APPENDIX 4E STATEMENT

PRELIMINARY FINAL REPORT

COMPANY DETAILS

Name of entity: **Synertec Corporation Limited**
ARBN : **161803032**
Reporting Period: **For the financial year ending 30th June, 2026.**
Previous corresponding period: **For the financial year ending 30th June, 2025.**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30.6.2026 $	30.6.2025 $	Up/Down	Change $	Change %
Revenues from ordinary activities	21,552,438	18,210,373	Up	3,342,065	18%
Loss from ordinary activities after tax attributable to the owners of Synertec Corporation Limited	(4,523,690)	(7,642,813)	Up	3,119,123	41%
Loss for the year attributable to the owners of Synertec Corporation Limited	(4,523,690)	(7,642,813)	Up	3,119,123	41%

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

Net tangible assets	30.6.2026 Cents	30.6.2025 Cents
Net tangible assets per ordinary security	0.17	1.00

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.

Signed



Mr. Michael Carroll
Managing Director
Melbourne, Australia
31 August 2026

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Annual Report

Synertec Corporation Limited | (ASX:SOP)

2026 Annual Report

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CONTENTS

Annual Overview 2

Executive Board Report 5

ESG 10

Financial Statements 15

Auditors Report 90



Celebrating 30 Years of Engineering Solutions For A Better Future.

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ANNUAL OVERVIEW

$21.1m

Revenue | 19% ▲ on pcp
Excluding other income

$20.9m

Work in hand
188% ▲ on pcp

$174m

Engineering pipeline |
60% ▲ on pcp

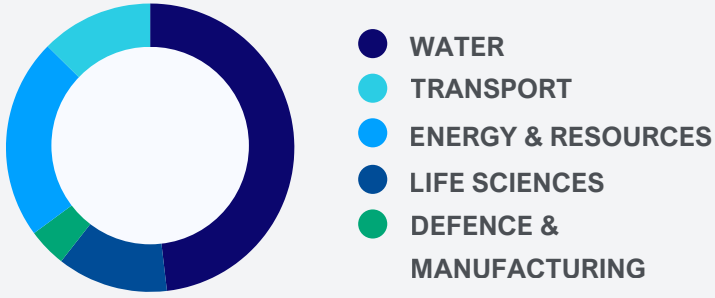
$400m

Powerhouse EOI's and Tenders



Fuelled by history. Driven by Innovation.
Pictured above, *Founder and Managing Director, Michael Carroll, 1996*

FY26 REVENUE BY INDUSTRY

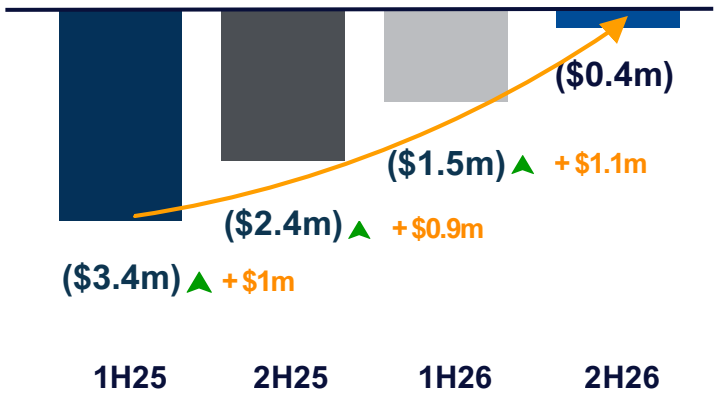


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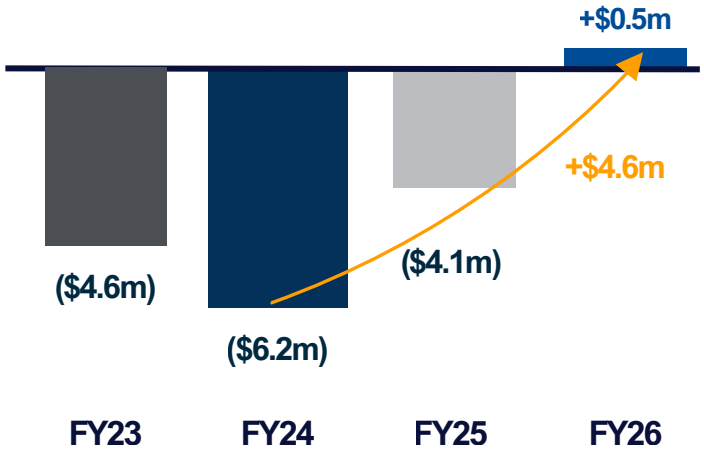
Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ANNUAL OVERVIEW

TURNAROUND EBITDA PERFORMANCE



TURNAROUND OPERATING CASHFLOW



ENGINEERING

Over the past year, Synertec's Engineering and Technology divisions continued to strengthen their role as trusted partners in the delivery of Australia's critical infrastructure. Through long-standing client relationships, specialist engineering expertise and an expanding portfolio of digital and operational technology solutions, we delivered high-value outcomes across our five core industry sectors: Water, Life Sciences, Energy & Resources, Transport, and Defence & Manufacturing.

HIGHLIGHTS INCLUDE

- Expanding our national presence across the water sector through major panel appointments, long-term delivery programs and operational technology projects that are modernising critical water infrastructure.
- Growing our contribution to Australia's life sciences sector through nationally significant pharmaceutical manufacturing, biomedical research and scientific infrastructure projects with organisations including CSIRO, ANSTO, CSL and Zoetis.
- Strengthening our position across the energy sector by delivering engineering, automation and cybersecurity solutions that enhance energy security, operational resilience and digital transformation across gas and electricity infrastructure.
- Successfully transitioning the Melbourne Metro Tunnel Project into operational service while continuing to deliver specialist control, safety and automation expertise across Australia's transport sector.
- Deepening partnerships across defence and advanced manufacturing by providing integrated engineering, automation and functional safety solutions in complex and highly regulated environments.

Across every sector, our focus remains the same: helping clients solve complex engineering challenges, modernise critical assets and build resilient infrastructure that supports Australia's future growth. These achievements reinforce Synertec's commitment to delivering practical, innovative solutions while creating long-term value for our clients, communities and stakeholders.

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30 YEARS OF DELIVERING INNOVATION

Thirty years ago, Synertec opened its doors in Melbourne and set its focus on the work others avoided. Highly regulated environments and complex systems. Engineering where precision is a requirement rather than an aspiration. From day one, that was the work Synertec sought out.

From a small team in Melbourne to a national practice, the capability has grown, and that belief remains unchanged: the industries shaping Australia's future deserve engineering partners who never compromise on the standard of their work.

The business has always been grounded in values that put people first and worked hard to develop a culture shaped by the diverse talent across the organisation. For Synertec, the quality of the work has always been a reflection of the people delivering it, and investing in the team has never been secondary.

Three decades on, this mentality has helped grow capability across Water, Transport, Life Sciences, Energy and Resources, and Defence and Manufacturing.

Today, Synertec is delivering complex projects across the largest engineering pipeline in the company's history, reflecting a business operating at a new level of scale and maturity across Australia's most critical infrastructure.

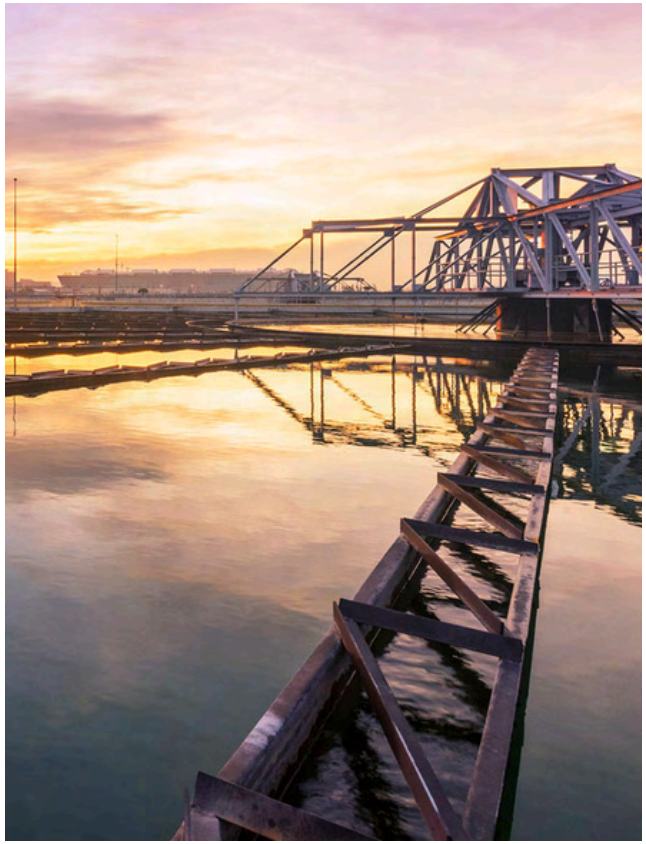
Developed entirely in-house, Powerhouse reflects the depth of capability within the team and the value Synertec places on owning the quality of its work from end to end.

To every team member, client, investor and supplier who has been part of this journey, thank you. The next chapter is already underway.

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ENGINEERING DNA



"As Australia's water sector continues to invest in critical infrastructure renewal and digital transformation, Synertec is delivering the expertise, partnerships and innovation needed to turn these investments into operational outcomes."

WATER - VIC & NSW

Over the past 12 months, Synertec has continued to expand its presence across the Australian water sector, translating strategic panel appointments and long-standing client partnerships into significant project delivery, sustainable growth and enduring value for the nations water authorities.

Backed by more than two decades of industry experience and a multidisciplinary team of over 100 engineers and technical specialists, the business has strengthened its national footprint through the delivery of operational technology, SCADA, automation and electrical engineering projects across Victoria, New South Wales, Western Australia and Queensland.

This growing portfolio of work, supported by long-term panel agreements and deep technical expertise, positions Synertec to play an increasingly important role in the modernisation, resilience and performance of Australia's critical water infrastructure.

In Victoria, Synertec secured a further 12-month extension to Melbourne Water's Operational Technology Maintenance and Project Delivery (OTMPD) contract. Combined with other delivery engagements for Melbourne Water, this contributed more than $7M in revenue during FY26.

The team also strengthened its position across the Victorian water sector through appointments to metropolitan and regional authority panels, including South Gippsland Water, South East Water and Goulburn-Murray Water, creating a strong pipeline of future opportunities across the state.

In New South Wales, Synertec completed its first year on Sydney Water's Electrical and SCADA Services Panel, a three-year agreement with a further four-year extension option. To support this growth, the business established a Parramatta office and expanded its local team, with further recruitment underway.

During FY26, Synertec secured more than $2M of work with Sydney Water and its key delivery partners, including the Port Kembla SCADA Upgrade, Rouse Hill Dewatering SCADA works, Castle Hill Ultrafiltration and Odour Control SCADA works, and a range of electrical and SCADA preventative maintenance programs across critical water assets.

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ENGINEERING DNA



Synertec's Managers connecting with clients from around the country at Ozwater 2026.

WATER - WA & QLD

In Western Australia, Synertec continued to provide strong growth opportunities through Water Corporation's Process Control Technologies Panel, awarded under an initial five-year term with extension options. Synertec secured more than $1M of work during FY26, including the Gwelup Clearwater Pump Station Upgrades, Yalgoo HCL Design project, Laverton and Wiluna Radio and RTU upgrades, and Greenhead PRV SCADA upgrades.

In Queensland, Synertec expanded its presence by supporting Service Stream in the delivery of Urban Utilities' Control Systems Maintenance and Low Risk Capital Works programs across Brisbane, establishing a strong foundation for continued growth in Southeast Queensland.

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ENGINEERING DNA



"Our team remains focused on supporting Australia's evolving energy landscape through trusted engineering, digital innovation and resilient infrastructure."

ENERGY & RESOURCES

Australia's energy sector continues to navigate significant change, balancing the demands of energy security, decarbonisation and evolving regulatory requirements. Throughout the year, Synertec strengthened its position by delivering engineering and digital solutions across both conventional energy infrastructure and emerging renewable technologies.

Synertec's multidisciplinary expertise in electrical, control systems, process engineering and cybersecurity enables the business to solve complex operational challenges across the energy value chain. By combining deep technical capability with practical project delivery, Synertec helps clients improve reliability, optimise performance and enhance the resilience of critical infrastructure.

This balanced approach continues to strengthen Synertec's relationships with major participants across Australia's gas and electricity sectors. During the year, the company delivered projects for leading gas producers in Western Australia, Australia's largest east coast gas transmission network operator and one of the nation's largest domestic gas storage facilities.

Synertec also continued its engagement with two of Australia's largest electricity generators and retailers, reinforcing its role in supporting critical energy infrastructure.

As digital technologies become increasingly integral to the sector, Synertec expanded its focus on cybersecurity and operational resilience. Working with major energy producers, the Company delivered Security of Critical Infrastructure (SOCI) compliance assessments in line with current legislation, alongside cybersecurity implementation programs and digital transformation initiatives across SCADA systems and operational plant assets.

Alongside its long-standing presence in the gas sector, Synertec continued to diversify its client base through further expansion into electricity generation and retail markets. This broadening capability reflects the company's ability to adapt to changing market needs while maintaining the trusted partnerships that underpin our business.

As Australia's energy system continues to evolve, Synertec remains focused on delivering the engineering, automation and digital solutions that help clients improve reliability, strengthen operational resilience and prepare for the next generation of energy infrastructure

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ENGINEERING DNA

TRANSPORT

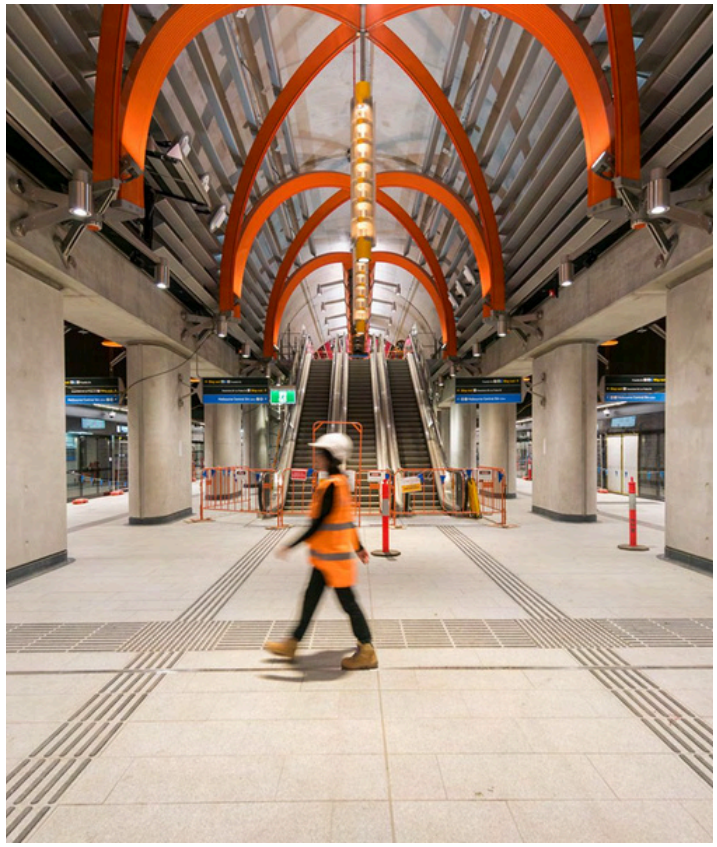
Over the past 12 months, Synertec has continued to strengthen its presence in the transport sector, leveraging its expertise in control systems, systems engineering, electrical engineering, functional safety, cybersecurity and validation to support the delivery and operation of critical transport infrastructure.

A key milestone during FY26 was the successful handover of the Control and Monitoring System (CMS) delivered as part of the Melbourne Metro Tunnel Project to Metro Trains Melbourne for Day 1 operations. As one of Australia's most significant rail infrastructure projects, the Metro Tunnel will transform Melbourne's rail network and increase capacity for a growing population.

Building on this achievement, Synertec secured an extension of its engineering services engagement and transitioned into ongoing operational support, providing specialist expertise to Metro Trains Melbourne during the critical commissioning and operational phases of the project.

The Metro Tunnel Project builds on Synertec's strong track record in the delivery of complex rail infrastructure systems, including control, communications and monitoring solutions, as well as safety-critical software and systems. These capabilities continue to position the business as a trusted delivery partner for technically complex transport infrastructure projects.

While rail remains a core focus, Synertec continues to pursue opportunities across the broader transport sector, including roads, ports, public transport and airports. With proven expertise in PLCs, RTUs, HMIs, SCADA, functional safety, hazardous area design and cyber security, the business is well positioned to support the next generation of safe, efficient and future-ready transport infrastructure across Australia.



"As Australia's transport networks continue to evolve, Synertec is delivering the control, safety and automation solutions that enable critical infrastructure to operate safely, efficiently and reliably."

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Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

ENGINEERING DNA



Life sciences is Synertec's longest serving industry, and almost three decades on, we're proud to continue to deliver the facilities and infrastructure that enable Australia's life sciences sector to innovate, manufacture and grow.

LIFE SCIENCES

Australia's continued investment in advanced manufacturing and research infrastructure is creating new opportunities across the pharmaceutical, biotechnology and research sectors. For Synertec, this has translated into a growing role on nationally significant projects where technical depth, regulatory understanding and practical delivery experience are essential. Drawing on our expertise in process engineering, Good Manufacturing Practice (GMP) and project delivery, we help clients navigate the requirements of highly regulated environments and deliver complex facilities with confidence.

This capability was reflected in our expanding work with CSIRO during the year. At the National Vaccine and Therapeutics Laboratory (NVTL) in Clayton, Synertec continued to provide engineering services for facility improvements, along with consulting support for the Biomedical Materials Translational Facility (BMTF). Our services to CSIRO also extended to the Australian Centre for Disease Preparedness, broadening our involvement across CSIRO's nationally significant research facilities.

Our relationship with ANSTO continued to progress during the year, with the first project secured under the newly established engineering panel.

The panel is set to deliver a Building Management System (BMS) upgrade at the Lucas Heights campus, while also providing specialist safety engineering services for the beamlines refurbishment project at the Australian Synchrotron in Clayton, contributing to upgrades at one of Australia's leading scientific research facilities.

Across pharmaceutical manufacturing, Synertec continued to deliver critical project engineering services for CSL and renewed the partnership with Zoetis to provide systems implementation, commissioning and qualification services at its Parkville site. Synertec maintained long-standing relationships with Aspen Pharma and Ego Pharmaceuticals through Hazardous Area (HA) and Dangerous Goods (DG) consulting, while continuing to provide specialist control engineering services to Invetech.

During the year, a new partnership with ADP Consulting was established, bringing together Synertec's process engineering capability and ADP's complementary building engineering expertise to deliver integrated solutions for complex life sciences projects. Synertec remains focused on helping clients deliver the facilities, technologies and manufacturing capability that will underpin the next generation of pharmaceutical production and biomedical research.

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ENGINEERING DNA

DEFENCE & MANUFACTURING

Synertec delivers advanced engineering, automation, and safety solutions to the defence and manufacturing sectors, enhancing operational performance, compliance, and safety in highly regulated environments. We continue to strengthen our position as a trusted independent partner, working collaboratively with defence primes, manufacturers, and industrial operators to deliver practical, vendor-neutral outcomes.

As Australia prepares for increased investment in defence capability, we have continued to execute our strategy of positioning Synertec as a trusted technical partner to support the sector's evolving needs.

Our multidisciplinary engineering capability has expanded, enabling us to deliver increasingly integrated solutions while maintaining the high-quality outcomes our clients expect.

Our long-standing partnerships remain a key strength. We have continued to expand our relationship with GrainCorp, broadening our multidisciplinary support across its operations, while repeat work from valued clients including Stolthaven Terminals, Eastern Group, and other manufacturing and defence partners reflects the confidence placed in our expertise and delivery capability.

With growing capacity across engineering, automation, and functional safety disciplines, Synertec is well positioned to support Australia's defence and industrial sectors through the next phase of investment, while continuing to build long-term partnerships that deliver safe, reliable, and sustainable outcomes.



"We deliver confidence in complex environments, combining technical expertise with seamless integration to support Australia's leading defence and manufacturing organisations as they navigate increasingly complex operational challenges."

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ENGINEERING DNA



"Powerhouse brings Synertec's engineering, software and delivery capability together in a single system. Field tested over years and proven in service with tier one clients, it gives critical operations a renewable power supply they can rely on."

TECHNOLOGY

Powerhouse is Synertec's proprietary, AI-enabled industrial-scale energy platform, combining renewable generation, battery storage and advanced power conversion with control software and Predictive Intelligence developed in-house.

Containerised, relocatable and configured site by site, it delivers reliable power with lower emissions and operating costs, and is available as a capital purchase or as power-as-a-service under a Build, Own, Operate and Maintain arrangement.

FY26 marked an important transition for the platform, from early commercial validation to productisation and multi-market scale. Sustained field performance continued to differentiate the technology, with units operating for Santos recording no planned or unplanned shutdowns during the year and requiring no maintenance visits, and fleet availability exceeding 99.95% across six years of cumulative operation in remote and demanding environments.

The Company both deepened and broadened its Tier-One client base over the 12 months. Santos added a further system to its fleet, and an existing unit was relocated to a new well site following completion of its original assignment, demonstrating the portability of the platform.

Synertec also secured its first engagement with Shell QGC, supporting a remote brownfield coal seam gas site in Queensland.

The technology entered a new market segment during the year, with TasNetworks selecting Powerhouse to supply six community battery systems across Tasmanian communities. Selection reflected its compact footprint, extremely low-noise operation, intelligent controls and demonstrated availability, applying capability proven in remote industrial settings to a public urban environment.

Supporting this growth is a delivery strategy to deliver repeatability and quality. Battery systems are manufactured offshore to Synertec's design and inspected before shipment, with proprietary control systems installed and tested in Australia, while relationships with Ritar International Group, Hitachi Energy and Siemens provide manufacturing scale, power-conversion technology and control capability.

With a growing pipeline of qualified opportunities, Powerhouse is well positioned to progress from individual sites to repeatable, multi-unit client programs across Australia and, over time, selected international markets.



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Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

CHAIR OF THE BOARD'S REPORT



Dear Shareholders,

FY2026 was a year in which the benefits of disciplined strategy, organisational resilience and patient execution became increasingly evident across Synertec.

While the global economy continued to face uncertainty arising from geopolitical tensions, energy market volatility, inflationary pressures and constrained capital availability, the Board remained focused on a central question: how do we position Synertec to create sustainable value over the long term, regardless of short-term market conditions?

The Board believes FY2026 demonstrated that the foundations established over recent years are proving effective.

Our strategy has been deliberately shaped around markets we believe possess enduring structural demand drivers rather than cyclical growth characteristics. These include critical infrastructure, water, energy, utilities, transport, defence, life sciences, cyber security and industrial automation. The common characteristic across these sectors is that they remain essential to economic and community functioning irrespective of broader economic cycles. This strategic positioning is intended to provide resilience through varying market conditions while creating opportunities for sustainable growth.

Throughout FY2026, Synertec continued to strengthen its position within these sectors through a combination of engineering capability, deep customer relationships and proprietary technology. The Board believes the Company's competitive advantage increasingly derives from the combination of these capabilities rather than from any individual business unit alone.

The Engineering business provides trusted access to long-term infrastructure customers and complex operational environments, while the Powerhouse technology platform provides differentiated solutions that can address emerging energy security, resilience and decarbonisation challenges. Together, they create a business model that is increasingly difficult to replicate.

One of the Board's key strategic priorities over recent years has been to improve the quality and durability of the Company's revenue base. We have sought to progressively reduce reliance on individual projects and instead build long-term relationships through framework agreements, panel arrangements, recurring service engagements and technology-enabled revenue streams.

The growth achieved in contracted work in hand, the expansion of national customer relationships and the continued development of recurring Powerhouse revenue represent important progress toward this objective.

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

CHAIR OF THE BOARD'S REPORT

Another priority has been improving organisational resilience. Resilience extends beyond financial performance. It includes maintaining a strong balance sheet, preserving access to capital, building geographic diversity, reducing customer concentration, strengthening supply chains, protecting intellectual property and developing leadership capability throughout the organisation.

During FY2026 the Company made tangible progress across each of these areas, creating a more robust platform from which to pursue future growth opportunities. The Board also continued to monitor the accelerating impact of global energy transition trends. Regardless of differing policy approaches between jurisdictions, the underlying requirements for reliable, secure, dispatchable and increasingly lower-emission energy systems continue to grow.

Simultaneously, critical infrastructure operators are investing heavily in automation, operational technology, cyber security and asset modernisation. These are long-term structural themes expected to persist over decades rather than years. The Board believes Synertec is well positioned at the intersection of these important trends.

The Board has consistently supported investment in Powerhouse while maintaining a strong focus on commercial outcomes and shareholder returns. We can point to the increasing body of evidence that Synertec's investment in intellectual property, product development and supply chain capability has created a meaningful platform for future value creation.

The Board's confidence in the future is founded not on short-term market conditions, but on the quality of the business that has been built.

Synertec now possesses a stronger strategic position, broader national footprint, deeper customer relationships, valuable proprietary technology, and greater financial resilience than at any point in its recent history. These attributes provide a strong foundation for the next phase of the Company's growth.

On behalf of the Board, I thank our shareholders for their continued support, our customers for their trust, and our employees whose professionalism, dedication and commitment continue to underpin the Company's success.

As Synertec marks more than three decades of operation, we remain focused on creating enduring value through innovation, resilience and disciplined execution.

Mr. Johannes Risseeuw
Chair of the Board

Synertec Corporation Limited (ASX:SOP)

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

MANAGING DIRECTOR'S REPORT



Dear Shareholders,

FY2026 was a defining year for Synertec.

Following the operational reset, cost reduction initiatives and strategic focus implemented over recent years, the Company delivered a significant improvement in financial performance, generated positive operating cash flow and continued the successful commercialisation of our proprietary Powerhouse technology platform. Most importantly, FY2026 demonstrated the value of Synertec's unique business model, which combines a high-performing Engineering business with a proprietary Energy Technology platform.

Unlike many technology companies, Synertec possesses the engineering capability, project delivery expertise and customer relationships required to deploy technology at industrial scale. Equally, unlike many engineering businesses, we have developed proprietary intellectual property capable of generating recurring revenue and supporting long-term shareholder value creation. Together, Engineering and Powerhouse create a highly complementary operating model that positions Synertec to benefit from the growing demand for critical infrastructure, energy resilience, automation and decarbonisation solutions.

FY2026 FINANCIAL PERFORMANCE

The Powerhouse team has engaged with global technology and manufacturing providers to secure our supply chain to ensure Powerhouse remains well ahead of any developing competition. Our aim is to be the most technologically mature, remote industrial power system that is commercially superior and can be delivered at the scale industry requires.

$2.5m
Powerhouse recurring revenue, up 23% on FY25

Breakeven
Normalised EBIDTA 2H26

+$4.6m
Turnaround in operating cash flow - from ($4.1m) in FY25 to positive $0.5m

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

MANAGING DIRECTOR'S REPORT

FY2026 FINANCIAL PERFORMANCE (CONTINUED)

The most significant achievement during the year was the generation of positive operating cash flow of approximately $0.5 million. This represented a $4.6 million improvement compared with FY2025 and marks an important milestone in Synertec's turnaround and growth journey. The result was supported by disciplined cost management, improved project execution, stronger Engineering margins and the continued growth of recurring revenue from Powerhouse.

The Company also maintained access to substantial funding capacity to support future growth initiatives while continuing to strengthen its balance sheet and improve earnings quality.

POWERHOUSE TECHNOLOGY PLATFORM

FY2026 marked a significant inflection point in the evolution of Powerhouse.

After several years of development, validation and deployment, Powerhouse has successfully transitioned from a technology development program into a commercialised product platform generating recurring revenue and attracting growing customer demand. During FY2026, Powerhouse generated approximately $2.5 million in recurring revenue, an increase of approximately 23% on the prior corresponding period, while research and development expenditure reduced as commercial deployment activity accelerated.

Powerhouse continued to demonstrate reliable performance in the field and established itself as a practical solution for customers seeking resilient, lower-emission and cost-effective energy solutions. During the year, the platform expanded its presence across remote energy systems, industrial power optimisation and community battery applications.

Significantly, Powerhouse has benefited from Synertec's Engineering capability. The same relationships, operational expertise and critical infrastructure credentials that drive Engineering growth also support the build and deployment of Powerhouse. This integrated capability provides a meaningful competitive advantage and significantly reduces the barriers typically faced by emerging technology companies.

ENGINEERING PERFORMANCE

Our Engineering business remains central to Synertec's success and a key source of competitive differentiation.

During FY2026, Engineering continued to strengthen its position as a trusted partner to owners and operators of critical infrastructure across Australia. Revenue exceeded budget expectations, utilisation remained above target and contribution margins improved materially compared with the prior year. Engineering delivered a 35% improvement in contribution margin, demonstrating the effectiveness of the operational improvements implemented during recent years.

Importantly, Engineering growth was underpinned by long-term customer relationships, major panel appointments and repeat business. More than 88% of Engineering revenue was generated from existing customers, reflecting the quality of our service offering and the confidence our customers place in our people and delivery capability.

Across the year, Synertec continued to support some of Australia's most important infrastructure assets and projects across the water, energy, resources, transport, life sciences, defence and manufacturing sectors.

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Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

MANAGING DIRECTOR'S REPORT

ENGINEERING PERFORMANCE (CONTINUED)

Significant progress was achieved through major panel appointments and project delivery for customers including Sydney Water, Water Corporation, Melbourne Water, ANSTO and other key infrastructure operators. These relationships provide a strong platform for future growth and reinforce Synertec's position as a leading provider of engineering, automation and operational technology services.

STRATEGIC PROGRESS

Our strategy remains focused on markets characterised by long-term infrastructure investment, growing demand for automation and energy resilience, and relatively strong resistance to economic cycles.

The combination of Engineering services and proprietary technology enables Synertec to participate in both traditional infrastructure expenditure and emerging energy transition opportunities. This diversified approach reduces risk while creating multiple pathways for sustainable growth. Throughout FY2026, we continued to invest selectively in opportunities that strengthen our position across critical infrastructure markets and support the long-term scalability of the Powerhouse platform.

OUTLOOK

Synertec enters FY2027 with strong momentum.

At 30 June 2026, contracted work in hand had increased to approximately $20.9 million, representing growth of 188% on the prior corresponding period and providing improved visibility of future revenue. The Company has forecast FY2027 revenue in the range of $29.5 million to $31.7 million, representing anticipated growth of approximately 40% to 50% on FY2026 revenue.

The outlook is supported by continued strength across Engineering services, a growing Powerhouse deployment program and a substantial opportunity pipeline across both business segments. Increased investment in critical infrastructure, energy security, automation and decarbonisation continue to strengthen, and we believe Synertec is well positioned to benefit from these long-term trends.

The Board and management remain focused on disciplined execution, operational excellence, strategic investment and the continued growth of shareholder value.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank our employees, customers, shareholders and industry partners for their continued support throughout FY2026.

The achievements of the past year reflect the dedication, commitment and professionalism of our people across the business. As we enter FY2027, we do so with confidence, a stronger operating platform and an exciting opportunity to continue building a business that combines engineering excellence with proprietary technology to create long-term value for all stakeholders.

Michael Carroll
Managing Director

Synertec Corporation Limited (ASX:SOP)

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ESG REPORT

Engineering Solutions for a better future

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Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

PLANET | PEOPLE | PROSPERITY | GOVERNANCE



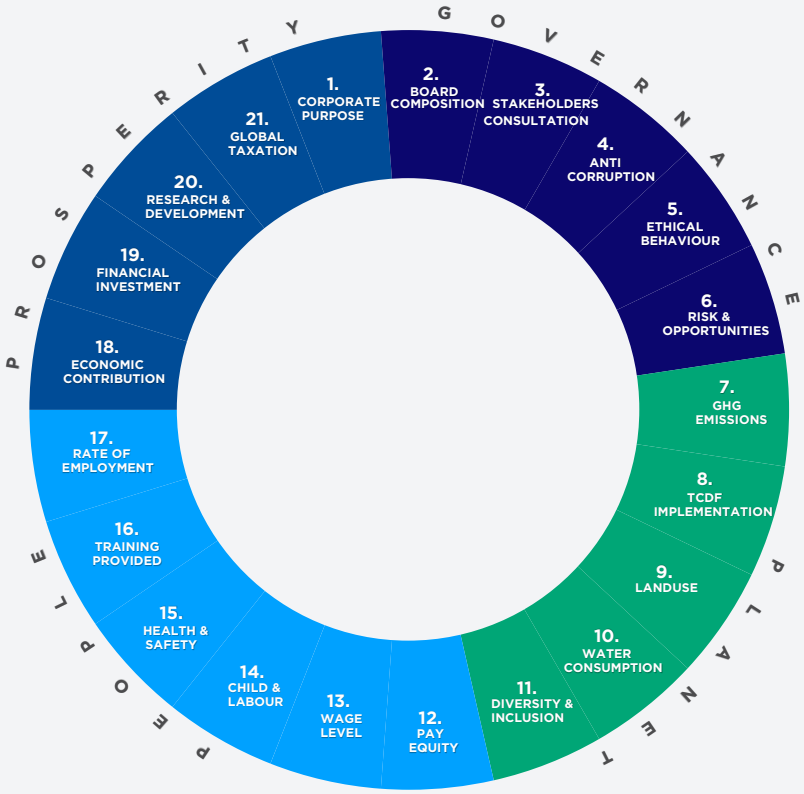
ESG REPORT

A long-standing commitment to Environmental, Social, Governance (ESG) principles is deeply embedded in the technology and solutions provided by Synertec.

Synertec continues to report against the World Economic Forum's (WEF) ESG framework of People, Planet, Prosperity and Governance. These pages contain our 6th annual ESG Report and a reflection of our commitment to these principles.

Synertec's core purpose remains focused on helping our clients and partners transition to a lower emission future through the development of technologies like Powerhouse and innovative engineering solutions in our target industries of Water, Lifesciences, Transport, Energy, Resources, Manufacturing and Defence.

World Economic Forum ('WEF') ESG framework pictured right



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Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

ESG REPORT

PEOPLE

DIVERSITY AND INCLUSION

Our team is growing with 117 people including 28 women (24%) and 89 men (76%). Synertec has been endorsed by Work180 an organisation seeking to 'create a world where everyone has equal opportunity, equal representation and equal pay'. Synertec is currently showing a Work180, Progressive score of 51% placing the Company in the top 45% of companies of equal size in relation to DEI (Diversity, Equity, and Inclusion) performance.

Our team is truly culturally rich with over 35 diverse ethnic backgrounds represented, including Chinese, Indian, Italian, African and South American. Our current age profile is 12 people under 30 (10%), 74 people between 30-50 years (63%) and 31 people over 50 years (27%).

WAGE LEVEL

For FY26 the ratio of Synertec's standard entry level wage to the local minimum wage remains at 1.29, meaning entry-level employees earn 29% more than the national minimum wage. This reflects Synertec's ongoing commitment to offering competitive compensation aligned with industry benchmarks and is reviewed annually.

The ratio of Synertec's CEO's annual total compensation to the median total compensation of employees is 299% for FY26, a decrease from 306% in FY25. This reduction continues to reflect our ongoing efforts to maintain equitable pay structures while aligning compensation with performance and expectations.

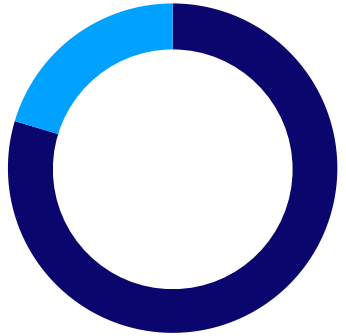


The Remarkables Network

Our women's group meets regularly to discuss relevant issues and policy areas to better support the group in their roles and to continue to encourage acquisition of female talent into Synertec. Recent topics have included psychosocial regulations and hazards in the workplace and career clarity for the next stage of your career.

SYNERTEC WORKFORCE

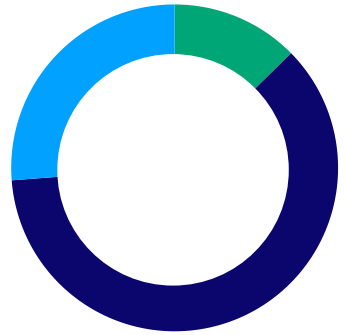
By Gender



- **FEMALE 24%** (FY25: 21%)
- **MALE 76%** (FY25: 79%)

SYNERTEC WORKFORCE

By Age



- **UNDER 30 10%** (FY25: 13%)
- **30-50 63%** (FY25: 61%)
- **OVER 50 27%** (FY25: 26%)

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Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

ESG REPORT

PEOPLE

CHILD, FORCED OR COMPULSORY LABOUR

While Synertec is not a reporting entity under the Modern Slavery Act 2018, Policy POL00776 *Modern Slavery* has been in place at Synertec since 2022, ensuring our ongoing compliance with the Act and any organisation with whom we deal.

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

HEALTH AND SAFETY

Health and Safety remains integral to the company's strategy and operations and we continue to promote a Safety First culture. Key Health and Safety metrics, are outlined in the Managing Director's Report section of the Annual Report.

The company reports these statistics to workplace Health and Safety insurers by State, ensuring regulatory compliance.

Our focus on Safety First includes

- Having Safety as a standing agenda item at all Board meetings, highlighting the company's commitment to safety at every level of the business.
- Holding regular Occupational Health, Safety and Environment (OHSE) meetings with executive participation making minutes and actions available to everyone within the organisation.
- Successfully maintaining certifications in ISO27001 Cyber Security, ISO45001 OHSE Management, ISO14001 Environmental Management Systems and ISO9001 Quality Management System
- Continuing to evolve their safety processes and procedures with a focus on our higher risk activities.

Synertec has again renewed our long-term relationship with their Employee Assistance Program (EAP) and promotes key health issues regularly through activities like RUOK Day, Town Halls and newsletters.

Synertec People Managers also play a key role in supporting the wellbeing of their team members and hold regular check ins as do the People and Culture Team, checking in to support wellbeing in life's big moments.





Highlights from Synertec's Celebration Town Hall for FY26, including the presentation of the Annual Rewards and Recognition Award and the celebration of a team member's 15-year work anniversary. Both are company wide recognitions of the dedication, achievements and contributions of our people.

For personal use only

Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

ESG REPORT



Pictured above: Factory acceptance team at our Brisbane Facility

PEOPLE

TRAINING

Synertec's performance cycle for FY26 had a focus on Goals for Growth to ensure that the goals being created, progressed and completed are helping our people meet their career goals. There has been a continued focus on learning and development in three key areas (i) structured professional training - formal external courses, (ii) learning circles - mentoring and shadowing and (iii) operational 'on-project' training - upskilling through projects.

Each person has agreed learning and development goals to complete for each annual performance cycle. Company wide and specialist training is also captured in our Learning Management System within the Human Resource Information System.

PLANET

GHG EMISSIONS

FY26, Scope 1 emissions totalled 4,355 tCO_2e, with an increase due to an expanded national footprint, (FY25 was 2,548 tCO_2e, FY24 4,008 tCO_2e).

FY26 Scope 2 emissions, which stem from purchased electricity at leased offices in Melbourne and Perth, are 119 tCO_2e (106.6 tCO_2e in FY25, 267 tCO_2e in FY24).

For personal use only

Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

ESG REPORT

PROSPERITY

RATE OF EMPLOYMENT

Synertec has grown from 103 employees in FY25 to 117 employees in FY26. The company will continue to work at attracting and retaining a highly skilled workforce.

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.

TOTAL R&D EXPENSES

Synertec recognises research and development (R&D) as an important driver of innovation, operational improvement and long-term value creation. R&D enables the Group to explore new technologies, enhance existing products and services, and develop practical solutions that support its strategic objectives and respond to the evolving needs of customers and industry stakeholders.

During FY26, the Group did not undertake any significant new research and development activities. This followed a period of targeted investment in FY25, during which the Group allocated over $0.6 million towards eligible R&D expenditure dedicated to the development of its Powerhouse technology.

The Group has historically benefited from the Federal R&D tax incentive program, which provides tax offsets for eligible activities that support technological advancement and innovation.

While no material new R&D programs were undertaken in FY26, the Group remains focused on the continued application, and refinement of its Powerhouse technology.

This focus supports Synertec's broader ESG objectives by enabling the development of technology-led solutions that may improve operational efficiency, reduce environmental impacts for customers, strengthen reliability and support more sustainable industrial outcomes.

TOTAL TAX PAID

Synertec's FY26 tax contributions are detailed in the Financial Statements. Through its tax payments and compliance with applicable laws, the Group supports public services and demonstrates its commitment to responsible governance and transparency as part of its broader ESG framework.



Pictured: International Women's Day at Synertec. The Remarkables group came together for a meaningful session centered on the theme, "Give to Gain." The workshop focused on psychological safety in the workplace and creating an inclusive environments where everyone can thrive.



For personal use only

Annual Overview
Engineering DNA
Chair of the Board's report
Managing Director's report
Synertec ESG report
Synertec Board members
Financials

ESG REPORT

PROSPERITY

ECONOMIC CONTRIBUTION

Synertec continues to engage social enterprises to provide products and services across the company. This financial year our social spend was $272,000, a 27% increase on FY25.

These social and Bcorp certified enterprises are actively working to create better economic and social outcomes for society. Some of our partners include:

TechforGood provide most of our IT hardware and software and their impact is through inclusive employment, ethical and responsible procurement, reduced carbon emissions and investment into providing technology for communities at risk.

Fruit2work provide our fruit, milk and other pantry items that are delivered to our Melbourne locations. Their social impact is providing people with lived experience of the justice system meaningful work with zero recidivism across their community.

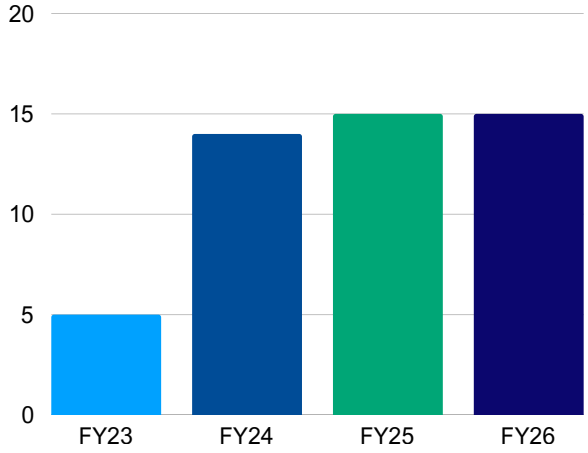
GG's Flowers provide our monthly Reward and Recognition gifts. Their social impact is providing meaningful employment to people with disabilities.

BST Services provide the company's personal protection equipment (PPE) and their social impact is by providing employment and training opportunities for disadvantaged youth.

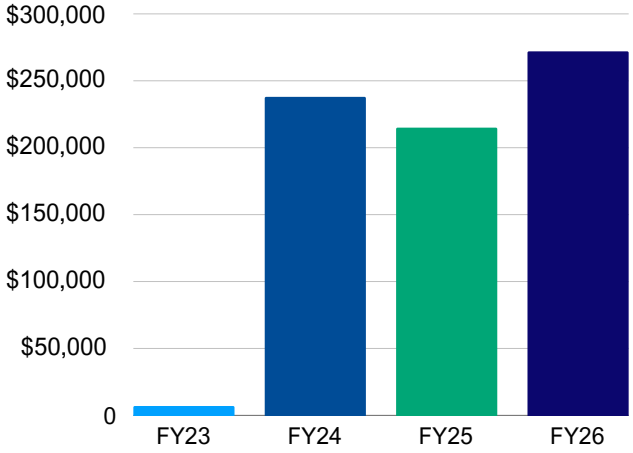
Freckly Faces provide freckle chocolates to help celebrate our people's birthdays. Their social impact is to empower other autistic individuals through the provision of meaningful employment opportunities and the development of life-long skills.

Muru Office Supplies provides office consumables and they create social impact through their indigenous ownership, their work on building employment pathways and through funding of education and health and wellbeing initiatives for indigenous people.

NUMBER OF SOCIAL ENTEPRISES ENGAGED



SOCIAL PROCUREMENT SPEND



For personal use only

Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

ESG REPORT

PROSPERITY

WATERAID

WaterAid Australia has been working with communities around the world to increase access to clean water, decent toilets and good hygiene for over 20 years.

WaterAid Australia was founded in 2004 in collaboration between the water industry and the international aid sector. The first funded projects were in PNG and Timor-Leste and WaterAid Australia is one of four founding members of WaterAid Internationals along with the UK, USA and Sweden. Canada, India and Japan have now joined the organisation.

Synertec's partnership with WaterAid began in 2022. Since then, Synertec team members have volunteered at the past two WaterAid Gala Events, demonstrating an ongoing commitment to the organisation's mission. Synertec's General Manager of Engineering is also the Chair of the WaterAid Victorian Fundraising Committee

In November 2025, Synertec also hosted its own Trivia for Taps fundraising event, raising more than $4,000 to support WaterAid projects.

WOMENCAN AUSTRALIA

In FY26 Synertec started working with WomenCan Australia a Social Enterprise that provide us with Test and Tag services.

WomenCAN was established in 2019 to help women often having been out of the paid workforce for years providing care to others, develop new skills and new employment opportunities.

Their peer-led support model called The Placement Circle, encourages women to assist each other to rebuild their confidence, connections and work currency. When they re-enter the workforce with current qualifications and support, they can build the financial independence they need to make life decisions for themselves and their families.

RECYCLING INITIATIVES

Synertec will continue to repurpose equipment where possible to reduce our environmental impact. This financial year, by extending the working life of our laptops, we have diverted valuable equipment from waste, improved access to technology, and raised $1,650 for charity.





For personal use only

Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

ESG REPORT

GOVERNANCE

GOVERNING PURPOSE

This year Synertec celebrated its 30 year anniversary.

We have an engineering DNA, and the aim of our dedicated workforce of engineers is to 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.

GOVERNING BODY COMPOSITION

There are no changes to the make-up of The Board members this financial year. Mr Johannes Risseeuw has continued in the role of independent non-executive Chair. Information on Board members can be found in the next section, with detailed profiles in the Directors Report.

STAKEHOLDER CONSULTATION

There has been regular stakeholder briefings over the past financial year inline with the publication of quarterly updates and significant announcements. Regular updates are provided through ASX announcements and more informally through LinkedIn. Detailed information about services and projects is also available on our website.

ANTICORRUPTION

There were no reported incidents of corruption during FY2026 and the company is continually improving internal controls and systems to guard against this potential.

PROTECTING ETHICAL BEHAVIOUR

There have not been any concerns or incidents reported through The Whistleblower Policy and processes.

RISK AND OPPORTUNITY OVERSIGHT

The Board and Audit and Risk Committee continue to play a pivotal role in advising on and upholding a comprehensive framework approach towards internal control, risk management and governance standards.

As a listed company Synertec is required to follow the ASX listing rules which dictate disclosure practices and stakeholder interactions.

Grant Thornton remain our independent auditor and they conduct yearly audits and half yearly reviews.

The company continues to identify risks and opportunities in its operation captured through our operating framework areas. Risks and opportunities are constantly tested, validated, mitigated, minimised and eliminated, where possible, with strategies in place to limit any potential impact.

For personal use only

Annual Overview

Engineering DNA

Chair of the Board's report

Managing Director's report

Synertec ESG report

Synertec Board members

Financials

SYNERTEC BOARD MEMBERS



From left to right Synertec Board Members: Ian Campbell, Michael Carroll, Johannes Risseeuw and Peter Lamell . Full Board profiles in the Directors Report.

Johannes Risseeuw

Independent Non-Executive Director & Chair

Johannes Risseeuw is an experienced Company Director with a strong track record in corporate strategy, governance, and M&A. He led ASX-listed Damstra Technology as Executive Chair through its 2019 IPO, and now chairs Synertec's board while also serving as a Non-Executive Director of SciDev and FanPlayr Inc. His earlier career includes senior roles at Shell Australia, Questus Energy, and Skilled Group Limited.

Ian Campbell

Independent Non-Executive Director

Ian Campbell is an experienced financial services professional with a strong track record in debt capital markets, strategy, and corporate finance. He capped a 23-year banking career at Citi in 2023 as Managing Director, Vice Chair Debt Capital Markets and Head of Sustainability & Corporate Transition for Australia and New Zealand, and now also serves as CEO of Janus Electric (ASX:JNS). He holds a Bachelor of Commerce from the Australian National University.

Michael Carroll

Managing Director

Michael Carroll is Synertec's founding principal, Managing Director and CEO, and a significant beneficial owner of the company. He has grown Synertec from a startup in 1996 to an ASX-listed company in 2017, bringing deep engineering expertise and entrepreneurial leadership to the business. He holds a Degree in Applied Science (Applied Chemistry) and a postgraduate qualification in Chemical Engineering.

Peter Lamell

Independent Non-Executive Director

Peter Lamell brings over 25 years of senior executive experience with Royal Dutch Shell across Australia, Asia, Europe, and North America, including a seat on the Board of Shell Australia. He has since served as CEO of several successful business turnarounds and sat on more than 25 boards, with expertise spanning strategy, M&A, sustainability, and digital transformation. He holds a Senior Executive MBA from Melbourne Business School.



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FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED

30 June 2026

Synertec Corporation Limited
ARBN 161 803 032
[ASX:SOP]

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CONTENTS

Financial report for the year ended 30 June 2026	27
Corporate directory	28
Directors' report	29
Corporate governance statement	51
Consolidated statement of profit or loss and other comprehensive income	52
Consolidated statement of financial position	53
Consolidated statement of changes in equity	54
Consolidated statement of cash flows	55
Notes to the financial statements	56
Directors' declaration	84
Independent auditor's report	85
Shareholder information	88



Celebrating 30 Years of Engineering Solutions For A Better Future.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

CORPORATE DIRECTORY

Directors

Mr. Johannes Risseeuw (Independent Non-Executive Director, Chair)
Mr. Michael Carroll (Managing Director)
Mr. Peter Lamell (Independent Non-Executive Director)
Mr. Ian Campbell (Independent Non-Executive Director)

Chief Executive Officer

Michael Carroll

Chief Financial Officer

Yash Gala

Company Secretary

Mr. Stefan Ross
Vistra (Australia) Pty Ltd
Suite 2, Level 11, 385 Bourke Street,
Melbourne, VIC 3000

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

expertise + experience

Share registry

Boardroom Pty Limited
Grosvenor Place
Level 8, 210 George Street
Sydney, NSW 2000
Australia
Telephone: 1300 737 760 (within Australia)
+(61 2) 9290 9600 (outside Australia)

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

www.synertec.com.au

www.powerhousebysynertec.com.au

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Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

The Directors present their report together with the financial statements of the consolidated entity for the year ended 30 June 2026.

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. Johannes Risseeuw (Independent Non-Executive Director, Chair)
Mr. Michael Carroll (Managing Director)
Mr. Peter Lamell (Independent Non-Executive Director)
Mr. Ian Campbell (Independent Non-Executive Director)

1.1 Information on Directors

MR. JOHANNES RISSEEUW - INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIR

Mr. Johannes Risseeuw brings a wealth of leadership and corporate experience to the board. He is a highly skilled Company Director with a strong track record in corporate strategy, governance, and mergers and acquisitions. Mr. Risseeuw's most recent role was as Executive Chair of ASX-listed Damstra Technology (Damstra), where he led the company through its successful listing on the ASX and IPO in October 2019. Mr. Risseeuw has been part of the Synertec Board since 29 October 2024, and becoming Independent Non-Executive Chair on 28 February 2025. Mr. Risseeuw is also Non-Executive Directors of ASX listed SciDev, joining that Board 1 April 2025. SciDev provide specialty chemistry and water treatment technologies across heavy industry

His previous experience includes significant roles such as Director of Shell Australia and Vice-President of Mergers & Acquisitions, where he was instrumental in numerous high-profile transactions across the Asia-Pacific and Middle East regions. Mr. Risseeuw also served as Chief Investment Officer at Questus Energy, where he focused on acquiring oil and gas assets, and as Chief Operating Officer at Skilled Group Limited, a major Australian labour-hire company. Johannes is also an Independent Non-Executive Director of US-based Data Analytics company, FanPlayr Inc. a technology company which optimises the performance of customer data traffic by delivering personalised multichannel customer experiences leveraging behavioural data.

MR. MICHAEL CARROLL - MANAGING DIRECTOR

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 start up in 1996, to a publicly listed company in 2017. Today Synertec proudly employs over 100+ of Australia's great engineering talents who are driving the world's transition to the economy of the future through smart engineering control systems. At the heart of Synertec's growth has been his longstanding commitment to delivery excellence, and building enduring client relationships and industry partnerships. 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, and has undertaken AI studies at the University of Sydney.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

1. DIRECTORS (continued)

MR. 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. 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 and a course in AI at the University of Sydney. He is qualified as a Certified Chair with the Advisory Board Centre and has been a member of a number of Advisory Boards with a prime focus on energy efficiency, sustainability and AI.

MR. IAN CAMPBELL - INDEPENDENT NON-EXECUTIVE DIRECTOR

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. Most recently, Mr Campbell added CEO of a zero emissions truck Conversion business called Janus Electric (ASX:JNS) to his portfolio of experience and knowledge of Renewables, Battery and Energy. 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.

1.2 Directors' interest in shares and options

	Interest in Ordinary Shares
Independent Non-Executive Directors:	
Johannes Risseeuw (Chair)	6,445,957
Peter Lamell	1,083,501
Ian Campbell	939,000
Managing Director:	
Michael Carroll	42,398,496

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

1. DIRECTORS (continued)

1.2 Directors' interest in shares and options (continued)

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 and engineering company enabling a low carbon future through innovative and sustainable 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, Sydney and Perth.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes noted in the year ended 30 June 2026.

4. REVIEW OF OPERATIONS AND RESULTS OF THOSE OPERATIONS

Profit and loss performance

Summary Profit & Loss Performance	FY26 ($'000s)	FY25 ($'000s)	$ Change ($'000s)		% Change	
Total Revenue & Other Income	**21,552**	18,210	Up	3,342	Up	18%
External Engineering Revenue	**18,627**	15,510	Up	3,117	Up	20%
External Technology Revenue	**2,504**	2,037	Up	466	Up	23%
Normalised EBITDA	**(798)**	(2,778)	Up	1,980	Up	71%
EBITDA	**(1,913)**	(5,796)	Up	3,883	Up	67%
Normalised Net Loss After Tax	**(3,408)**	(4,624)	Up	1,216	Up	26%
Net Loss After Tax	**(4,524)**	(7,643)	Up	3,119	Up	41%

FY26 was a year of strong momentum and disciplined execution, with Synertec delivering broad-based growth across both operating businesses. Group external revenue and other income rose 18% to $21.5 million for the year ended 30 June 2026 ("FY26" or the "year") (30 June 2025: $18.2 million), underpinned by a materially strengthened Engineering business and continued acceleration in Technology.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Profit and loss performance continued

Engineering external revenue grew 20% to $18.6 million (30 June 2025: $15.5 million), reflecting the successful conversion of our expanded panel positions and pipeline into new project awards, weighted to the second half. The Engineering consultancy extended its growth trajectory for a fifth consecutive year, delivering $17.1 million at sustained strong gross margins, up 20% on the prior corresponding period ("pcp") (30 June 2025: $14.3 million) and a cumulative increase of 190% over the five years since FY21.

Consultancy services continues to represent over 90% of external Engineering revenue, underscoring the success of our strategy to anchor the business in long-term programs of work with major clients. This deliberate shift away from fixed-price projects continues to de-risk earnings from cost overruns and structurally lift margins.

Technology revenue from customers increased 23% to $2.5 million (30 June 2025: $2.0 million), reflecting growing commercial traction for Powerhouse. The combination of a stronger revenue base across both business units and sustained cost discipline drove an improvement in profitability, with normalised EBITDA improving 71% to a loss of $0.8 million (30 June 2025: $2.8 million loss) and EBITDA improving 67% to a loss of $1.9 million (30 June 2025: $5.8 million loss) - clear evidence of the operating leverage now building through the business.

The Board assesses the underlying performance of the business based on measures of Earnings Before Interest, 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	**FY26 ($'000s)**	FY25 ($'000s)
Net Profit / (Loss) After Tax	**(4,524)**	(7,643)
Depreciation and amortisation	**1,010**	977
Net finance costs	**1,600**	869
EBITDA	**(1,913)**	(5,796)
Corporate development[1] *(see next page)*	**701**	553
Transformation / Share based payments [2] *(see next page)*	**341**	782
Bid Development and Growth bench[3] *(see next page)*	**413**	758
Net fair value gain on financial asset at FVTPL[4] *(see next page)*	**(340)**	-
Net Technology research and development ('R&D') costs[5] *(see next page)*	**-**	925
Normalised EBITDA	**(798)**	(2,778)
Net Profit / (Loss) After Tax	**(4,524)**	(7,643)
EBITDA normalisations (refer above)	**1,115**	3,019
Normalised Net Profit / (Loss) After Tax	**(3,408)**	(4,624)

[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 Employee benefit expenses in the statement of profit or loss.
[4] Included with Other income.
[5] Included within Other income, Technology research and development costs in the statement of profit or loss.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Profit and loss performance continued

Normalised EBITDA excludes costs that are discretionary in nature and incurred in pursuit of strategic, long-term growth opportunities, together with activities and expenses not considered representative of the ongoing operational cost base. These adjustments provide a clearer view of the underlying performance of the business.

Corporate Development costs amounted to $0.6 million (30 June 2025: $0.6 million). This expenditure principally comprised the efforts of key management personnel to promote Powerhouse through the execution of a defined marketing and sales strategy.

Transformation Initiatives totalling $0.3 million (30 June 2025: $0.8 million), reflect a more disciplined approach with the Group committed to maintaining and upgrading the systems and frameworks required to enable scalable growth. This expenditure encompassed internal resourcing dedicated to internal transformation projects and the tools and systems implemented to enhance operational efficiency.

Synertec participated in several large panel submissions and unusually large tender opportunities by water authorities, oil and gas producers, and energy providers. Concurrently, one off mobilisation costs to establish the NSW office contributed to this category. Expenditure of this nature totalled $0.4 million in FY26 (30 June 2025: $0.8 million)

Net fair value gain on financial asset at FVTPL was $0.3million, related to Phnxx convertible note.

Research and development spend for the year was nil (30 June 2025: $0.9 million). The prior-year spend comprised of both net claimable R&D and non-claimable development costs.

Segment performance

The Group is structured into two principal segments: Engineering Solutions ("Engineering") and Technology and Future Business ("Technology"). These divisions are managed discretely, each requiring distinct skills, technologies, go-to-market approaches and resourcing. This structure forms the basis on which information is provided internally to the Chief Operating Decision Makers ("CODMs") for the purpose of assessing performance and making operating decisions. All inter-segment transfers are conducted on arm's length terms, referenced to prices charged to external customers in stand-alone sales of identical goods or services.

The Corporate function, which operates as a cost centre, comprises the Board and Executive team responsible for the oversight and strategic direction of Engineering and Technology, together with the governance and operation of the ASX-listed head company, Synertec Corporation Limited. Its activities encompass governance oversight, corporate development, investor relations, and the broader functions associated with the operation, governance and regulatory compliance of the Group's head company.

	FY26			FY25		
	Engineering ($'000s)	**Technology ($'000s)**	**Total ($'000s)**	**Engineering ($'000s)**	**Technology ($'000s)**	**Total ($'000s)**
Revenue & Other Income	**20,908**	**2,570**	**23,478**	18,209	2,315	20,524
Segment Normalised EBITDA	**2,720**	**(1,107)**	**1,613**	2,210	(1,789)	421
Net Profit / (Loss) After Tax	**4,413**	**873**	**5,286**	3,330	117	3,447

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Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Engineering Business

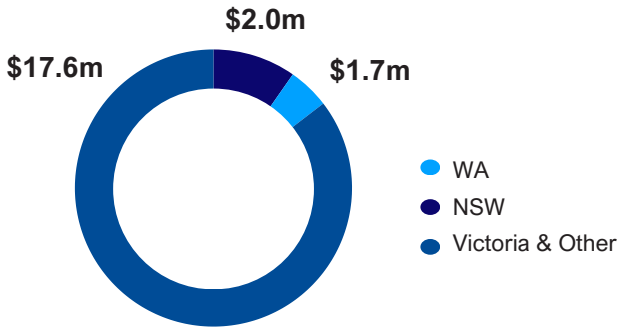
FY26 was a strong year for Synertec's Engineering business, with performance improving across revenue, margin, utilisation, cashflow and profitability. The business maintained momentum from the second half of FY25, delivering above-target performance through the year and finishing with Engineering segment revenue of $20.9 million, up 15% on the prior corresponding period (30 June 2025: $18.2 million). This includes services and materials provided to the Technology business of $2.5 million (30 June 2025: $2.4 million). Q4 Engineering revenue of $6.0 million was up 22% on the prior corresponding period and 14% on Q3 FY26, highlighting the underlying momentum generated through the year. The Engineering business unit also delivered positive net operating cashflow and positive EBITDA across FY26, alongside a 35% improvement in contribution margin compared with the prior corresponding period. The Engineering division has demonstrated its resilience and maturity, operating as a self-sustaining and profitable business line for the fourth consecutive year. Normalised EBITDA for the year was $2.7 million (30 June 2025: $2.2 million), reflecting the strength of the underlying business model and the benefits of a more focused, programmatic approach to service delivery.

A key driver of this performance was the continued development of a substantial and resilient pipeline of work, underpinned by Synertec's strategy of securing panel arrangements with major critical infrastructure operators and government-owned corporations. By 30 June 2026, the Engineering pipeline had grown to approximately $174 million, up 60% on the prior corresponding period, with opportunities being pursued across Synertec's five target industry sectors: Water, Transport, Energy & Resources, Life Sciences, and Defence & Manufacturing. Panel-based opportunities represented a significant source of growth, providing visibility of forward work programs and access to reliable infrastructure investment supported by regulatory and government funding.

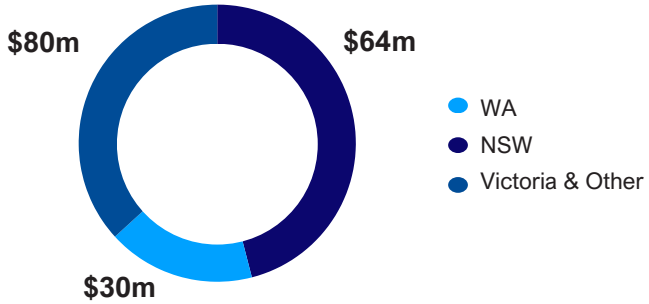
FY26 marked meaningful progress in the national expansion of the Engineering business. In New South Wales, Synertec secured approximately $3 million of projects across Water, Transport and Life Sciences, supported by its Sydney Water panel position, the establishment of a new Parramatta office, and the appointment of key senior personnel. More than $80 million of qualified opportunities were identified in NSW by year end.

In Western Australia, Synertec secured approximately $2 million of projects across Water and Energy and Resources, while continuing to support Water Corporation and building a further pipeline of approximately $30 million. The business also continued to support clients in Queensland and Tasmania, and is actively positioning for opportunities in South Australia. The charts below show FY 26 revenue contribution from the key growth states of NSW and WA as well as the growth potential from these geographies through identified pipeline opportunities.

FY REVENUE BY STATE



OPPORTUNITY PIPELINE BY STATE



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Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

A significant feature of Synertec's FY26 pipeline growth is the increased forward capital and operational spend of key clients in critical government-supported infrastructure sectors. This is particularly evident in the water sector, where Melbourne Water has announced a $7.3 billion[(1)] FY27–FY31 infrastructure investment program, representing a 51% increase on the previous five-year period, while Sydney Water's long term capital operational plan for 2025–2030 allows for approximately $13.2 billion[(2)] in capital expenditure and approximately $9.4 billion in operating expenditure over the period. These programs are expected to translate to sustained demand for specialist engineering services in areas aligned to Synertec's core capability, including operational technology, cyber security, digitisation, control systems and upgrades to ageing critical infrastructure.

This client investment profile supports the resilience of Synertec's pipeline by anchoring future opportunities to long-duration, mission-critical infrastructure programs that are funded directly or indirectly through government regulation and public infrastructure investment. Combined with Synertec's membership of nine major panels and its high proportion of repeat customer revenue, this provides the Engineering business with visibility over forward work programs, access to reliable pools of capital expenditure, and a stronger platform for converting qualified opportunities into recurring project revenue over FY27 and beyond.

Technology Business

Powerhouse is Synertec's proprietary, AI-enabled, industrial-scale energy platform. It combines renewable generation, battery energy storage, advanced power conversion and the Company's locally developed control software and Predictive Intelligence to provide high-availability power for remote microgrids, grid support and critical industrial applications. The platform is modular, portable and configurable, and can be delivered through a capital sale or under a Build, Own, Operate and Maintain (BOOM) commercial model.

FY26 marked an important transition for Powerhouse from early commercial validation to productisation and measured multi-market scale. During the year the Company maintained the exceptional field performance of its installed fleet, expanded its Tier-One customer base, entered the community and distribution-network battery market, validated a lower-cost global manufacturing and quality-assurance model, and established a clear four-pillar market strategy that applies the Powerhouse technology platform across multiple targeted large addressable markets.

FY26 operational and commercial performance

Powerhouse's installed assets continued to provide recurring revenue under multi-year BOOM rental agreements. In FY26, Technology revenue increased 23% on the prior corresponding period to $2.5 million at greater than 90% EBITDA, and the Technology EBITDA loss improved by 50%.

All Powerhouse units installed for Santos were contracted under long-term BOOM agreements and had no planned or unplanned shutdowns and no maintenance visits during the year. By June 2026, the installed fleet had delivered better than 99.95% long-term availability across six years of cumulative operation. The second-generation units, deployed in early FY25 reported availability of 99.99%. This record reinforces Powerhouse's capacity to supply fully renewable, grid-forming power in remote and harsh operating environments.

(1) Essential Services Commission Melbourne Water price review (2026)
(2) Long Term Capital and Operational Plan – Sydney Water (2025)

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Technology Business (continued)

Key milestones during the year

Santos GLNG expansion and asset portability – Santos ordered a fourth Powerhouse system in September 2025 under the established master commercial framework and BOOM model. During the year, an existing Powerhouse system was also successfully relocated to a new coal seam gas well site after completing its original assignment, demonstrating the portability, serviceability and redeployment value of the platform. The fourth unit became the first Powerhouse system fabricated through the Company's lower-cost, high-capacity global supply chain and subsequently completed factory acceptance testing overseas and in Australia and was safely deployed to site in July 2026.

New Tier-One energy customer – In November 2025, Synertec secured its first Powerhouse contract with Shell QGC for a remote brownfield coal seam gas site in Queensland. The contract adopted a BOOM structure with a flat monthly rental for an initial six-month pilot, providing a pathway to a broader rollout. Fabrication of the Shell QGC unit progressed through the new global supply chain during FY26. Shell have identified additional requirements and the current system is undergoing design review, to incorporate new requirements specific to Shell's operational needs.

Entry into community and distribution-network batteries – In March 2026, Synertec was awarded a contract with TasNetworks to design, manufacture, supply and commission six front-of-the-meter Powerhouse BESS units of approximately 0.2MW / 0.4MWh each across six Tasmanian communities. The ARENA-supported program is designed to improve network reliability, increase rooftop-solar hosting capacity, manage peak demand and evaluate energy-market services. Selection of Powerhouse reflected its compact footprint, extremely low-noise profile, intelligent control architecture and proven high-availability performance. The award added a new customer, a six-unit program and a new large addressable market.

Productisation and delivery readiness – By June 2026, there were three Powerhouse units in the field and eight Powerhouse systems under design and/or construction. In FY26 the Company worked to standardise key design elements such as battery containers, developed plug-and-play control cabinets to streamline deployment and commissioning, expanded quality assurance capability in Asia and Australia, and advanced a factory-to-field delivery model intended to improve build consistency, shorten lead times, protect intellectual property and support repeatable deployment at scale.

Key milestones after reporting date

Two material post-year-end developments further validated the Powerhouse strategy.

Amplitude Energy – industrial power optimisation – Announced 9 July 2026, Powerhouse was selected through a competitive Request for Proposal process as the preferred technology platform for Amplitude Energy's Orbost Gas Processing Plant Power Optimisation Project in Victoria. Synertec was engaged to complete Front-End Engineering and Design during H1 FY27 for a concept comprising approximately 2MW of solar generation, 5MWh of battery storage, advanced power conversion, predictive controls and the proprietary Powerhouse energy-management and optimisation platform. The system is intended to operate alongside existing gas generation to provide fast-response support, reserve capacity, greater reliability, lower fuel-gas consumption, lower maintenance and reduced emissions. Subject to Amplitude Energy's Final Investment Decision and final configuration, the indicative total project value is circa $5 million. Both capital sale and BOOM delivery models are being evaluated, with long-term monitoring, optimisation and lifecycle support contemplated under either model.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Technology Business (continued)

One configurable platform across four strategic market pillars

During FY26, Synertec refined Powerhouse into one configurable platform serving four strategic market pillars. The architecture combines common software, controls, quality systems and supply-chain components, with hardware and software modules activated to meet each customer's requirements.

This approach reduces unnecessary bespoke engineering, supports consistent quality and allows the Company to address opportunities from compact community batteries through to industrial systems in the 5MW to 30MW range and, where appropriate, larger applications.

1. *Powerhouse Remote* – renewable, high-availability microgrids for remote energy, mining and critical infrastructure, with ultra-low maintenance and secure remote monitoring. Revenue-earning validation has been established through the Santos fleet and the Shell QGC contract. The repeat Santos orders and expansion to a second global energy operator demonstrate a credible pathway from single-site validation to multi-site rollout programs.
2. *Powerhouse Urban Resilience* – compact, low-noise systems for public and urban environments, providing grid services, microgrid capability and islanded operation. The six-unit TasNetworks community battery contract provides Powerhouse's first revenue-earning program in this pillar and a reference project for future distribution-network and community deployments.
3. *Powerhouse Industry Resilience* – fast-response battery and optimisation systems that firm existing thermal generation and support industrial loads, with potential applications in energy, mining, data centres and critical facilities. The revenue-earning Amplitude Energy FEED award provides the first commercial engagement in this pillar and is intended to establish a repeatable reference architecture combining solar, battery storage, advanced power conversion and Powerhouse's Predictive Intelligence feature.
4. *Powerhouse Grid Resilience* – edge-of-grid and weak-network solutions designed to improve reliability, resilience, power quality and energy orchestration for distribution network service providers and remote communities. Sales activity in this pillar remain highly active in targeted near-term opportunities.

The four-pillar strategy creates a diversified route to market while retaining a common technology and delivery base.

Low-cost global supply chain and strategic partnerships

A central objective through FY25 and FY26 was to establish a resilient, high-capacity and cost-competitive global supply chain without compromising quality, safety or Synertec's ownership of its core intellectual property. The result is a deliberately disaggregated delivery model: global partners provide advanced batteries, battery systems and power-conversion technologies at scale; Synertec retains system architecture, engineering, proprietary software, controls integration, cyber-secure remote operation, Australian testing and final accountability for the complete Powerhouse solution.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Technology Business (continued)

Low-cost global supply chain and strategic partnerships (continued)

The manufacturing model is designed around repeatability, efficiency and quality control. Containerised battery systems are manufactured to Synertec's design and inspected by Synertec before shipment. Plug-and-play control cabinets are then integrated, while the proprietary control software is developed, installed and tested in Australia to protect the Company's intellectual property. Factory acceptance testing and staged quality checks are performed both offshore and in Australia before site deployment. Standard shipping dimensions and high levels of pre-commissioning reduce site work, shorten deployment time and allow rapid mobilisation with fewer personnel in remote environments.

This delivery architecture can support at least 500 units per annum, subject to customer orders and project-specific requirements. Importantly, lower input costs do not rely on a single source or on moving Synertec's high-value intellectual property offshore. The combination of global component scale, dual-location quality assurance and Australian software and controls integration has enabled the Company to offer a high-quality, cost-competitive Powerhouse product that can scale efficiently for mass rollout programs while remaining resilient to supply disruption and geopolitical shocks.

Technology Outlook

The Company's focus is now the disciplined conversion of its qualified pipeline into repeatable deployments, while maintaining quality, capital discipline and attractive project economics. Capital-sale projects can accelerate market adoption with lower capital intensity for Synertec, while BOOM projects build long-duration, recurring revenue and deepen operating relationships with customers. Supported by its productised factory-to-field model and partner ecosystem, Powerhouse is positioned to progress from individual reference sites to multi-unit customer programs across Australia and, over time, selected international markets.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Capital Management

Balance Sheet	FY26 ($'000s)	FY25 ($'000s)	$Change ($'000s)		% Change	
Total Assets	**18,160**	16,877	Up	1,283	Up	8%
Cash at Bank	**2,017**	3,699	Down	1,683	Down	45%
Net Assets	**903**	4,806	Down	3,903	Down	81%

Total Assets increased 8% to $18.2 million (30 June 2025: $16.9 million), primarily reflecting continued investment in the Group's Powerhouse asset base, which grew by $2.9 million before depreciation. This was partially offset by a lower cash balance and a reduction in other current assets.

Net Assets were $0.9 million (30 June 2025: $4.8 million), including cash of $2.0 million (30 June 2025: $3.7 million). The movement in Net Assets principally reflects the operating loss for the year, together with an increase in total liabilities, most notably interest-bearing liabilities associated with the Group's growth funding, as the Group continued to fund its investment in Powerhouse and its broader growth agenda.

The deployment of cash during the year reflects the Group's ongoing investment in long-term growth initiatives and Powerhouse infrastructure, which are expected to generate sustained revenue opportunities in future periods. While the cash position has softened, the Group retains access to undrawn debt capacity under its facility with Altor Capital Management and, following the amended facility arrangements entered into subsequent to year-end, considers its funding position sufficient to support its liquidity requirements and ongoing operational commitments.

Cash Flow	FY26 ($'000s)	FY25 ($'000s)	$ Change ($'000s)		% Change	
Cash receipts from customers	**23,687**	19,315	Up	4,373	Up	23%
Net cash surplus/ (used) - operating activities	**492**	(4,072)	Up	4,564	Up	112%
Net cash surplus/ (used) - investing activities	**(3,212)**	(1,469)	Up	1,743	Up	119%
Cash Inflow from Altor Drawdown	**3,000**	**3,465**	Down	(465)	Down	13%

The Group's cash receipts from customers were $23.7 million (30 June 2025: $19.3 million), up 23% on the prior corresponding period ("pcp"), reflecting the growth in external revenue across both operating businesses. Debtor-days remained within the Group's 30 – 40 day target range, and the Company continues to manage working capital prudently.

Most significantly, the Engineering-led improvement in trading performance, compounded by reductions in corporate overheads, drove a decisive turnaround in operating cash flow. Net cash from operating activities was an inflow of $0.5 million (30 June 2025: $4.1 million outflow), a $4.6 million improvement on pcp and a clear indication of the operating leverage now building through the business.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Cash Flow (continued)

Net cash used in investing activities was $3.2 million (30 June 2025: $1.5 million), reflecting the Group's continued investment in its Powerhouse asset base, with purchases of property, plant and equipment of $3.0 million (30 June 2025: $1.2 million).

FY26 saw a $3.0 million (30 June 2025: $3.5 million) drawdown under the Group's facility with Altor Capital Management, which was fully utilised and invested in building Powerhouse Assets.

The net operating cash inflow of $0.5 million (30 June 2025: $4.1 million outflow) divided by segment is as per below:

Net operating cash flows ($'000s)	Engineering	Technology	Corporate	Total
FY26	**2,798**	**(1,200)**	**(1,106)**	**492**
FY25	1,394	(2,135)	(3,331)	(4,072)
$ Change	1,404	935	2,225	4,564

The Engineering business continued positive operating cash flow for the third year in a row. This is being driven by continuous uplift in gross margins over the past three years, reduction in overhead expenses, as well as managing cash prudently by keeping debtor-days minimised (a product of the transition to consultancy services (90%), and maximising working capital for the benefit of the Group's businesses). Cash generated from the Engineering business was mainly utilised to support the industry lead and business development strategy.

As outlined in the table above, the combined net operating cash flow of the business has increased by $4.5 million against the pcp.

Group Outlook

FY26 was a defining year for Synertec, as evidenced by revenue growth, materially improved margins and a return to positive net operating cash flow. The Group enters FY27 with strong momentum across both operating businesses.

Our strategy of targeting critical infrastructure markets with long-duration, government-supported investment programs is producing results. Engineering pipeline has grown 60% to approximately $174 million and more than 88% of revenue derived from existing customers, underpinned by nine major panel memberships and a national platform now extending into New South Wales and Western Australia.

The Powerhouse Technology Platform reached a significant inflection point during the year, transitioning from a development program to a commercialised product generating recurring, recurring revenue. Recurring revenue grew 23% to $2.5 million at attractive margins, while the qualified opportunity pipeline expanded materially as the platform extended across remote power, community batteries and industrial energy optimisation. New contracts with Santos, Shell QGC, TasNetworks and Amplitude Energy, together with strategic partnerships with Ritar, Hitachi Energy and Siemens, demonstrate that the same underlying platform can create value across multiple large addressable markets.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

Outlook (continued)

Reflecting this momentum, and for the first time, the Company has provided formal earnings guidance. Supported by contracted work in hand of $20.9 million at 30 June 2026, up 188% on the prior corresponding period, Synertec has forecast FY27 revenue of between $29.5 million and $31.7 million, representing anticipated growth of approximately 40% to 50% on FY26. The short-to-medium-term outlook is compelling, and the Board and management remain focused on disciplined execution and the continued creation of long-term shareholder value.

ESG Reporting

In FY26, Synertec continued to embed ESG principles within its core business strategy, reporting for the sixth consecutive year against the World Economic Forum's (WEF) ESG framework of People, Planet, Prosperity and Governance. This ongoing commitment reflects Synertec's dedication to transparency, accountability and measurable progress.

The Company's strategic focus remains on enabling a lower-emission future through its Powerhouse technology and engineering solutions deployed across critical sectors including Water, Transport, Energy and Resources, Life Sciences, Defence and Manufacturing.
Synertec's efforts in FY26 were anchored in all three pillars: Environment, Social and Governance. The Company continued to promote a workplace culture that values diversity and inclusion, supported by targeted initiatives and policies that foster equality, representation and employee wellbeing. Governance remained a priority, with a stable and experienced Board providing strong oversight and strategic direction, in a year in which Synertec marked its 30-year anniversary. Synertec's ESG activity summary for the year is as follows:

Environment

In FY26, Synertec continued to report its emissions transparently. Scope 1 emissions totalled 4,355 tCO_2e (FY25: 2,548 tCO_2e; FY24: 4,008 tCO_2e), while Scope 2 emissions, which stem from purchased electricity at leased offices in Melbourne and Perth, were 119 tCO_2e (FY25: 106.6 tCO_2e; FY24: 267 tCO_2e). Scope 3 emissions are not currently required to be reported. Synertec continued to repurpose end-of-life equipment where possible, giving old laptops a second life, providing technology at low cost and raising $1,650 for charity.

Social

In FY26, Synertec continued to build on its commitment to social responsibility through inclusive workplace practices and community-focused initiatives. The Company's workforce grew to 117 employees, comprising 28 women (24%) and 89 men (76%), with representation across more than 35 cultural backgrounds. Synertec was endorsed by Work180 as an employer committed to equal opportunity, representation and pay.

Reporting for the second year to the Workplace Gender Equality Agency (WGEA), Synertec recorded an average gender pay gap of 16.3% and a median of 11.5%, a significant improvement on the FY25 average gap of 20.4%. The ratio of the CEO's total compensation to the median employee decreased to 299% (FY25: 306%).

Synertec deepened its engagement with social enterprises, with social procurement spend increasing 27% to over $273,000 across 15 social enterprises. The Company also commenced working with WomenCAN Australia and supported WaterAid Australia, including a "Trivia for Taps" fundraiser. Internally, Synertec continued to invest in programs that foster connection and development, including The Remarkables women's network, and renewed its long-standing Employee Assistance Program.

For personal use only

Corporate Directory
Directors Report
Review & Results of Operations
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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

ESG Reporting (continued)

Governance

Governance remained a key focus in FY26. There were no changes to the composition of the Board during the year, with Mr Johannes Risseeuw continuing as independent non-executive Chair, supported by the Audit and Risk Committee in overseeing risk, compliance and stakeholder engagement.

Synertec maintained all ISO accreditations, including ISO 27001, ISO 9001, ISO 45001 and ISO 14001, reinforcing its commitment to data security, quality, safety and environmental management. There were no reported incidents of corruption or whistleblower concerns in FY26. Synertec's Modern Slavery Policy, Code of Conduct, Securities Trading Policy and Whistleblower Policy continue to support ethical behaviour and transparency across all operations.

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

A detailed explanation of subsequent events is covered under note 31 of the financial report.

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

9. MATERIAL BUSINESS RISKS

The key challenges for the Group going into FY27 are:

Delivering the Group's contracted work in hand and converting its expanded pipeline in line with the FY27 guidance provided to the market;
Scaling the commercialisation of the Powerhouse Technology Platform while maintaining quality, margin and supply-chain resilience;
Preserving and enhancing balance sheet resilience and funding flexibility to support the Group's growth agenda.
Material risks that could adversely affect the Group include the following:

Delivery of Guidance and Growth Expectations

For the first time, the Company has provided formal revenue guidance for FY27. Achievement of this guidance depends on the timely delivery of contracted work, the conversion of tendered and identified pipeline opportunities across the Group's engineering panel arrangements, and the scheduled fabrication, delivery and commissioning of Powerhouse units. Delays in customer decision-making, project timing, or the mobilisation of resources could affect the timing and scale of revenue recognised in FY27.

Macroeconomic and Geopolitical Disruption

Global macroeconomic and geopolitical factors, including persistent inflationary pressures, disruption to traditional energy markets and intensifying trade disputes, continue to shape supply-chain dynamics, influence capital markets and affect customer investment behaviour. These factors may result in delays or cancellations of projects, impacting Synertec's revenue pipeline and operational planning. Equally, disruption to traditional energy supply chains continues to strengthen the strategic case for the Powerhouse Technology Platform.

Exposure to Economic Cycles

Synertec remains exposed to fluctuations in government and private-sector capital expenditure, particularly in the energy, infrastructure and resources sectors. Economic cycles driven by fiscal policy, commodity prices and regulatory shifts may affect the timing and scale of investment in critical infrastructure. The Group's strategic focus on critical-infrastructure markets, underpinned by government-regulated funding programs, provides a degree of resilience to these cycles and improved long-term revenue visibility.

Supply Chain and Technology Commercialisation

As Powerhouse transitions from a development program to a commercialised product, the Group is increasingly reliant on international suppliers and manufacturing partners for the fabrication and delivery of units. Disruption to these supply chains, cost escalation, exchange-rate movements or delays in component supply could affect delivery timeframes, margins and the Group's ability to meet contracted commitments. Synertec continues to mitigate this risk through strategic partnerships and a diversified, resilient supply chain.

Labour Market Constraints

The availability of skilled labour remains a critical factor in Synertec's ability to execute projects and pursue growth, particularly as the Group expands into new geographies, including New South Wales and Western Australia. Labour shortages in engineering and technical disciplines may lead to increased costs, reduced productivity and pressure on project delivery. The Group continues to invest in workforce development, retention strategies, state-based teams and flexible working arrangements to address these challenges.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

9. MATERIAL BUSINESS RISKS (continued)

Labour Market Constraints

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Balance Sheet Resilience and Funding

The Group's growth agenda and continued investment in the Powerhouse asset base require ongoing access to funding. Synertec maintains a secured facility with Altor Capital Management, with available undrawn capacity, and engages regularly with its banking and insurance partners, who undertake periodic reviews of the business. The Group's ability to fund its operations and growth is dependent on continued access to these facilities, compliance with associated covenants, and the conversion of its pipeline into cash-generative revenue. Further detail on the Group's funding position and going-concern considerations is provided in Note 2.5 to the financial statements.

Cyber Security and Information Technology

The Group's reliance on digital infrastructure and data-management systems necessitates robust cybersecurity protocols. Threats such as unauthorised access, data breaches and system failures pose risks to business continuity and reputation. Synertec continues to enhance its cyber resilience through its ISO 27001-certified Information Security Management System, supported by a dedicated Managed Service Provider and 24/7 monitoring.

Contract Execution and Profitability

The Group's ability to deliver projects on time, within budget and to specification is central to maintaining customer trust and financial performance. Build, Own, Operate and Maintain arrangements and fixed-price contracts carry inherent risk where cost overruns or scope variations are not recoverable. Synertec continues to strengthen its commercial-management framework to mitigate these risks and ensure contractual compliance. Fixed-price projects remain a small part of the business.

Risk Management Initiatives

During FY26, the Company continued to strengthen its risk-management framework. This included a comprehensive project evaluation framework applied to all prospective work; enhanced project governance supporting monthly performance reviews and early identification of projects requiring support; continued investment in cyber resilience; ongoing engagement with banking and insurance partners; and continued investment in workforce development, competency frameworks, hybrid working and diversity and inclusion programs. The Board and Audit and Risk Committee continue to oversee the Group's internal control, risk-management and governance standards.

During FY26, the Company continued to implement and strengthen a range of initiatives to address the risks above.

- The Group continued to refine its governance processes around project targeting and contracting strategy. A comprehensive evaluation framework is applied to all prospective projects, ensuring alignment with strategic objectives and acceptable risk-return thresholds. This discipline, complemented by an industry-focused approach to business development across the Group's five target sectors, contributed to a materially expanded and higher-quality pipeline during the year and improved commercial outcomes.

- Synertec continued to enhance its cyber security posture. The Group's ISO 27001-certified Information Security Management System underpins its approach to data protection and operational resilience, supported by internal IT resources and an independent Managed Service Provider offering 24/7 Security Operations Centre monitoring and Security Information and Event Management services. Comprehensive employee training, business continuity planning and incident response drills further reinforce Synertec's commitment to safeguarding its digital infrastructure. Cyber security remains a growth area of specialisation for the Group's engineering business.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

9. MATERIAL BUSINESS RISKS (continued)

- The Group strengthened its funding position during the year, expanding and extending its secured facility with Altor Capital Management to support its growth agenda and continued investment in the Powerhouse asset base. The Group maintains available undrawn capacity under this facility and engages regularly with its banking and insurance partners, supported by transparent communication and ongoing performance reviews. Further detail is provided in Note 2.5 to the financial statements.
- As the Powerhouse Technology Platform transitioned to commercialisation, the Group invested in building a resilient, cost-competitive international supply chain and manufacturing capability, underpinned by strategic partnerships with global technology and battery providers. This mitigates delivery, cost and component-supply risk and supports the Group's ability to fabricate and commission units at scale.
- Risk exposure assessments continue to determine the appropriate level of senior management involvement in bidding decisions. Synertec's commercial management framework ensures contracts are structured to reflect prevailing market conditions, including inflationary pressures, exchange-rate movements and supply chain considerations, and supports robust scope and variation management, ensuring contractual compliance and financial discipline across both fixed-price and Build, Own, Operate and Maintain arrangements.
- A strengthened project governance structure continues to facilitate monthly performance reviews, enabling early identification of projects requiring additional support. This proactive approach enhances delivery outcomes and mitigates execution risk, and contributed to the improved contribution margins and positive operating cash flow delivered in FY26.
- Synertec remains committed to investing in its people. Learning and development programs, structured around professional training, mentoring and on-project upskilling, alongside competency frameworks, support the growth of specialist capabilities and workforce readiness. The Group maintains dedicated state-based teams in Victoria, Western Australia, Queensland and, increasingly, New South Wales, reducing reliance on interstate travel and supporting local project delivery as the business expands into new geographies. Recruitment processes are supported by a dedicated internal resource, with competitive remuneration frameworks, recognition and reward programs, and succession planning underpinning the Group's ability to attract and retain top talent.
- Hybrid working arrangements, combining remote, office and site-based work, promote flexibility, collaboration and employee wellbeing. Diversity and inclusion programs, supported by measurable targets, external endorsement through WORK180, WGEA reporting and regular engagement surveys, foster a culture of belonging and continuous improvement. During FY26, the Group achieved a measurable improvement in its reported gender pay gap.

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. Stefan Ross from Vistra (Australia) Pty Ltd was appointed as Company Secretary on 28th October 2024 and remains the Company Secretary for FY26.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

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 2026, and the number of meetings attended by each Director were:

	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
Directors	**A**	**B**	**A**	**B**	**A**	**B**
Johannes Risseeuw	9	9	3	3	2	2
Michael Carroll	9	9	-	-	-	-
Peter Lamell	9	8	3	3	2	2
Ian Campbell	9	9	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

13. UNISSUED SHARES UNDER OPTION

The Company has issued 9.6 million options to Non-Executive Directors subject to vesting conditions. As announced on 30th October 2024.

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 2026.

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. All figures disclosed as part of the remuneration report are not audited.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

14. REMUNERATION REPORT (continued)

Name	Position	Appointed as a Director
Mr. Johannes Risseeuw	Independent Non-Executive Director, Chair	29 October 2024
Mr. Michael Carroll	Managing Director and Chief Executive Officer	08 August 2017
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.

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

14. REMUNERATION REPORT (continued)

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

All Executive KMP remuneration comprises the following:

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

Element	Purpose	Performance metrics	Potential value
Base (fixed) Remuneration	Provide a market competitive salary, including superannuation.	Nil	Within industry averages for the position's required skill and responsibility.
STI	Combination of cash and equity 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.
LTI	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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

14. REMUNERATION REPORT (continued)

Non-Executive Directors' remuneration (continued)

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.

Link between remuneration and performance

FY 2026 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 FY26 saw the business achieve most of its strategic objectives and KPIs.

Synertec outperformed KPI targets successfully by achieving the below in FY26:

- Group Revenue including other income, growth of 18% to $21.5 million (highest revenue since FY19)
- Normalised Group EBITDA improved by 71% to a loss of $0.8 million (FY25 normalised EBITDA loss of $2.8 million)
- Group EBITDA improved by 67% to a loss of $1.9 million (FY25 EBITDA loss of $5.8 million)
- $1.5 million reduction in Corporate Costs
- Group work in hand increased to $20.9 million, up 188% PCP
- Pipeline for Engineering increased to $174 million, up 60% PCP
- Pipeline for Powerhouse increased to $400 million
- Average Debtor Days for the year being within the target range of 30-40 days

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

14. REMUNERATION REPORT (continued)

Non-Executive Directors' remuneration (continued)

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.

As Synertec achieved Budget target for FY26, the gate for FY26 STI opened and KMP and eligible team members were awared STI as part of FY26 incentive plan. These incentives will be payable in October 2026. As LTI targets weren't achieved, KMP and eligible team members did not qualify for any LTI.

Maintaining sustainable performance – future approach

The Group is anticipating a period of growth in key markets across both Engineering and Technology business segments.

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

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 supported by the deferral of a portion of the short-term incentives. 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 99.82% "yes" votes on its remuneration report for the 2025 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.

	Short-term benefits	Post-employment benefits			Equity	Long-term benefits	Total
2026	**Cash salary and fees**	**Bonus**	**Super-annuation**	**Termination**	**Options**	**Long service & Annual leave**	
Independent Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Johannes Risseeuw (Chair)	143,498	-	17,220	-	-	-	160,718
Ian Campbell	99,099	-	11,892	-	-	-	110,991
Peter Lamell	90,090	-	10,811	-	-	-	100,901
Executive Directors							
Michael Carroll (Managing Director)	453,315	193,326	30,000	-	-	13,060	689,701
Yash Gala (Chief Financial Officer)	328,551	114,761	30,139	-	-	29,731	503,182
Total remuneration of key management personnel	**1,114,553**	**308,087**	**100,062**	**-**	**-**	**42,791**	**1,565,493**

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

14. REMUNERATION REPORT (continued)

Details of remuneration continued

2025	Short-term benefits	Post-employment benefits			Equity	Long-term benefits	Total
	Cash salary and fees	Bonus	Super-annuation	Termination	Options	Long service & Annual leave	
Independent Non-Executive Directors	$	$	$	$	$	$	$
Johannes Risseeuw (Chair) [1]	80,258	-	9,289	-	78,865	-	168,412
Dennis Lin (former Chair) - resigned on 28 February 2025	88,494	-	10,177	-	-	-	98,671
Ian Campbell	96,096	-	11,089	-	55,206	-	162,391
Peter Lamell	99,099	-	11,438	-	55,206	-	165,743
Executive Directors							
Michael Carroll (Managing Director)	450,437	145,142	34,248	-	101,813	(14,807)	716,833
David Harris (former Executive Director/Chief Financial Officer/Company Secretary)[2]	99,698	132,060	11,034	-	-	13,113	255,905
Yash Gala (Chief Financial Officer)[3]	232,391	-	23,901	-	-	8,546	264,838
Total remuneration of key management personnel	**1,146,473**	**277,202**	**111,176**	**-**	**291,090**	**6,852**	**1,832,793**

[1] Mr. Johannes Risseeuw has been part of the Synertec Board since 29 October 2024 as a Non-Executive Director, and was appointed Independent Non-Executive Chair on 28 February 2025.
[2] David Harris retired as a Director at the conclusion of the 2024 AGM on 28 November 2024
[3] Mr. Yash Gala was appointed as Chief Financial Officer on 01 October 2024.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

14. REMUNERATION REPORT (continued)

Details of remuneration 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 2025	Received as part of remuneration	Additions / (Disposals)	Options exercised	Other (Balance when appointed or ceased as a director	Balance at 30 June 2026
Independent Non-Executive Directors						
Johannes Risseeuw	4,369,700	-	2,076,257	-	-	6,445,957
Peter Lamell	1,083,501	-	-	-	-	1,083,501
Ian Campbell	589,000	-	350,000	-	-	939,000
Executive Directors						
Michael Carroll[(1)]	42,398,496	-	-	–	-	42,398,496

[(1)] 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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

14. REMUNERATION REPORT (continued)

Options held by key management personnel

	Balance at 1 July 2025	Received as part of remuneration	Options Lapsed	Options Exercised	Balance at 30 June 2026
Independent Non-Executive Directors					
Johannes Risseeuw	4,000,000	-	-	-	4,000,000
Peter Lamell	2,800,000	-	-	-	2,800,000
Ian Campbell	2,800,000	-	-	-	2,800,000
Executive Director					
Michael Carroll (Managing Director)[(2)]	15,050,786	-	(15,050,786)	-	-

[(2)] Options granted to Michael Carroll have lapsed on 30th June 2026 due to vesting conditions not being met within required timeframe.

Additional disclosures relating to key management personnel

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

This concludes the remuneration report.

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 wilful 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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

DIRECTORS REPORT

16. AUDITOR

Grant Thornton Audit Pty Ltd continues in office.

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.

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.

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
31 August 2026

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

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 2026 is accurate and up to date as at 31 August 2026 and was approved by the Board on 31 August 2026. The Corporate Governance Statement is available on the Synertec Corporation Limited website www.synertec.com.au.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Profit / Loss, Other Comprehensive Income
Financial Position
Changes in Equity
Cash Flows
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30th June 2026

In Australian dollars	Note	30 June 2026	30 June 2025
Revenue & other income			
Revenue	5	21,130,593	17,797,096
Other income	6	421,845	413,277
Total Revenue & other income		**21,552,438**	**18,210,373**
Expenses			
Materials and service expense		(2,613,270)	(1,565,078)
Employee benefit expenses	7	(16,578,155)	(16,101,606)
Depreciation and amortisation expense	16	(1,010,437)	(979,354)
Technology research and development costs		(6,019)	(655,483)
Business and corporate development expenses	8	(1,615,760)	(2,245,076)
Other expenses	9	(2,683,470)	(3,300,206)
Finance costs		(1,569,017)	(1,006,383)
Total expenses		**(26,076,128)**	**(25,853,186)**
Loss before tax		**(4,523,690)**	**(7,642,813)**
Income tax expense	10(i)	-	-
Loss after tax		**(4,523,690)**	**(7,642,813)**
Other comprehensive income for the year, net of tax		-	**-**
Total comprehensive loss for the year		**(4,523,690)**	**(7,642,813)**
Earnings per share (cents)			
Basic loss per share	24	(0.87)	(1.47)
Diluted loss per share	24	(0.87)	(1.47)

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

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Profit / Loss, Other Comprehensive Income
Financial Position
Changes in Equity
Cash Flows
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2026

In Australian dollars	Note	30 June 2026	30 June 2025
Assets			
Cash and cash equivalents	11	2,016,698	3,699,388
Trade and other receivables	12	2,583,297	2,670,755
Contract assets	13	1,530,319	1,225,853
Inventories	14	764,964	720,486
Other assets	15	972,705	761,195
Total current assets		**7,867,983**	**9,077,677**
Non-current assets			
Property, plant and equipment	16	8,951,933	6,798,924
Financial Assets at FVTPL	17	1,340,000	1,000,000
Total non-current assets		**10,291,933**	**7,798,924**
Total assets		**18,159,916**	**16,876,601**
Liabilities			
Trade and other payables	19	6,296,723	4,957,560
Interest bearing liabilities	18	3,748,187	2,966,593
Employee benefits	20	1,945,853	1,627,007
Contract liabilities	21	1,180,080	536,273
Lease liabilities	22	529,145	470,694
Total current liabilities		**13,699,988**	**10,558,127**
Non-current liabilities			
Interest bearing liabilities	18	2,469,335	36,688
Lease liabilities	22	814,833	1,226,621
Employee benefits	20	272,553	249,376
Total non-current liabilities		**3,556,721**	**1,512,685**
Total liabilities		**17,256,709**	**12,070,812**
Net Assets		**903,207**	**4,805,790**
Equity			
Issued capital	23	27,671,262	27,644,646
Share option and warrants reserve	25	534,894	1,478,622
Retained earnings		(27,302,949)	(24,317,478)
Total equity		**903,207**	**4,805,790**

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

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Profit / Loss, Other Comprehensive Income
Financial Position
Changes in Equity
Cash Flows
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2026

In Australian dollars	Note	Issued capital	Share option and warrants reserve	Retained earnings	Total
		$	$	$	$
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		-	392,902	-	392,902
Options lapsed		-	(428,408)	428,408	-
Loss for the year		-	-	(7,642,813)	(7,642,813)
Total comprehensive loss		-	-	(7,642,813)	(7,642,813)
Balance at 30 June 2025		**27,644,646**	**1,478,622**	**(24,317,478)**	**4,805,790**
Balance at 1 July 2025		27,644,646	1,478,622	(24,317,478)	4,805,790
Issue of shares		26,616	-	-	26,616
Warrants Issued	25	-	345,616	-	345,616
Warrants cancelled	25	-	(1,085,719)	1,085,719	-
Employee share-based compensation	25	-	248,875	-	248,875
Options lapsed	25	-	(452,500)	452,500	-
Loss for the year		-	-	(4,523,690)	(4,523,690)
Total comprehensive loss		-	-	(4,523,690)	(4,523,690)
Balance at 30 June 2026		**27,671,262**	**534,894**	**(27,302,949)**	**903,207**

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

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Profit / Loss, Other Comprehensive Income
Financial Position
Changes in Equity
Cash Flows
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June 2026

In Australian dollars	Note	30 June 2026	30 June 2025
Cash flows from operating activities			
Cash receipts from customers		23,687,369	19,314,787
Cash paid to suppliers and employees		(23,075,995)	(23,198,361)
Cash from / (used in) operations		611,374	(3,883,574)
Government grant received		-	499,332
Interest received		-	135,487
Interest paid		(113,437)	(167,383)
Payments for R&D activities		(6,019)	(655,483)
Net cash from / (used in) operating activities	11A(i)	**491,918**	**(4,071,620)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		21,299	5,436
Patent application costs		(36,195)	-
Investment in Phnxx		(150,000)	(250,000)
Purchase of property, plant and equipment		(3,047,353)	(1,224,844)
Net cash used in investing activities		**(3,212,249)**	**(1,469,408)**
Cash flows from financing activities			
Loan received		3,000,000	3,465,000
Repayment of interest bearing liabilities		(721,317)	(123,246)
Finance cost paid	18	(717,972)	(119,409)
Repayment of finance lease liabilities (principal)		(523,070)	(400,847)
Net cash from financing activities		**1,037,641**	**2,821,498**
Net decrease in cash and cash equivalents		(1,682,690)	(2,719,530)
Cash and cash equivalent at beginning of the year		3,699,388	6,418,918
Cash and cash equivalents at end of the year	11	**2,016,698**	**3,699,388**

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

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

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 2026 (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 31st August 2026.

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 2026. 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 Going concern

The Directors have assessed the Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In undertaking this assessment, the Directors considered that the Group incurred a net loss of $4.5 million during FY26 and, at 30 June 2026, reported net assets of $0.9 million and a net current liability position of $5.8 million. The Group held cash and cash equivalents of $2.0 million at 30 June 2026 (FY25: $3.7 million).

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.5 Going concern (continued)

The Directors reviewed detailed cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements. In preparing these forecasts, the Directors considered the Group's available cash reserves, existing funding arrangements, expected operating performance and additional capital resources secured subsequent to year end.

Subsequent to year end, the Group successfully completed an equity raising which generated net proceeds of $5.5 million. In addition, the Group has available headroom of approximately $7.4 million under its borrowing facilities as at the date of approval of these financial statements. This facility is unrestricted subject to the Group meeting covenant obligations which it has successfully done for the last 12 months. Further details regarding the post-balance date capital raising and amendments to the Group's funding facilities are set out in Note 31, Subsequent Events.

Having considered the Group's forecast cash flows, available funding resources and the strengthening of the Group's liquidity position subsequent to year end, the Directors are satisfied that the Group has sufficient financial resources to meet its obligations as and when they fall due for at least 12 months from the date of approval of these financial statements.Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2.6 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.

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

Fixed price solutions (continued)

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

The Group enters into contracts for the design, manufacture, delivery and commissioning of customised technology solutions. The accounting treatment of each contract depends first on whether the arrangement contains a lease. Management assesses at inception whether a contract conveys to the customer the right to control the use of an identified asset for a period of time in exchange for consideration. Where it does, the contract is accounted for as a lease by the Group as lessor under IFRS 16 Leases. Where it does not, the contract is accounted for as revenue from a contract with a customer under IFRS 15 Revenue from Contracts with Customers. This classification is a significant judgement and determines both the timing and presentation of revenue.

Lease arrangements (lessor) - IFRS 16

Where a technology contract is assessed as containing a lease, the Group determines whether it is a finance lease or an operating lease based on whether substantially all the risks and rewards incidental to ownership of the underlying asset transfer to the customer. The Santos contract has been assessed as an operating lease, as substantially all the risks and rewards incidental to ownership are retained by the Group. Accordingly, the underlying asset continues to be recognised in the Group's statement of financial position and depreciated over its useful life, and lease income is recognised in profit or loss on a straight-line basis over the lease term.

Sale model - IFRS 15

Where a technology contract does not contain a lease, it is accounted for under IFRS 15. Management has determined that the activities of design, manufacture, delivery and commissioning within these contracts are highly interdependent and together deliver a single, fully functional turnkey solution; accordingly, each contract is accounted for as a single performance obligation. The TasNetworks contract is accounted for under this sale model.

Revenue is recognised over time on the basis that the assets created have no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group measures progress towards complete satisfaction of the performance obligation using an input method based on costs incurred to date as a proportion of total estimated costs to complete the contract (a cost-to-cost basis), as this most faithfully depicts the transfer of control to the customer given the Group's ability to make reliable estimates of costs to complete from its significant historical experience delivering similar solutions.

Significant uninstalled materials for which control has transferred to the customer are recognised as revenue to the extent of cost (at nil margin) until installation, and are excluded from the measure of progress so that they do not distort the recognition of revenue. Variable consideration, including potential liquidated damages, is estimated and included in the transaction price only to the extent that it is highly probable that a significant reversal will not occur. Milestone billings are treated as progress payments; contract assets are recognised where revenue recognised exceeds amounts billed, and contract liabilities where amounts billed exceed revenue recognised. Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are expected to be recovered. Expected losses on contracts are recognised immediately as an expense.

For personal use only

Corporate Directory

Directors Report

Corporate Governance

Financial Statements

Notes to Financial Statements

Subsequent Events Note

Independent Auditor's Reports

Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

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.

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 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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Income taxes continued

(ii) Deferred tax continued

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.

(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	8-12 years
• Furniture and Equipment	2-5 years
• Computers	2-10 years
• Powerhouse Plant and Equipment	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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

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.

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 probably 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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.15 Employee benefits

(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.

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

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 payments), 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 an operating lease. To classify a lease, the Group makes an overall assessment of 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.

Operating Lease

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

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.17 Financial instruments

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value though other comprehensive income (FVTOCI), or fair value through profit and loss. This classification is made on the basis of the Group's business model for managing the financial assets and the cash flow characteristics of the financial assets.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The categories of financial assets which are most relevant to the group are:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group, both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s financial assets at amortised cost primarily comprises of cash and cash equivalents, trade receivables and other receivables.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit and loss, or financial assets mandatorily required to be measured at fair value.
Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

The Group holds an investment in a convertible note (Note 17). Because the note contains a conversion feature, its contractual cash flows are not solely payments of principal and interest, and the instrument therefore does not meet the amortised cost or FVTOCI criteria. Accordingly, it is measured in its entirety at fair value through profit or loss, with embedded features not separately accounted for. Fair value is determined in accordance with the hierarchy in Note 17.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.17 Financial instruments

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

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.19 Warrants

Description of Warrant Options:

In connection with the amendment and restatement of the Group's facility agreement with Altor Capital, the Group issued warrant options to the financier. Warrants are issued on financial close and on subsequent drawdowns under the facility. During the year the Group issued 23.4 million warrants in aggregate: 7.8 million on 29 August 2025 (on execution), 5.2 million on 3 February 2026 and 10.4 million on 29 May 2026 (on drawdowns under Tranche 3). Each warrant entitles the holder to subscribe for one ordinary share in the Company at an exercise price of $0.02 per share.

Classification and initial recognition:

The warrants have been classified as equity instruments. Each warrant entitles the holder to acquire a fixed number of ordinary shares for a fixed exercise price and will be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash; accordingly, the warrants satisfy the fixed-for-fixed criterion in IAS 32 Financial Instruments: Presentation and are equity in nature. The warrants were recognised at fair value on the date of issue - being the execution date for the initial 7.8 million warrants and the respective drawdown dates for warrants issued on drawdown - as a cost of raising the associated borrowing.

Consistent with their classification as equity, the warrants are not remeasured after initial recognition. The fair value at issuance of $130,093 has been recognised as a reduction in the carrying amount of the borrowing and amortised to finance costs over the term of the facility using the effective interest method. During the year the Group has issued a further 15.6 million warrants valued at $215,523. These also followed the same accounting treatment as the initial issued warrants.

Valuation methodology and key estimates:

Fair value at issue was determined using the Black-Scholes option pricing model. The key inputs were the underlying share price range of $0.02 to $0.03, depending on the spot price at drawdown date, the exercise price of $0.02, expected volatility of 60%, a term to expiry of 4 years and a risk-free interest rate of 8%. The determination of fair value requires significant judgement, particularly in estimating expected volatility, to which the valuation is most sensitive.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

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 2.6 – Revenue and other income.

Technology contracts - Operating Leases

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 2.6 – Revenue and other income. 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.

Convertible notes

During the reporting period, the Group acquired convertible notes in exchange for a combination of cash, the provision of access to software that the Group holds the intellectual rights to under a licence agreement, and the promise to provide software and engineering development services to a specified value.

Judgement was applied by management in determining the initial fair value of the convertible notes and the initial values attributed to the licence agreement and promise to provide development services. The promise to provide development services was measured based on an expected cost plus margin approach, benchmarked against comparable stand-alone customer contracts. As the Group does not normally sell or licence intellectual property, the value attributed to the provision of the IP licence was initially measured based on the difference between the fair value of the convertible notes and the fair value of the consideration paid by the Group excluding the provision of the IP licence. As at the end of the reporting period, the Group determined the fair value of the convertible notes based on the prices similar convertible notes were being issued by the same entity on or around this date to independent third parties.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

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 2026 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.

4. OPERATING SEGMENTS

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING SEGMENTS (continued)

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 10% and more of the Group's total revenue in FY26, including customer 1 (contributing 23%), customer 2 (contributing 12%) 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 2025 to 30 June 2026		
	Engineering	**Technology**	**Total**
Revenue and other income			
From external customers	18,627,020	2,503,573	21,130,593
From other segment [1]	2,281,129		2,281,129
Government incentives	-	66,036	66,036
Other	-	-	-
Segment revenues and other income	**20,908,149**	**2,569,609**	**23,477,758**
Segment normalised EBITDA	**2,720,160**	**(1,107,479)**	**1,612,681**
Corporate development	-	(244,424)	(244,424)
Net fair value gains on financial assets at FVTPL	-	340,000	340,000
Restructuring initiatives	-	-	-
Bid development and growth bench	(385,228)	-	(385,228)
Powerhouse net spend	-	-	-
Depreciation and amortisation	(114,013)	(371,839)	(485,852)
Segment operating profit / (loss)	**2,220,919**	**(1,383,742)**	**837,177**
Assets and liabilities			
Segment assets	**6,823,793**	**12,010,178**	**18,833,971**
Segment liabilities	**7,677,260**	**887,241**	**8,564,501**

[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.

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NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING SEGMENTS (continued)

	1 July 2024 to 30 June 2025		
	Engineering	**Technology**	**Total**
Revenue and other income			
From external customers	15,759,763	2,037,333	17,797,097
From other segment [1]	2,449,188		2,449,188
Government incentives	-	277,789	277,789
Other	-	-	-
Segment revenues and other income	**18,208,951**	**2,315,122**	**20,524,074**
Segment normalised EBITDA	**2,210,145**	**(1,789,033)**	**421,112**
Corporate development	-	(536,139)	(536,139)
Restructuring initiatives	(339,408)	-	(339,408)
Bid development and growth bench	(758,108)	-	(758,108)
Powerhouse net spend	-	(370,348)	(370,348)
Depreciation and amortisation	(184,980)	(305,884)	(490,864)
Segment operating profit / (loss)	**927,649**	**(3,001,404)**	**(2,073,756)**
Assets and liabilities			
Segment assets	**6,436,254**	**8,109,006**	**14,545,261**
Segment liabilities	**5,827,397**	**704,054**	**6,531,452**

[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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING SEGMENTS (continued)

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 2025 to 30 June 2026**	**1 July 2024 to 30 June 2025**
Total reportable segment revenues	23,477,758	20,524,074
Elimination of inter-segment revenues	(2,281,129)	(2,449,188)
Other income	355,809	135,488
	21,552,438	**18,210,374**
(ii) Segment operating profit/(loss)		
Segment operating profit /loss	837,177	(2,073,756)
Elimination of inter-segment profits	(1,072,237)	(1,173,073)
Corporate expenses	(2,719,613)	(3,389,601)
Group operating loss	**(2,954,673)**	**(6,636,430)**
Finance costs	(1,569,017)	(1,006,383)
Group loss before tax	**(4,523,690)**	**(7,642,813)**

(iii) Segment assets	**30 June 2026**	**30 June 2025**
Segment assets	18,833,971	14,545,261
Corporate assets	13,079,225	15,125,684
Consolidation eliminations	(13,753,280)	(12,794,344)
Total assets	**18,159,916**	**16,876,601**
(iv) Segment liabilities		
Segment liabilities	8,564,501	6,531,452
Corporate liabilities	9,193,407	6,154,208
Consolidation eliminations	(501,199)	(614,848)
Total liabilities	**17,256,709**	**12,070,812**

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

Revenue from contracts with customers

	30 June 2026	30 June 2025
Engineering services	18,627,020	15,509,763
Technology contracts - Lease	2,422,875	2,037,333
Technology contracts - Sale model	80,698	-
Licence fee	-	250,000
	21,130,593	**17,797,096**

Revenue recognised under Technology contracts - Lease 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	**911,500**	**39,000**				**950,500**

Subsequent to year-end, further purchase orders relating to existing projects have been received, with the $2.15m value over a period of 24 months.

The minimum term of the purchase order between parties can vary but it is expected that the Powerhouse System will be continuously deployed and contracted over at least 7 years.

6. OTHER INCOME

Government benefits - R&D tax credits[1]	66,036	267,789
Government benefits - export market development grants scheme	-	10,000
Net fair value gains on financial assets at FVTPL[2]	340,000	-
Interest income	-	135,488
Profit/(loss) on dipsosal of fixed assets	14,559	-
Other	1,250	-
	421,845	**413,277**

[1] The R&D tax credits recognised in the profit or loss relates to the FY25 R&D claim. It represents the difference between the actual R&D benefit received and the amount previously provided for. R&D Tax Refund was offset against GST liability.
[2] Net fair value gain on financial assets at FVTPL on convertible notes issued by Phnxx. Refer to Note 17

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NOTES TO THE FINANCIAL STATEMENTS

7. EMPLOYEE BENEFITS EXPENSE

Recognised in profit or loss

Gross employee benefits expense	15,035,222	14,597,780
Superannuation expense	1,542,933	1,503,826
Employee benefits expense in the statement of profit or loss and other comprehensive income	**16,578,155**	**16,101,606**

8. BUSINESS AND CORPORATE DEVELOPMENT EXPENSES

Business development costs [1]	1,549,338	1,961,205
Corporate development costs [2]	66,422	283,871
	1,615,760	**2,245,076**

[1] During the year, Synertec was awarded new contracts and existing contract extensions across all five key target industries with Water being the major contributor. 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	978,231	946,491
Legal, professional fees and insurances	717,920	1,035,756
Administrative expenses	987,319	1,317,959
	2,683,470	**3,300,206**

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NOTES TO THE FINANCIAL STATEMENTS

10. TAXES

(i) Tax recognised in profit or loss

Deferred tax expense	**30 June 2026**	**30 June 2025**
Origination and reversal of temporary differences	-	-
Income tax expense	-	-

(ii) Reconciliation of effective tax rate

Loss before tax	**(4,523,690)**	**(7,642,813)**
Income tax benefit using the Group's domestic tax rate (25%, FY25:25%)	(1,130,923)	(1,910,703)
Non-deductible expenses	20,973	6,745
R&D net benefit	-	96,524
Current year DTA movement not recognised	1,109,950	1,807,437
Income tax expense/(benefit)	-	-

(iii) Movement in deferred tax assets

Opening balance	22,290	236,413
Charged to profit and loss	68,064	(214,123)
Closing balance	**90,354**	**22,290**

(iv) Movement in deferred tax liabilities

Opening balance	(22,290)	(236,413)
Charged to profit and loss	(68,064)	214,123
Closing balance	**(90,354)**	**(22,290)**

(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 2026 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	1,024,895	761,497
Unused carry forward tax losses	7,099,411	6,155,527
	8,124,306	**6,917,024**

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

10. TAXES (continued)

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 Company. This includes a DTA on unused carry forward tax losses not brought to account as at 30 June 2026, which amounts to $7,099,411. At the current Australian corporate income tax rate applicable to the Company of 25%, this equates to approximately $28.4 million in taxable profits that potentially could be earned by the Company before an income tax expense is incurred, subject to applicable laws and regulations.

(vii) Movement in deferred tax balances during the year

	Balance 30-Jun-2024	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30-Jun-2025	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30-Jun-2026
Deferred tax assets							
Employee benefits	236,413	(214,123)	-	22,290	68,064	-	90,354
Deferred income	-	-	-	-	-	-	-
Corporate transaction costs	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Carry forward tax losses	-	-	-	-	-	-	-
Total Deferred tax assets	**236,413**	**(214,123)**	**-**	**22,290**	**68,064**	**-**	**90,354**
Deferred tax liabilities							
Prepayments	-	-	-	-	-	-	-
Intangible asset	(90,450)	(90,450)	-	-	-	-	-
Fixed assets	(145,963)	123,673	-	(22,290)	(68,064)	-	(90,354)
Accrued interest	-	-	-	-	-	-	-
Total Deferred tax liabilities	**(236,413)**	**(214,123)**	-	**(22,290)**	**(68,064)**	-	**(90,354)**
Net Deferred taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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NOTES TO THE FINANCIAL STATEMENTS

11. CASH AND CASH EQUIVALENTS

	Note	30 June 2026	30 June 2025
Bank balances		2,015,394	3,698,084
Cash on hand		1,304	1,304
Cash and cash equivalents		**2,016,698**	**3,699,388**
11A. Cash flow information			
(i) Reconciliation of cash flows from operating activities			
Cash flows from operating activities			
Loss for the year		(4,523,690)	(7,642,813)
Adjustments:			
Depreciation and amortisation	16	1,010,437	979,354
Net fair value gains on financial assets at FVTPL		(340,000)	-
Interest Income		-	135,488
Finance costs		1,569,017	1,006,383
Government benefits - research and development tax credits		(66,036)	(267,789)
Share based payment	17	248,875	392,902
Licence fee		-	(250,000)
Gain/loss on sale of fixed assets		(14,559)	6,968
		(2,115,956)	(5,910,483)
Change in contract assets		(304,466)	186,532
Change in inventory		(74,113)	(244,702)
Change in other assets		513,435	792,046
Change in trade and other receivables		112,281	40,304
Change in trade and other payables		1,339,279	940,727
Change in employee benefits		342,023	(30,464)
Change in contract liabilities		643,807	154,419
Cash from / (used in) operating activities		456,290	(4,071,620)
Realised foreign currency loss		35,628	-
Net cash from / (used in) operating activities		**491,918**	**(4,071,620)**

(ii)Credit standby arrangement

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

Funding Facility [1]	21,000,000	15,000,000
Bank guarantee [2]	700,000	700,000
Credit Card	100,000	100,000
Total	**21,800,000**	**15,800,000**
Utilised		
Funding Facility	6,500,000	3,500,000
Bank guarantee	429,258	415,603
Credit Card	100,000	40,445
Total	**7,029,258**	**3,956,048**

[1] 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. $3.5 million was drawndown on 25th September 2024 with first principal repayment due in 24 months.

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

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NOTES TO THE FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES

	Note	30 June 2026	30 June 2025
Current			
Trade receivables		2,481,631	2,382,469
Other receivables		101,666	288,286
		2,583,297	**2,670,755**

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	**1,530,319**	**1,225,853**

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.

14. INVENTORIES

Stock on hand	**764,964**	**720,486**

Inventories primarily relate to key components for technology products.

15. OTHER ASSETS

Current		
Prepayments and other debtors	**865,109**	670,770
Deposits	**48,545**	40,264
Other assets	**59,051**	50,161
	972,705	**761,195**

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and equipment	Leasehold improvements	Motor vehicles	Powerhouse plant and equipment [1]	Powerhouse CWIP [2]	Right-of-use assets	TOTAL
Cost								
Balance at 1 July 2024	703,646	58,092	389,459	274,042	3,982,524	-	3,174,445	8,582,207
Additions	28,472	-	9,420	-	1,182,641	-	96,835	1,317,368
Disposals	(207,279)	(20,439)	(13,966)	-	-	-	(4,005)	(245,689)
Balance at 30 June 2025	**524,839**	**37,653**	**384,912**	**274,042**	**5,165,165**	-	**3,267,275**	**9,653,885**
Balance at 1 July 2025	524,839	37,653	384,912	274,042	5,165,165	-	3,267,275	9,653,885
Additions	85,672	3,865	-	-	-	2,952,954	134,305	3,176,796
Disposals	(43,475)	-	-	(34,689)	-	-	(1,241)	(79,406)
Balance at 30 June 2026	**567,035**	**41,518**	**384,912**	**239,353**	**5,165,165**	**2,952,954**	**3,400,339**	**12,751,275**
Accumulated Depreciation								
Balance at 1 July 2024	546,722	35,511	134,685	109,823	48,272	-	1,231,779	2,106,789
Disposals	(195,579)	(19,914)	(13,787)	-	-	-	-	(229,280)
Depreciation/amortisation expense	101,096	14,422	46,500	38,707	305,483	-	471,245	977,452
Balance at 30 June 2025	**452,238**	**30,021**	**167,398**	**148,530**	**353,754**	**-**	**1,703,024**	**2,854,961**
Balance at 1 July 2025	452,238	30,021	167,398	148,530	353,754	-	1,703,024	2,854,961
Disposals	(42,550)	-	-	(17,170)	-	-	-	(59,720)
Depreciation/amortisation expense	64,342	7,553	45,162	25,694	366,045	-	495,305	1,004,101
Balance at 30 June 2026	**474,030**	**37,574**	**212,560**	**157,054**	**719,799**	**-**	**2,198,329**	**3,799,342**
Carrying amounts								
at 1 July 2024	**156,924**	**22,581**	**254,773**	**164,218**	**3,934,253**	**-**	**1,942,665**	**6,475,417**
at 30 June 2025	**72,600**	**7,632**	**217,514**	**125,512**	**4,811,411**	**-**	**1,564,251**	**6,798,924**
						-		
at 1 July 2025	**72,600**	**7,632**	**217,514**	**125,512**	**4,811,411**	**-**	**1,564,251**	**6,798,924**
at 30 June 2026	**93,005**	**3,944**	**172,352**	**82,299**	**4,445,366**	**2,952,954**	**1,202,010**	**8,951,933**

[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.

[2] Powerhouse capital work in progress (CWIP) represents costs attributable to the construction and development of the Powerhouse units, including design, construction and related capitalised expenditures. The units remained under construction at the reporting date. Upon completion, the CWIP balance will be transferred to Powerhouse property, plant and equipment and depreciated over its estimated useful life.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL ASSETS AT FVTPL

	30 June 2026	30 June 2025
Investment in Phnxx	1,340,000	1,000,000

Fair value of financial instruments - Level 3 measurement
Investment in Phnxx Pty Ltd convertible note
Description of valuation techniques

The Group holds an investment in a convertible note issued by Phnxx Pty Ltd (Phnxx), a privately held company. The convertible note is measured at fair value through profit or loss and has been categorised as a Level 3 measurement within the fair value hierarchy because its fair value is derived using significant unobservable inputs. The fair value of the convertible note as at 30 June 2026 was determined with the assistance of an independent valuation specialist and comprises separate valuations of the host debt component and the conversion feature.

The host debt component was valued using a discounted cash flow (DCF) technique, discounting the contractual cash flows (principal and accrued interest payable at maturity) at an estimated cost of debt reflecting the credit characteristics of Phnxx. The conversion feature was valued using a Monte Carlo simulation, incorporating the estimated underlying equity value of Phnxx, expected volatility, the risk-free rate, the expected term and the contractual conversion terms.

The underlying equity value of Phnxx was estimated having regard to available market-based evidence, including a recent third-party transaction involving shares in Phnxx. That transaction provided an indication of the value of Phnxx's equity but did not represent an observable market price at the reporting date. The estimated equity value was cross-checked using a market approach, applying Enterprise Value / Revenue (EV/Revenue) multiples derived from comparable publicly traded companies and comparable transactions in the relevant sector. The cross-check supported the reasonableness of the transaction-indicated value.

Significant unobservable inputs
The significant unobservable inputs used in the fair value measurement at 30 June 2026 were:

Valuation component	Valuation technique	Significant unobservable input	Input / range (30 June 2026)	Relationship to fair value
Underlying equity value	Recent transaction indication, cross-checked using a market approach	Estimated equity value of Phnxx	$5 million - $12 million	A higher equity value increases the fair value of the conversion feature
Conversion feature	Monte Carlo simulation	Equity volatility	80% – 90% p.a.	Higher volatility increases the fair value of the conversion feature
Host debt component	Discounted cash flow	Discount rate (estimated cost of debt)	11% p.a.	A higher discount rate decreases the present value of the host debt component

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Significant unobservable inputs (continued)
The risk-free rate of 4.5% p.a. applied in the Monte Carlo simulation (sourced from the AUD swap curve at the 9-month tenor) is considered an observable input and is therefore not included in the table above.
Equity volatility was estimated by reference to the historical volatility of comparable publicly listed companies operating in a similar sector to Phnxx, having regard to Phnxx's stage of development.

Reconciliation of Level 3 fair value measurement
The following table presents the movement in the Level 3 financial asset during the year ended 30 June 2026:

Level 3 financial asset year ended 30 June 2026	Valuation technique
Opening balance (1 July 2025)	-
Transfers into Level 3 (recognised 30 June 2026)(1)	1,000,000
Acquisitions during the year	-
Fair value gains/(losses) recognised in profit or loss(2)	340,000
Closing balance (30 June 2026)	**1,340,000**

(1) Amount transferred into Level 3 represents the midpoint of the valuation range.
(2) No fair value gain or loss is recognised within the Level 3 reconciliation because the transfer into Level 3 is recognised at the end of the reporting period (refer below).

Transfers into Level 3 - description, reason and timing
During the year ended 30 June 2026, the fair value measurement of the Group's investment in the Phnxx convertible note was transferred from Level 2 to Level 3 of the fair value hierarchy.

At 30 June 2025, the fair value of the convertible note was determined by reference to the prices of convertible notes with identical terms and conditions issued by Phnxx on or around that date, which constituted observable market inputs. At 30 June 2026, those observable market inputs were no longer available or sufficiently current, and the fair value measurement now relies predominantly on unobservable inputs - principally the estimated equity value of Phnxx (derived from an indication of price from a recent transaction and cross-checked using unobservable valuation multiples), the equity volatility assumption used in the Monte Carlo simulation, and the discount rate assumption applied to the host debt component. Accordingly, the instrument has been reclassified to Level 3.

The transfer was recognised at 30 June 2026, consistent with the Group's policy of recognising transfers between levels of the fair value hierarchy at the end of the reporting period in which the transfer occurs.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Valuation processes

The fair value of the convertible note is assessed at each reporting date by management, with reference to an independent external valuation. The valuation process includes:

- review of the contractual terms of the convertible note, including conversion mechanics, valuation cap, interest rate and maturity;
- assessment of the financial position and business developments of Phnxx since the previous reporting date;
- consideration of relevant arm's length transaction evidence involving Phnxx's equity, including indications of price from recent transactions;
- cross-checking of the transaction-indicated equity value against EV/Revenue multiples of comparable publicly traded companies and comparable transactions;
- execution of the Monte Carlo simulation, including review and updating of key assumptions (equity value, volatility, risk-free rate, remaining term and conversion probabilities);
- valuation of the host debt component using an appropriate discount rate; and
- sensitivity testing of the fair value to changes in significant unobservable inputs, including the underlying equity value and volatility assumptions.

Management reviews and approves the significant assumptions and the resulting fair value prior to recognition in the financial statements.

Sensitivity of Level 3 fair value measurement

The fair value of the convertible note is sensitive to changes in significant unobservable inputs. An increase in the estimated equity value of Phnxx would increase the expected payoff from conversion and, consequently, increase the fair value of the conversion feature. An increase in expected volatility would generally increase the fair value of the conversion feature, all else being equal. An increase in the discount rate applied to the host debt component would decrease the present value of the host debt component.

The following table illustrates the sensitivity of the fair value of the convertible note to reasonably possible changes in the significant unobservable inputs as at 30 June 2026:

Significant unobservable input	Reasonably possible change	Impact on fair value of convertible note
Underlying equity value	+10%	+$54,193
Underlying equity value	−10%	−$55,386
Equity volatility	+10% (to 95%)	+$24,559
Equity volatility	−10% (to 75%)	−$26,616
Cost of debt (discount rate)	+1% (to 12%)	−$7,221
Cost of debt (discount rate)	−1% (to 10%)	+$7,336

The sensitivity analysis reflects the impact of reasonably possible changes in the relevant assumptions at the reporting date. As the fair value of the conversion feature is derived using a Monte Carlo simulation, the resulting sensitivities are indicative and may vary slightly between simulation runs.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

18. INTEREST BEARING LIABILITIES

Details of the Group's interest bearing liabilities

	30 June 2026	30 June 2025
Current	**3,748,187**	**2,966,593**
Interest bearing liabilities [1]		
Non-current	**2,469,335**	**36,688**
Interest bearing liabilities [2]		

[1] Included in current interest-bearing liability is the amount of $3.0m drawn as part of Tranche 3 which has been classified as Current Liability as Tranche 3 is due to lapse at end of March 27.
[2] Included in non-current 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 and adddition of Tranche 3 to the facility, reclassified to financial liability.

Unused funding Facility	**14,500,000**	**11,500,000**

Lender and Loan Amount

In 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 original Facility Agreement.

During the year the Group entered into a $4 million funding termsheet with Altor Capital Management on 29th August 2025, comprising two tranches - Tranche 3 of up to $2.5million and Tranche 4 of up to $1.5 million (Note Tranche 1 and Tranche 2 relate to the original facility). Subject to meeting certain specified pre-conditions, the Group can draw down on these Tranches (minimum drawdown of $0.5 million) for working capital purposes

The Group further entered into a binding variation agreement with Altor Capital Management to reorganise and extend Tranche 3 & 4 on 26th February 2026. As part of this agreement $1.5 million from Tranche 4 has been reallocated to Tranche 3 and in effect closing Tranche 4. In addition Tranche 3 has been extended by a further $2 million. This enables the Group to access $6 million in Tranche 3 out of which $3.0 million has been drawn at 30 June 2026.

Out of the $14.5 million unused facility $3.0 Million was unrestricted subject to the Group meeting its covenant obligations. The balance $11.5 million was subject to investment committee approval by Altor Capital.

Interest Rate

Tranche 1: Three-month BBSY plus margin of 9.00 %. BBSY subject to floor of 3.00% and a cap of 5.35%

Tranche 3: Fixed interest of 16% with 1st drawdown after 1st October 2025. Facility term of 18 months.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

18. INTEREST BEARING LIABILITIES (continued)

Repayment

Tranche 1:

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.

Tranche 3:

Interest on the facility may be accrued on lender's discretion. Principal to be repaid as a bullet repayment at the end of term.

Financial Covenants

Compliance around EBITDA in line with FY26 organisation Budget and Minimum Unrestricted Cash Balance requirements of $0.5 million are the 2 covenants that have been measured under Tranche 3 for FY26. All prior covenants from Tranche 1 and 2 were not be measured as they are now aligned to new covenants of Tranche 3. Synertec has exceeded all covenants with Altor over FY26.

Warrants

As part of the amendment deed signed on 29 August 2025, Synertec cancelled 18.5 million warrants issued as part of the original facility and the Group issued 23.4 million warrants in aggregate: 7.8 million on 29 August 2025 (on execution), 5.2 million on 3 February 2026 and 10.4 million on 29 May 2026 (on drawdowns under Tranche 3). Each warrant entitles the holder to subscribe for one ordinary share in the Company at an exercise price of $0.02 per share.

Warrants issued details as part of Note 25.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

19. TRADE AND OTHER PAYABLES

	30 June 2026	30 June 2025
Trade payables	2,043,605	1,324,563
Other payables	4,243,842	3,626,070
Fixed price project accruals	9,276	6,927
	6,296,723	**4,957,560**

Included in other payables is amount of $171,715 payable to Phnnx. Refer to Note 17.

20. EMPLOYEE BENEFITS

Current	1,257,992	1,053,684
Annual leave	687,861	573,323
Long service leave	**1,945,853**	**1,627,007**
Non-Current		
Long service leave	**272,553**	**249,376**

21. CONTRACT LIABILITIES

Billing in advance of work completed[1]	1,180,080	286,273
Unearned revenue [2]	-	250,000
	1,180,080	**536,273**

[1] 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.
[2] Refer to Note 17.

22. LEASES

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

	30 June 2026	30 June 2025
Current		
Lease liabilities	**529,145**	**470,694**
Non-Current		
Lease liabilities	**814,833**	**1,226,621**

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

22. LEASES (continued)

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

Future minimum lease payments at 30 June 2026 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	614,587	562,843	250,750	5,376	5,052	-	1,438,608
Finance charges	(58,380)	(30,684)	(4,972)	(449)	(145)	-	(94,630)
Net present values	**556,207**	**532,159**	**245,778**	**4,927**	**4,907**	**-**	**1,343,978**

Out of the total finance costs of $1,569,017 is an amount of $80,604 attributable to lease liabilities during the year ending 30 June 2026.

23. ISSUED CAPITAL

	Shares	**$**
Balance at 1 July 2025	**519,334,418**	**27,644,646**
Issue of ordinary shares - fully paid	1,108,999	26,616
Balance at 30 June 2026	**520,443,417**	**27,671,262**

Balance at 1 July 2024	**519,325,681**	**27,642,680**
Issue of ordinary shares - fully paid	8,737	1,966
Balance at 30 June 2025	**519,334,418**	**27,644,646**

During the year, 458,999 ordinary shares at $0.024 per share, were issued for nil consideration on the vesting and exercise of Performance Rights into fully paid ordinary shares.

During the year, 650,000 ordinary shares at $0.024 per share, were issued to eligible employees in respect of incentives under the Company's Employee Incentive Securities Plan.

All ordinary shares carry voting rights on a one for one basis.

Dividends

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

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

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 2026
Loss after income tax (in Australian dollars)	(4,523,690)
Weighted average number of ordinary shares used in calculating basic earnings per share	519,412,659
Weighted average number of ordinary shares used in calculating diluted earnings per share	519,412,659
Basic loss per share (cents per share)	(0.87)
Diluted loss per share (cents per share)	(0.87)

Subsequent to year-end, the Company successfully completed an equity raising of $6.0 million and issued 119,714,165 ordinary shares as part of an institutional placement.

25. SHARE OPTION AND WARRANTS RESERVE

	30 June 2026	30 June 2025
Balance at 1 July 2025	1,478,622	1,514,128
Broker options unexercised	-	(428,408)
Share options issued	248,875	392,902
Share options lapsed	(452,500)	-
Warrants issued	345,616	-
Warrants cancelled	(1,085,719)	-
Balance at 30 June 2026	**534,894**	**1,478,622**

Share options

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. The options have lapsed on 30 June 2026 due to vesting conditions not being met within required timeframe.

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.

For personal use only

Corporate Directory

Directors Report

Corporate Governance

Financial Statements

Notes to Financial Statements

Subsequent Events Note

Independent Auditor's Reports

Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE OPTION AND WARRANTS RESERVE (continued)

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
On 29 August 2025, as part of an extension facility of the original facility, Synertec has cancelled 18.5 million warrants issued as part of original facility, and replaced it with 7.8 million warrants at an exercise price of 2 cents per share.

In June 2026, 15.6 million warrants were issued for drawdowns made during the year, under Tranche 3.

Warrants issued in FY26, with the following main terms:

- Number of Warrants = 23.4 million warrants
- Consideration: Nil.
- Expiry Date: 48 months from effective date
- Exercise: Each warrant may be exercised at any time and for one ordinary share, at an exercise price of 2 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: Tranche 1 and 2 - 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), Tranche 3 - 16% fixed interest

Voluntary Prepayments: 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: As part of the amendment deed signed on 29 August 2025, Synertec cancelled 18.5 million warrants issued as part of the original facility and the Group issued 23.4 million warrants in aggregate: 7.8 million on 29 August 2025 (on execution), 5.2 million on 3 February 2026 and 10.4 million on 29 May 2026 (on drawdowns under Tranche 3).

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 $130,093 on the date of issuance. These warrants represent 1.5% of issued share capital on signing of the extension facility. An additional 15.6 million warrants at a fair value of $215,523 were issued in Feb 2026 and May 2026, representing 0.5% of issued share capital granted upon each drawdown of $0.5 million under Tranche 3. As the warrant options are classified as equity instruments, they are measured at fair value on the grant date and are not subsequently remeasured.
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 of 1.5% equates to $130,093 and the fair value of warrant options on 6 drawdowns of $0.5 million each, from Tranche 3, at 0.5% amounts to $215,523.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE OPTION AND WARRANTS RESERVE (continued)

Valuation techniques and inputs used: Fair value at issue was determined using the Black-Scholes option pricing model. The key inputs were the underlying share price range of $0.02 to $0.03, depending on the spot price at drawdown date, the exercise price of $0.02, expected volatility of 60%, a term to expiry of 4 years and a risk-free interest rate of 8%. The determination of fair value requires significant judgement, particularly in estimating expected volatility, to which the valuation is most sensitive.

26. CONTINGENT LIABILITIES

There are no Contingent Liabilities to be disclosed.

27. RELATED PARTIES

The key management personnel compensation comprised:	30 June 2026	30 June 2025
Short-term employee benefits	1,422,640	1,423,676
Post-employment benefits	100,062	111,176
Equity	-	291,090
Other long-term employment benefits	42,791	6,852
	1,565,493	**1,832,793**

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 2026	30 June 2025
Audit and review services - Grant Thornton Audit Pty Ltd	142,890	126,864
Audit and review of financial statements	142,890	126,864
Other services - Grant Thornton Australia Limited		
In relation to taxation	10,500	9,458
In relation to other services	-	4,000
	153,390	**140,322**

29. FINANCIAL INSTRUMENTS

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.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

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.

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:

		Carrying amount	
	Note	30 June 2026	30 June 2025
Trade and other receivables	12	2,481,631	2,382,469
Cash and cash equivalents	11	2,016,698	3,699,388
Deposits	15	48,545	40,264
Investment (Convertible note)	17	1,340,000	1,000,000
		5,886,874	**7,122,121**

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.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

Exposure to credit risk (continued)

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	
	Note	30 June 2026	30 June 2025
Australia		2,481,631	2,382,469
		2,481,631	**2,382,469**

The Group's most significant balance outstanding to an external single customer, accounts for $$400,446 of the trade and other receivables carrying amount at 30 June 2026 (30 June 2025: $436,481). 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	2,198,479	2,133,793
Past due 1-30 days	283,152	248,676
	2,481,631	**2,382,469**

Cash and cash equivalents (including deposits)

The Group held cash and cash equivalents of $2,016,698 at 30 June 2026 (30 June 2025: $3,699,388) 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 2026, the expected cash flows from trade and other receivables maturing within two months are $2,481,631 (30 June 2025: $2,382,469). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. After the year end, $2,282,968 out of the amount due at 30 June 2026 has been received.

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

Cash and cash equivalents (including deposits) (continued)

ii) Liquidity risk (continued)

In 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 $3,500,000 under the Facility Agreement.

During the year, the Group entered into a binding variation agreement with Altor Capital Management to reorganise and extend Tranche 3 and Tranche 4. As part of this agreement, $1.5 million from Tranche 4 has been reallocated to Tranche 3, in effect closing Tranche 4. In addition, Tranche 3 has been extended by a further $2 million. This enables the Group to access $6 million in Tranche 3, of which $3.0 million had been drawn as at 30 June 2026.

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 2026

		Contractual cashflows			
Non-derivative financial liabilities	**Carrying amount**	**Total**	**0-1 years**	**1-2 years**	**2-5 years**
Lease liabilities	1,343,978	1,343,978	556,207	532,159	255,612
Interest bearing liabilities	6,217,522	6,217,522	3,748,187	2,469,335	-
Trade and other payables	6,296,723	6,296,723	6,296,723	-	-
	13,858,223	**13,858,223**	**10,601,117**	**3,001,494**	**255,612**

30 June 2025

		Contractual cashflows			
Non-derivative financial liabilities	**Carrying amount**	**Total**	**0-1 years**	**1-2 years**	**2-5 years**
Lease liabilities	1,697,315	1,697,315	456,076	481,550	759,689
Interest bearing liabilities	3,748,082	3,748,082	504,117	772,689	2,471,276
Trade and other payables	4,957,560	4,957,560	4,957,560	-	-
	10,402,957	**10,402,957**	**5,917,753**	**1,125,239**	**3,230,965**

(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.

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NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

(iii) Market risk (continued)

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.

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 2026			30 June 2025		
	USD	GBP	EURO	USD	GPD	EURO
Trade and other receivables	-	-	-	-	-	-
Cash and cash equivalents	4,741	2	1,453	4,998	2	4,145
Financial assets	4,741	2	1,453	4,998	**2**	**4,145**
Trade and other payables	5,206	-	2,368	-	-	-
Financial liabilities	5,206	-	2,368	-	-	-
Net exposure	**9,947**	**2**	**3,821**	**4,998**	**2**	**4,145**

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NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

(iii) Market risk (continued)

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
30 June 2026				
USD	(302)	369	(302)	369
Euro	(243)	297	(243)	297
Currency exchange risk (net) 30 June 2025	**(545)**	**666**	**(545)**	**666**
USD	(318)	318	(318)	318
Euro	(264)	322	(264)	322
Currency exchange risk (net)	**(582)**	**640**	**(582)**	**640**

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	
Variable rate instruments	**30 June 2026**	**30 June 2025**
	3-month	3-month
Altor Funding	BBSY + 9%	BBSY + 9%

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.

$3.5 million current borrowing with Altor is used to calculate the below interest rate impact.

	Profit or loss		Equity, net of tax	
30 June 2026	1% increase	1% decrease	1% increase	1% decrease
Variable rate instruments	35,000	(35,000)	35,000	(35,000)
Cash flow sensitivity (net)	35,000	(35,000)	35,000	(35,000)
30 June 2025				
Variable rate instruments	35,000	(35,000)	35,000	(35,000)
Cash flow sensitivity (net)	35,000	(35,000)	35,000	(35,000)

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

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 2026	30 June 2025
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%

For personal use only

Corporate Directory

Directors Report

Corporate Governance

Financial Statements

Notes to Financial Statements

Subsequent Events Note

Independent Auditor's Reports

Shareholder Information

NOTES TO THE FINANCIAL STATEMENTS

31. SUBSEQUENT EVENTS

Subsequent to year end, the Company successfully completed an equity raising of $6.0 million, with net proceeds of $5.5 million received and is available to the Group after transaction costs and fees. The capital raise materially strengthens the Group's liquidity position and provides additional flexibility to execute its FY27 operating plan.

In addition, the Group's financier, Altor Capital, has agreed to consolidate the facility structure by closing Tranche 3 and merging it into Tranche 1. As a result, the available commitment under Tranche 1 increases to $10.0 million, of which approximately $7.6 million has been drawn, leaving $2.4 million immediately available.

The Group also retains access to Tranche 2 of $5.0 million, which remains fully undrawn and is available for drawdown without requiring additional approval and with existing facility terms. Both Tranches are subject to compliance around covenants which the Group has met successfully over the past 12 month.

Accordingly, the Group has access to a combination of:

- Opening cash of approximately $2.0 million;
- Net proceeds from the post balance date capital raising of approximately $5.5 million;
- Undrawn capacity under Tranche 1 of approximately $2.4 million; and
- Undrawn Tranche 2 funding capacity of $5.0 million available for drawdown.

This provides total available liquidity of approximately $14.9 million for strategic growth initiatives.

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Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Directors Declaration
Independent Auditor's Reports
Shareholder Information

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 60 - 103 :

(i) present fairly the financial position of the Group as at 30 June 2026 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 2026, 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

31 August 2026

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Corporate Directory

Directors Report

Corporate Governance

Financial Statements

Notes to Financial Statements

Subsequent Events Note

Independent Auditor's Reports

Shareholder Information

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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 2026, 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 2026 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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Corporate Directory

Directors Report

Corporate Governance

Financial Statements

Notes to Financial Statements

Subsequent Events Note

Independent Auditor's Reports

Shareholder Information

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
Engineering Services Revenue (Note 5)	
Synertec Corporation Limited recognises a portion of engineering services revenue using the percentage completion input method in accordance with IFRS 15 Revenue from Contracts with Customers. For projects that are ongoing at year end there is significant estimation uncertainty associated with the management's estimate of forecast costs to complete each project which impacts the amount of revenue to be recognised and the resulting work in progress or contract liability (billing in advance of work completed). This is a key audit matter due to the significant auditor judgement and additional audit effort required in auditing management's estimates of the forecast cost to complete projects that are ongoing at year end.	Our procedures included: • Evaluating the Group's revenue recognition policy against the requirements of IFRS 15; • Understanding the relevant processes and evaluating the design and implementation of relevant controls relating to revenue initiation, processing and recording in the ledger; • For a sample of projects, selected based on quantitative and qualitative criteria: - reading the contract terms and conditions to evaluate how the individual characteristics of each contract were reflected in the revenue recognition applied by management; - comparing current and prior year forecast margins, evaluating significant variations through enquiries with project managers to assess the reasonableness of management's cost-to-complete estimates and revenue recognised; - evaluating the reasonableness of forecast costs to complete by inquiring of project managers and challenging significant assumptions underpinning management's estimates; - tracing key inputs into the revenue recognition calculation to underlying support and assessing the reasonableness of these inputs, including evaluating the accuracy of costs incurred to date; and • Assessing the disclosures against the requirements of International Accounting Standards.
Investment in Phnxx (Note 17)	
The Group has an investment in Phnxx Pty Ltd of $1,340,000 (2025: $1,000,000). The investment is accounted for as fair value through the profit and loss and is classified as a Level 3 financial asset under the fair value hierarchy due to the absence of observable inputs and the reliance on significant unobservable inputs used in deriving the fair value. To support the fair value measurement, management engaged an external valuer as a management's expert to perform an independent valuation of the investment. This is a key audit matter due to the significant auditor judgement involved in assessing management's estimate of the fair value of the investment.	Our procedures included: • Obtaining an understanding of management's process for determining the fair value of the investment; • Assessing the competence, capabilities and objectivity of management's external valuation expert engaged to perform the fair value assessment; • With the assistance of our internal valuation specialists, evaluating the appropriateness of management's valuation methodology and challenging the reasonableness of significant assumptions, • Comparing key assumptions and inputs used in the valuation model to observable market or other data where available; • Performing sensitivity analyses to assess the impact of reasonably possible changes in key unobservable inputs; • Evaluating subsequent events to determine any effect on the investment; and • Assessing the adequacy of disclosures against the requirements of International and Australian Accounting Standards.

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Corporate Directory

Directors Report

Corporate Governance

Financial Statements

Notes to Financial Statements

Subsequent Events Note

Independent Auditor's Reports

Shareholder Information

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 2026 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.

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: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf.This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 31 August 2026

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Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 25 August 2026.

Unmarketable Parcels: The number of unmarketable parcel holders as at 25 August 2026 based upon a share price of $0.05 (5.0 cents) is 191 shareholders holding in aggregate 526,019 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
1-1,000	78	17,755	0.00
1,001-5,000	72	205,158	0.03
5,001-10,000	60	493,106	0.08
10,001-100,000	437	18,570,529	2.90
100,001- and over	345	620,871,034	96.99
Totals	**992**	**640,157,582**	**100.00**

	Number of holders of unquoted warrants	Number of unquoted warrants	%of unquoted warrants	Number of holders 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	-	-	-	-	-	-	-	-	-
1,001-5,000	-	-	-	-	-	-	-	-	-
5,001-10,000	-	-	-	-	-	-	-	-	-
10,001-100,000	-	-	-	-	-	-	5	145,826	100.00
100,001- and over	1	23,370,048	100.00	3	9,600,000	100.000	-	-	-
Totals	**1**	**23,370,048**	**100.00**	**3**	**9,600,000**	**100.000**	**5**	**145,826**	**100.00**

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

SHAREHOLDER INFORMATION

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	76,557,142	11.959%
CITICORP NOMINEES PTY LIMITED	52,793,929	8.247%
NORTHWEST NONFERROUS AUSTRALIA MINING PTY LTD	39,375,000	6.151%
KENSINGTON TRUST SINGAPORE LTD <MSC RETIREMENT A/C>	38,036,842	5.942%
UBS NOMINEES PTY LTD	21,718,051	3.393%
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	20,023,226	3.128%
FIRST TRUSTEE COMPANY (NZ) LIMITED <IAN ROGER MOORE A/C>	17,500,000	2.734%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,785,401	2.622%
DEAD KNICK CAPITAL PTY LTD	12,150,000	1.898%
WAC EQUITY PTY LTD <COUPER SUPERANNUATION A/C>	12,000,000	1.875%
BERNE NO 132 NOMINEES PTY LTD <791994 A/C>	10,500,000	1.640%
MR PAUL HENRI VERON & MRS JULIE ANNE VERON <DEAD KNICK S/F A/C>	10,000,000	1.562%
MR ANDREW MACBRIDE PRICE <EST JOHN AM PRICE A/C>	8,000,000	1.250%
GP SECURITIES PTY LTD	7,000,000	1.093%
WILLYAMA ASSET MANAGEMENT PTY LTD	6,905,556	1.079%
KIPBERG PTY LTD <EDP FAMILY A/C>	5,582,240	0.872%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	5,499,083	0.859%
BNP PARIBAS NOMINEES PTY LTD <BARCLAYS>	5,229,833	0.817%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	5,000,000	0.781%
LYNTER PTY LTD <HERFORT SUPER FUND A/C>	5,000,000	0.781%
Total Securities of Top 20 Holdings	**375,656,303**	**58.682%**

Unquoted equity securities

	Number on issue	**Number of holders**
Options over ordinary shares issued	9,600,000	3
Performance rights over ordinary shares issued	145,826	5
Warrants over ordinary shares issued	23,370,048	1

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

Name	**Class**	**Number held**
ALTOR CAPITAL MANAGEMENT PTY LIMITED <THE ALTOR ALTFI INCOME FUND>	Warrants, exercisable at $0.02 each, exp 29 Aug 29	23,370,048

For personal use only

Corporate Directory
Directors Report
Corporate Governance
Financial Statements
Notes to Financial Statements
Subsequent Events Note
Independent Auditor's Reports
Shareholder Information

SHAREHOLDER INFORMATION

Substantial holders

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

	Number held	Ordinary shares % of the total shares issued
Regal Partners Funds Management Pty Limited and its associates	73,199,093	11.43
SG Hiscock & Company Limited	64,212,257	10.03
Kensington Trust Singapore Ltd	42,398,496	6.62
Northwest Nonferrous Australia Mining Pty Ltd (Northwest) and its Associates	39,375,000	6.15

*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, 26 November 2026. 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 8 October 2026.

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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

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