



**Synertec Corporation Limited**  
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## ASX Announcement

5 May 2020

### Business activity and operational update

**Melbourne, Australia:** Engineering product and solution provider, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") is pleased to provide the following update on business activity, operations and corporate initiatives which have materially enhanced the Company's liquidity and capital reserves.

#### Highlights

- **Synertec's expertise and COVID-19 response is driving an increase in awards and tendering in the Company's target sectors of Critical Infrastructure, Pharmaceutical and Energy**
- **Operating cash flow enhancements of approximately \$3.0 million partly through a bank review and government support continue to fund Synertec's growth and development**
- **Synertec continues to operate debt-free**

The health, safety and wellbeing of the Company's people has always been at the core of Synertec's operating philosophy. Synertec continues to respond to the COVID-19 pandemic by implementing a range of health and safety measures designed to optimise the performance of its workforce under current conditions and meet government and client requirements.

Earlier in FY20, Synertec resolved to strengthen its IT environment and various systems to further reduce enterprise risk. This has positioned the Company well to thrive in the current rapidly evolving business environment. Synertec's ability to pivot quickly and smoothly to a fully remote workforce has established secure workflow from clients whose operations cannot be interrupted by COVID-19, such as critical water and energy infrastructure.

#### Corporate initiatives: Company remains debt-free with operating cash enhanced

Synertec is implementing several corporate initiatives which are materially enhancing the Company's liquidity and capital reserves.

Synertec's bankers undertook a review of Synertec's operations and governance processes and as a result of the negotiations \$1.5 million cash previously held as security has been returned to the Company's operating cash balance. This has been applied to working capital, prudent investment in the company's growth strategy and protection of its workforce and IP. The Company retains strong relationships with its bank and is grateful for its ongoing support.

Synertec has engaged proactively with Governments and their agencies to secure its eligibility for various business support programs. The Company has also renegotiated its tenancy agreements to reduce its occupancy expense.

Following the successful implementation of these and other initiatives, and in line with current business activity, the Company expects to substantially improve cash flow over the next year. This improved cash position will provide the Company with reserves to continue to fund Synertec's core strategic objectives.

Synertec remains debt-free and has no reporting covenants while maintaining access to a bank guarantee facility.



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## **ASX Announcement (continued)**

### **COVID-19 response driving new business activity**

Synertec is pleased to advise that the Company has recently been awarded several contract extensions, as well as new contract awards across its target sectors of Critical Infrastructure, Pharmaceutical and Energy in Australia for a combined value in excess of \$1.0 million.

These awards reflect existing clients looking to extend the scope of Synertec's involvement and leverage the Company's engineering consulting expertise. The projects reinforce Synertec's position as a leader in its target sectors.

Managing Director, Mr. Michael Carroll commented;

***“The Company’s response to the changing market conditions and agility in the way we are working with our clients, is translating to an increase in tendering and activity levels. Synertec’s long standing reputation as an expert in mitigating risks to people, assets, business and the environment is driving existing and potential clients to request Synertec’s assistance with the likes of biopharmaceutical facility design, conceptual thinking and hazardous area and functional safety consulting.”***

The Company expects that the pharmaceutical and biopharmaceutical sectors in particular will provide significant opportunities, with Australia a natural choice for global pharma investment and vaccine production given its geographical advantages and experience with therapeutic goods manufacturing technology and innovation. As a result, the Company is positioning itself to bid for project opportunities which it is anticipating may come to Australia in FY21, based on recent conceptual design work and enquiry it has received.

The imposition of travel restrictions has had minimal impact on local business development. As a result of current circumstances, the Company has intensified its strategic focus on local Australian opportunities. The Company also continues to examine opportunities for inorganic growth where the strategic merits have become increasingly clear in the current market conditions.

**-ENDS-**

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

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This ASX announcement is authorised by the Directors of Synertec Corporation Limited.

#### **About Synertec:**

Synertec Corporation Ltd (ASX: SOP) provides mission-critical engineering products and solutions to complex, high-risk and highly regulated industries. The Company targets industry segments with high barriers to entry and high client reputational risk, including Pharmaceuticals, Critical Infrastructure, Oil & Gas, Water and Defence. Synertec has delivered 24 years of growth and development as a multidisciplinary and integrated consulting business, delivering end-to-end proprietary engineering products and solutions which leverage the Company's ability to develop commercial intellectual property through innovative partnerships with a portfolio of blue-chip customers.