Down 25%

1. Prior Comparative Period ("pcp").

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

Synertec generated revenue and other income for the Period of \$8.5 million (31 December 2023: \$9.1 million). Despite a cooling of activities in the broader engineering sector, our Engineering business remains profitable and operating cash positive. Revenue in Engineering consultancy services for the Period was \$6.6 million (31 December 2023: \$6.8 million). The 3 Powerhouse assets commercialised with Santos Limited (ASX:STO) contributed \$1.0 million of revenue (31 December 2023: \$0.4 million).

3. Review of operations (continued)

Financial highlights (continued)

Normalized EBITDA before R&D activities, which excludes the effects of non-operating and non-recurring items and R&D costs, was a Group loss of \$2.2 million (31 December 2023: loss of \$1.9 million).

Operations

Engineering Update

Recurring revenue for the Engineering business exceeded 90%, an increase from around 80% in previous years, and is the outcome of a deliberate strategy to leverage our long-standing relationships with blue-chip clients.

An increase in the proportion of hourly rate engineering services projects to almost 90% has resulted in improved project margins and subsequently an improved Engineering EBITDA of \$0.4 million from a breakeven position for 1H FY24. The Engineering business contributed a positive operating cashflow of \$2.5 million for the Period.

The Engineering business has experienced difficult trading conditions during the Period, particularly within the Critical Infrastructure sector with delays to investment decisions. In response, management acted decisively and implemented several cost-saving initiatives, including a headcount reduction of approximately 20%, rationalization of overheads, and reduction in facility expenses. Notwithstanding the sector slowdown, Synertec saw significant project wins with Chevron, GrainCorp, ANSTO, and projects to support clients in Defence. There is continued strong growth in the Water sector nationally, with Synertec securing 17 new projects across 7 separate water industry clients.

During the Period, Synertec was admitted to Western Australia's Water Corporation's Panel which prequalifies Synertec to bid for significant automation and control system works throughout the entire State of Western Australia. This is a significant opportunity, and investment has been made in recruitment, training, an office relocation, and project scoping activities.

Powerhouse Update

Powerhouse, is a renewable, standalone, grid-forming, micro-grid electrification power system for industrial-scale applications in remote areas. It has proven to be:

- Cost effective
- Flexible and scalable
- AI enabled with predictive intelligence
- Mobile
- Reliable and sustainable

During the Period, our Powerhouse business has seen an increase in sales enquiries. In response, Mr David Harris (former Synertec CFO and Executive-Director) has moved to Head of Technology Solutions to oversee, manage and drive sales and to lay plans for an expanded roll-out of Powerhouse. Significant efficiencies have been identified in low-cost manufacturing jurisdictions, and when combined with highly skilled local partners, Powerhouse offers significant cost savings that can be deployed at scale.

Powerhouse is commercialised and therefore Research and Development (R&D) activities have declined. R&D incentive income during the Period reduced to \$0.1 million (pcp: \$0.2 million) as the Group focused on commissioning Powerhouse assets in 1H FY25.

3. Review of operations (continued)

Operations (continued)

First Generation Powerhouse Unit Upgraded: Powerhouse #1, the prototype, was removed from site in November 2024 to undergo significant upgrade works to incorporate learnings from 2 years of field operations and is now fully upgraded and is equivalent to Powerhouse unit #2 and unit #3.

Second Generation Powerhouse Units Operational at Santos GLNG JV: Powerhouse unit #2 has been operating since its cutover to live coal seam gas wells in September 2024 and has operated at 100% availability without any site maintenance visits. Powerhouse unit #3 has been successfully commissioned on site and awaits final connection to coal seam gas wells.

Site Deployment Accreditation: Synertec undertook a significant accreditation process to achieve Mode 2 compliance which will enable Synertec to manage all Powerhouse site installation and commissioning works on Santos sites. This will substantially reduce deployment costs and streamline site activities as Synertec will have direct accountability for the deployment activities. While this accreditation applies specifically to Santos, the expertise, processes, and systems now in place strengthen our ability to engage with a broad range of customers across the energy and mining sectors. Synertec's proven track record in delivering mission-critical engineering projects, combined with our deep understanding of the complexities of customer operations, provides a distinct competitive advantage enabling Synertec to deliver end-to-end energy solutions in a safe, rapid and cost-effective manner, further setting us apart from competitors.

Strategic Supplier Engagement: Mr David Harris will engage with global component suppliers and manufacturers to ensure an adequate, timely, and cost-competitive supply chain, crucial for maintaining operational efficiency and cost-competitiveness.

Business Development:

Continued Progress on Gas Sector Opportunities: Progress continues on several large, key opportunities in the gas sector, across multiple gas fields. These opportunities represent substantial growth potential and remain a strategic focus for the business. Notably, discussions with key clients have advanced. The discussions are complex and thorough due to the size of the potential investment and the nature of the applications.

Expanded Product Portfolio: In line with our commitment to innovation, we have expanded the capability of our sophisticated control software platform deployed on Powerhouse. This broadens our market opportunity significantly, including offering Software as a Service (SaaS), and advanced energy management and grid support functionality applications.

Live opportunities are being advanced with Distributed Network Service Providers (DNSP's) and community battery applications.

Synertec Corporation Limited
Directors' Report
31 December 2024

3. Review of operations (continued)

Financial review

Balance Sheet (\$ million)	31 Dec 2024	30 Jun 2024	\$ Change
Total Assets	17.5	20.4	Down 2.9
Cash at Bank	7.1	6.4	Up 0.7
Net Assets	8.0	12.1	Down 4.0
Net Tangible Assets per Share (cents)	1.5	2.7	Down 1.2

Total Assets of \$17.5 million (30 June 2024: \$20.4 million), the decrease is due to reclassification of borrowing costs from Other assets to Interest bearing liabilities. Total Assets at 30 June 2024 includes borrowing costs relating to the capitalisation of transaction costs and warrants which were issued as part of securing the \$15 million debt facility with Altor Capital Management. As Synertec has drawdown on the facility agreement during the Period, the carrying amount of the amortised asset has been reclassified to financial liability. This approach is consistent with general accounting practices.

Net Assets of \$8.0 million (30 June 2024: \$12.1 million), includes cash of \$7.1 million (30 June 2024: \$6.4 million). The movement in Net Assets is mainly due to the reclassification of the borrowing costs.

The business continues to operate with no bad or doubtful debts, debtor days remaining within its target range of 35-45 days and with a focus on receivables, debtor balance has reduced to \$1.0 million from \$2.7 million at 30 June 2024.

Cash Flow (\$ million)	FY25 H1	FY24 H1	\$ Change
Cash receipts from customers	10.5	9.7	Up 0.8
Net cash used in operating activities	(1.2)	(2.9)	Up 1.7
Net increase / (decrease) in cash ex financing	(2.8)	(5.4)	Up 2.6

Cash receipts from customers was \$10.5 million (31 December 2023: \$9.7 million), up 9% on pcp, despite a 7% reduction in group revenue. This is largely driven by the team's effort to reduce trade receivables.

The use of funds in the Period can be accounted for as below.

- Powerhouse assets under construction account for approximately \$0.8 million outlay across:
 - Commissioning of Powerhouse units #2 and #3
 - Upgrade works to Powerhouse #1 and Factory testing

Note: Site commissioning for Powerhouse #1 will be completed in 2H FY25

- \$0.5 million was invested towards business development of Powerhouse
- \$0.3 million restructure costs to recalibrate workforce in response to broader sector slowdown
- \$0.4 million bonus payment for achievement of KPIs for FY24.

Synertec Corporation Limited
Directors' Report
31 December 2024

3. Review of operations (continued)

Segment performance

The Group's business is structured into 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. All inter-segment transfers are conducted at arm's length, based on Synertec's standard hourly charge rates.

The Corporate area of the Group, which is primarily a cost center, includes the Board and Executives which oversee the function and strategic direction of Engineering and Technology, as well as the governance and operation of the Company. The activities of the head company include governance oversight, corporate development, investor relations and other functions associated with the operation, governance and regulatory compliance of the Group's head company.

FY25 H1 (\$ million)	Engineering	Technology	Corporate	Total	Inter- segment	External sources
Revenue & Other Income	8.9	1.1	-	10.1	(1.5)	8.5
Segment Normalised EBITDA	0.4	(1.0)	(1.0)	(1.6)	(0.6)	(2.2)
Segment EBITDA	0.4	(1.7)	(1.6)	(2.9)	(0.6)	(3.4)

FY24 H1 (\$ million)	Engineering	Technology	Corporate	Total	Inter- segment	External sources
Revenue & Other Income	9.9	0.6	-	10.5	(1.4)	9.1
Segment Normalised EBITDA	0.2	(1.1)	(1.0)	(1.9)	-	(1.9)
Segment EBITDA	0.01	(1.8)	(1.1)	(3.0)	-	(3.0)

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 few years, Engineering gross margins have strengthened. Fixed price projects contributed 10.8% of Engineering revenue vs 20.4% in pcp.

Higher margins compounded by cost out measures and a proactive restructure of the business contributed to significant uplift in the Engineering EBITDA to \$0.4 million (31 December 2023: \$0.01 million).

Revenue for the Engineering business includes services and materials provided to the Technology business of \$1.5 million (31 December 2023: \$1.4 million) for the development and construction of Powerhouse assets.

3. Review of operations (continued)

Social and Sustainability Impact

Synertec is committed to working with social enterprises that contribute to a better outcome for people and the environment. We are committed to making social procurement “business as usual”.

Synertec is actively engaged with 13 different social enterprises as part of our day-to-day business activities and we have procured in excess of \$125,000 of goods and services from social enterprises within the Period.

Our strategic direction builds on our established foundation, supporting the global energy transition and electrification through Powerhouse and our engineering business, reducing our carbon footprint, adhering to environmental regulations, and fostering sustainable initiatives and operating in an accountable and transparent manner for all of Synertec's stakeholders.

Outlook

During the remainder of FY25, Synertec will:

- Safely and efficiently complete Powerhouse commissioning and site works at Santos;
- Focus on closing near term Powerhouse opportunities;
- Continue to develop strategic partnerships to expand market opportunities for Powerhouse;
- Advance opportunities to apply our Powerhouse IP to different markets;
- Develop supply chain partnerships that deliver significant cost advantages and supply resilience;
- Continue to execute our Engineering strategy of targeting and winning long term contracts with Government agencies and large infrastructure entities.

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4. Litigation

There has been no litigation in the half-year Period 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.

5. Dividends

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

6. Subsequent events

No matter or circumstance has arisen since 31 December 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.

7. Officers of the Company who are former audit partners of auditor

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

8. Auditor

Grant Thornton Audit Pty Ltd continues in office.

This report is made in accordance with a resolution of directors.



On behalf of the Directors,
Mr. Michael Carroll
Managing Director
Melbourne
28 February 2025

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Synertec Corporation Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2024

	<i>Note</i>	31 Dec 2024	31 Dec 2023
		\$	\$
Revenue			
Revenue	4	8,379,729	8,926,058
Other income	4	137,789	199,775
		8,517,518	9,125,833
Expenses			
Materials and service expense		(462,717)	(1,038,009)
Employee benefits expense		(7,961,849)	(8,417,441)
Depreciation and amortisation expense		(474,442)	(437,416)
Technology research and development costs		(315,208)	(452,488)
Business and corporate development expenses		(1,638,170)	(1,150,130)
Other expenses		(1,583,195)	(1,030,769)
Results from operating activities		(3,918,063)	(3,400,420)
Finance income		91,000	93,699
Finance costs		(418,724)	(94,594)
Net finance costs		(327,724)	(895)
Loss from operations before tax		(4,245,787)	(3,401,315)
Income tax expense		-	-
Loss from operations after tax		(4,245,787)	(3,401,315)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(4,245,787)	(3,401,315)
Earnings per share			
Basic loss per share (cents per share)	11	(0.82)	(0.79)
Diluted loss per share (cents per share)	11	(0.82)	(0.79)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Synertec Corporation Limited
Consolidated Statement of Financial Position
As at 31 December 2024

	Note	31 Dec 2024	30 Jun 2024
		\$	\$
Assets			
Cash and cash equivalents	5	7,086,836	6,418,918
Trade and other receivables		1,015,087	2,657,287
Contract assets		1,233,931	1,412,385
Inventories	6	748,307	478,487
Other assets	7	644,036	1,702,230
Total current assets		10,728,197	12,669,307
Non-current assets			
Property, plant and equipment	8	6,817,690	6,475,417
Other assets	7	-	1,300,529
Total non-current assets		6,817,690	7,775,946
Total assets		17,545,887	20,445,253
Liabilities			
Trade and other payables	9	3,624,330	3,765,839
Interest bearing liabilities	10	546,416	498,659
Employee benefits		1,467,464	1,624,671
Contract liabilities		107,121	131,854
Lease liabilities		429,377	282,169
Total current liabilities		6,174,708	6,303,192
Non-current liabilities			
Interest bearing liabilities	10	1,715,926	83,074
Employee benefits		236,450	282,176
Lease liabilities		1,374,363	1,723,077
Total non-current liabilities		3,326,739	2,088,327
Total liabilities		9,501,447	8,391,519
Net assets		8,044,440	12,053,735
Equity			
Issued capital		27,644,646	27,642,680
Share option and warrants reserve	12	1,748,655	1,514,128
Retained earnings		(21,348,860)	(17,103,073)
Total equity		8,044,440	12,053,735

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

Synertec Corporation Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2024

	Issued capital	Share option and warrants reserve	Retained earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2023	20,952,119	428,409	(9,844,845)	11,535,683
Exercised options	-	(6,729)	-	(6,729)
Loss for the half-year	-	-	(3,401,315)	(3,401,315)
Total comprehensive loss	-	-	(3,401,315)	(3,401,315)
Balance at 31 December 2023	20,952,120	421,680	(13,246,160)	8,127,639
Balance at 1 July 2024	27,642,680	1,514,128	(17,103,073)	12,053,735
Issue of shares	1,966	-	-	1,966
Employee share-based compensation	12	234,527	-	234,527
Loss for the half-year	-	-	(4,245,787)	(4,245,787)
Total comprehensive loss	-	-	(4,245,787)	(4,245,787)
Balance at 31 December 2024	27,644,646	1,748,655	(21,348,860)	8,044,440

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

Synertec Corporation Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2024

	31 Dec 2024	31 Dec 2023
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	10,494,760	9,666,481
Cash paid to suppliers and employees	(11,918,467)	(12,381,805)
Cash used in operations	(1,423,708)	(2,715,325)
Government grant received	499,332	304,524
Payments for R&D activities	(315,208)	(452,488)
Net cash used in operating activities	(1,239,583)	(2,863,289)
Cash flows from investing activities		
Payment for capital work in progress	(334,135)	(1,676,959)
Payment for property, plant and equipment	(500,692)	(153,418)
Net cash used in investing activities	(834,827)	(1,830,377)
Cash flows from financing activities		
Repayment of finance lease liabilities (principal)	(188,611)	(134,844)
Finance cost paid	(58,217)	(40,844)
Repayment of other liabilities	(475,845)	(487,411)
Loan received	3,465,000	-
Net cash used in/from financing activities	2,742,326	(663,098)
Net decrease/increase in cash and cash equivalents	667,916	(5,356,764)
Cash and cash equivalents at beginning of the half-year	6,418,920	10,653,859
Cash and cash equivalents at end of the half-year	7,086,836	5,297,095

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

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Synertec Corporation Limited
Notes to the financial statements
For the half-year ended 31 December 2024

1. Basis of preparation

The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and International Financial Reporting Standard IAS 34: "Interim Financial Reporting".

These financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2024 and any publications made by Synertec Corporation Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The half-year financial statements do not include full disclosures of the type normally included in annual financial statements. The accounting policies adopted are consistent with those of the previous financial year except where otherwise disclosed.

2. Material accounting policies

Going concern

In preparing the financial statements, the Directors have made an assessment of the ability of the Group to continue as a going concern. In considering their position, the Directors have had regard to the current cash reserves, the level of forecast cash expenditure and the likelihood of being able to raise funds in future, should the need arise. The Directors have concluded there are reasonable grounds to believe the Company is a going concern and will be able to continue pay its debts as and when they become due and payable. During FY24, the Group entered into a \$15 million Funding Facility Agreement with Altor Capital Management. Refer to Note 10.

3. Operating segments

The Group restructured the business in July 2021 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 measure referred to as Normalised EBITDA, which excludes the effects of non-operating and non-recurring costs.

Synertec Corporation Limited
Notes to the financial statements
For the half-year ended 31 December 2024

3. Operating segments

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

	Six months to 31 Dec 2024		
	Engineering	Technology	Total
	\$	\$	\$
Revenue and other income			
From external customers	7,389,871	989,858	8,379,729
From other segment ⁽¹⁾	1,533,425	-	1,533,425
Government incentives	-	137,789	137,789
Segment revenues and other income	8,923,296	1,127,647	10,050,944
Segment normalised EBITDA⁽³⁾	416,057	(1,007,145)	(591,088)
Powerhouse net R&D	-	(187,419)	(187,419)
Depreciation and amortisation	-	(146,522)	(146,521)
Corporate development ⁽²⁾	(48,400)	(461,207)	(509,607)
Segment operating profit / (loss)	367,658	(1,802,292)	(1,434,634)
Segment assets	4,223,686	5,658,501	9,882,187
Segment liabilities	4,692,993	74,684	4,767,678
	Six months to 31 Dec 2023		
	Engineering	Technology	Total
	\$	\$	\$
Revenue and other income			
From external customers	8,509,071	416,987	8,926,058
From other segment ⁽¹⁾	1,438,084	-	1,438,084
Government incentives	-	199,775	199,775
Segment revenues and other income	9,947,155	616,762	10,563,916
Segment normalised EBITDA⁽³⁾	160,158	(1,094,972)	(934,814)
Transformation initiatives	(143,342)	-	(143,342)
Powerhouse net R&D	-	(255,862)	(255,862)
Depreciation and amortisation	(254,962)	(179,452)	(434,414)
Corporate development	(11,601)	(483,000)	(494,601)
Segment operating profit / (loss)	(249,748)	(2,013,287)	(2,263,033)
Segment assets	7,323,750	3,198,421	10,522,171
Segment liabilities	6,043,177	158,201	6,201,378

⁽¹⁾ The revenue recognised by the Engineering business includes the provision of services to the Technology business, primarily relating to Powerhouse.

⁽²⁾ Corporate development expenses partly includes employee expenses dedicated towards developing future pipeline of work and orders for the company.

⁽³⁾ Segment normalised EBITDA excludes the effect of non-operating and non-recurring items.

Synertec Corporation Limited
Notes to the financial statements
For the half-year ended 31 December 2024

3. Operating segments

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

	31 Dec 2024	31 Dec 2023
	\$	\$
(i) Revenue and other income		
Total reportable segment revenues	10,050,944	10,563,917
Elimination of inter-segment revenues	(1,533,425)	(1,438,084)
	8,517,518	9,125,833
(ii) Segment operating profit/(loss)		
Segment operating profit / (loss)	(1,434,634)	(2,263,033)
Elimination of inter-segment profits	(562,567)	(58,199)
Corporate expenses	(1,920,861)	(1,079,187)
Group operating loss	(3,918,063)	(3,400,420)
Finance income	91,000	93,699
Finance costs	(418,724)	(94,594)
Group loss before tax	(4,245,787)	(3,401,315)
(iii) Segment assets		
Segment assets	9,882,187	10,522,171
Corporate assets	7,663,701	4,245,556
Total assets	17,545,887	14,767,726
(iv) Segment liabilities		
Segment liabilities	4,767,678	6,201,378
Corporate liabilities	4,733,769	438,709
Total liabilities	9,501,446	6,640,087

4. Revenue

	31 Dec 2024	31 Dec 2023
	\$	\$
Revenue streams		
Engineering services	6,594,147	6,772,433
Fixed price solutions	795,724	1,736,637
Technology products	989,858	416,987
	8,379,729	8,926,058
Other income		
Government benefits - research and development tax credits	137,789	199,775
	8,517,518	9,125,833

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					Total
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	
	\$	\$	\$	\$	\$	\$
Lease revenue	2,415,000	2,415,000	2,415,000	-	-	7,245,000

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.

Synertec Corporation Limited
Notes to the financial statements
For the half-year ended 31 December 2024

5. Cash and cash equivalents

	31 Dec 2024	30 Jun 2024
	\$	\$
Bank balances	7,085,531	6,417,614
Cash on hand	1,304	1,304
	7,086,836	6,418,918

5A. Reconciliation of cash flows from operating activities

	31 Dec 2024	31 Dec 2023
	\$	\$
Cash flows from operating activities		
Loss for the half-year	(4,245,787)	(3,401,315)
Non-cash adjustments:		
Government benefits - research and development tax credits	(127,789)	(196,832)
Share based payment	234,527	-
Depreciation and amortisation	474,442	437,416
Net interest costs	365,746	895
	(3,298,861)	(3,159,836)
Decrease in contract assets	178,454	650,217
Decrease in other assets	1,046,006	727,621
Increase in inventory	(269,820)	(135,338)
Decrease/(increase) in trade and other receivables	1,146,792	(1,398,828)
Decrease in trade and other payables	(162,196)	(303,197)
(Decrease)/increase in employee benefits	(202,933)	275,778
Decrease in finance liabilities	(188,611)	(37,019)
Increase/(decrease) in contract liabilities	(24,733)	208,038
Cash used in operating activities	(1,775,902)	(3,172,564)
Interest received net of interest paid	38,023	895
R&D grant income received	499,332	304,524
Realised foreign currency (loss)/gain	(1,036)	3,857
Net cash used in operating activities	(1,239,583)	(2,863,289)

6. Inventories

	31 Dec 2024	30 Jun 2024
	\$	\$
Inventories	748,307	478,487

Inventories primarily relate to key components for technology products. Components consumed in the construction of the Powerhouse units have been accounted as Capital work in progress. Refer to Note 8.

7. Other assets

	31 Dec 2024	30 Jun 2024
	\$	\$
Current		
Prepayments and other debtors	583,495	1,322,645
Deposits	60,541	40,316
Capital borrowing costs	-	339,269
	644,036	1,702,230
Non- current		
Capital borrowing costs	-	1,300,529

Capital borrowing costs at 30 June 2024 relates to capitalisation of transaction costs and warrants which were issued as part of securing the \$15 million debt facility with Altor Capital Management. As Synertec has drawdown on the facility agreement during the Period (refer to Note 10), the carrying amount of the amortised asset has been reclassified to financial liability. This approach is consistent with general accounting practices.

Synertec Corporation Limited
Notes to the financial statements
For the half-year ended 31 December 2024

8. Property, plant and equipment

	Computers	Furniture and equipment	Leashold improvements	Motor vehicles	Right-of-use assets	Powerhouse plant and equipment and Capital work in progress ⁽¹⁾	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 Jul 2023	621,680	31,009	327,706	274,042	1,967,230	-	3,221,667
Additions	169,004	28,945	61,753	-	2,211,591	3,982,524	6,453,817
Disposals	(87,038)	(1,863)	-	-	(1,004,377)	-	(1,093,277)
Balance at 30 Jun 2024	703,646	58,092	389,459	274,042	3,174,445	3,982,524	8,582,207
Balance at 1 Jul 2024	703,646	58,092	389,459	274,042	3,174,445	3,982,524	8,582,207
Additions	21,159	1,281	-	-	-	807,860	830,300
Disposals	-	-	-	-	(13,580)	-	(13,580)
Balance at 31 Dec 2024	724,805	59,373	389,459	274,042	3,160,865	4,790,384	9,398,927
Accumulated depreciation							
Balance at 1 Jul 2023	454,833	26,419	86,746	58,818	856,587	-	1,483,402
Disposals	(88,222)	(1,775)	-	-	-	-	(89,997)
Depreciation/amortisation expense	180,110	10,866	47,939	51,006	375,192	48,272	713,385
Balance at 30 Jun 2024	546,722	35,511	134,685	109,823	1,231,779	48,272	2,106,789
Balance at 1 Jul 2024	546,722	35,511	134,685	109,823	1,231,779	48,272	2,106,789
Disposals	-	-	-	-	-	-	-
Depreciation/amortisation	49,555	7,300	22,473	19,512	229,322	146,280	474,442
Balance at 31 Dec 2024	596,277	42,812	157,158	129,335	1,461,101	194,552	2,581,231
Carrying amounts							
at 1 Jul 2023	166,848	4,589	240,959	215,224	1,110,644	-	1,738,265
at 30 Jun 2024	156,924	22,580	254,773	164,218	1,942,665	3,934,253	2,541,161
at 1 Jul 2024	156,924	22,581	254,773	164,218	1,942,665	3,934,253	6,475,417
at 31 Dec 2024	128,528	16,561	232,300	144,706	1,699,763	4,595,833	6,817,690

* Includes Capital work in progress of \$0.3 million (30 June 2024: Nil) relating to components of the Powerhouse assets which are currently under construction and will be leased out in Q3 FY25.

9. Trade and other payables

	31 Dec 2024	30 Jun 2024
	\$	\$
Current		
Trade payables	289,800	1,383,533
Other payables	3,324,920	2,264,031
Fixed price project accruals	9,610	118,275
	3,624,330	3,765,839

Synertec Corporation Limited
Notes to the financial statements
For the half-year ended 31 December 2024

10. Interest bearing liabilities

Details of the Group's Interest bearing liabilities:

	31 Dec 2024	30 Jun 2024
Current	\$	\$
Interest bearing liabilities ⁽¹⁾	546,416	498,659
Non-Current		
Interest bearing liabilities ⁽¹⁾	1,715,926	83,074

⁽¹⁾ Included in interest-bearing liabilities is amount of \$3.5 million, plus capitalised interest, drawn from the \$15 million Funding Facility Agreement with Altor Capital Management, during the period. This is offset by capital borrowing costs relating to capitalisation of transaction costs and warrants, which were issued as part of securing the \$15 million debt facility, reclassified to financial liability. Refer Note 7. The warrants are being amortised over the life of the financial liability.

Unused funding Facility	11,500,000	15,000,000
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Lender and Loan Amount

During FY24, 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 utilised \$3.5 million 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

There will be a 6-month interest holiday on repayment of 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.

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 of \$2.5 million cash for drawdowns as part of Tranche 1 and a \$3.5 million minimum cash balance once Tranche 2 commences.
- 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.

Synertec Corporation Limited
Notes to the financial statements
For the half-year ended 31 December 2024

11. Earnings per share

In accordance with IAS 33 'Earnings Per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account for the half-year ended 31 December 2024.

Earnings per share from continuing operations	31 Dec 2024	31 Dec 2023
	\$	\$
Loss after tax	(4,245,787)	(3,401,315)
Weighted average number of ordinary shares used in calculating basic earnings per share	519,325,681	431,495,935
Basic loss per share (cents per share)	(0.82)	(0.79)
Diluted loss per share (cents per share)	(0.82)	(0.79)

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.

12. Share option and warrants reserve

	Share option	Warrants	Total
	\$	\$	\$
Balance at 1 Jul 2024	428,409	1,085,719	1,514,128
Share options issued	234,527	-	234,527
Balance at 31 Dec 2024	662,936	1,085,719	1,748,655

Share option

Opening share option 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. On 05/01/2025, 3,600,000 unlisted options expired without exercise.

During the Period, at the Company's 2024 Annual General Meeting, shareholders approved the grant of issue of 15,050,786 performance rights to Michael Carroll and 13,385,441 performance rights to David Harris.

During the Period, at the Company's 2024 Annual General Meeting, shareholders approved the grant of issue of options to the Company's Independent Non-Executive Directors. 4,000,000 options were issued to Mr Johannes Risseeuw, 2,800,000 options to Mr Ian Campbell and 2,800,000 options to Mr Peter Lamell.

A professional independent valuation of the performance rights and options has been performed by accounting and advisory firm, SLM Australia.

The fair value of share-based payment transactions was determined using a binomial option valuation model. The model requires certain inputs in order to determine an appropriate fair value. These inputs include share price at grant date, risk free rate, volatility factor, exercise price, time to maturity and expected dividend yield.

Warrants

Synertec negotiated a funding arrangement with Altor 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 a 30% premium to the 30-day VWAP at the earlier of financial close or announcement of the funding calculated at 13.5 cents.

12. Share option and warrants reserve (continued)

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.

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.

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.

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 met with fit 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 \$15m drawdown.

13. Subsequent events

No matter or circumstance has arisen since 31 December 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.

Synertec Corporation Limited
Directors' declaration
31 December 2024

In the Directors' opinion:

1. The attached financial statements and notes comply with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting'; as appropriate for for-profit oriented entities;
2. The attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Mr. Michael Carroll
Managing Director

28 February 2025

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Independent Auditor's Review Report

To the Members of Synertec Corporation Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Synertec Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Synertec Corporation Limited does not give a true and fair view of the financial position of the Group as at 31 December 2024 and of its performance for the half-year ended on that date in accordance with IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Accounting Standards and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report does not give a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard IAS 34 *Interim Financial Reporting*. As the auditor of Synertec Corporation Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance
Melbourne, 28 February 2025

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