QUARTERLY REPORT

Period Ending 31 December 2022

FOR PUBLIC RELEASE

1 PERFORMANCE OVERVIEW

1.1 FINANCIAL PERFORMANCE

Synergy's financial performance for the period ending 31 December 2022 is presented along with the FY2022-23 Mid-Year Review (MYR).

$ Millions	Actual	MYR	Variance
Revenue	1,638.9	1,473.8	165.1
Direct costs	1,417.7	1,295.7	(122.0)
Gross Profit	**221.2**	**178.2**	**43.1**
Other income	53.0	82.8	(29.7)
Operating costs	270.4	280.5	10.1
Doubtful debt expense	17.8	15.2	(2.6)
EBITDA	**(14.0)**	**(34.8)**	**20.8**
Depreciation & amortisation	17.1	18.8	1.7
EBIT	**(31.0)**	**(53.6)**	**22.5**
Net finance costs	9.0	16.0	7.0
Share of profit of joint ventures	(0.6)	0.0	0.6
Reported NPBT / (NLBT)	**(40.6)**	**(69.6)**	**29.0**

Synergy's reported net loss before tax was $40.6 million and is $29.0 million favourable to the MYR.

The material variances underpinning this performance are:

(a) Favourable revenue of $165.1 million, predominantly the result of:

(i) higher electricity retail and wholesale sales revenue, driven by an increase of 228 GWh and 976 GWh respectively, a result of colder weather conditions during winter and changes in competitors' bidding practices a potential consequence of coal supply issues; and

(ii) a $33.0 million timing difference due to an LGC penalty refund which was budgeted to be received in February 2023, was received in November 2022.

(b) Adverse direct costs of $122.0 million, predominantly the result of:

(i) higher direct fuel costs and bilateral purchases due to higher retail sales volumes and mix of generation and power purchase agreements utilised;

(ii) higher gas utilisation has continued since June due to supply shortage of coal; and

(iii) higher renewable energy costs, primarily due to a higher quantity of certificates required, along with the LGC market price increase over MYR.

(c) Adverse other income of $29.7 million, predominantly due to timing on the receipts of subsidies.

(d) Favourable operating cost of $10.1 million, predominantly due to the timing of project related costs. Current expectation is that the variance will be realigned by year-end.

(e) Doubtful debt expense is $2.6 million adverse to the MYR. This is predominantly due to increases to the provision for doubtful debts, due to growth in overdue residential debts.

(f) Favourable depreciation of $1.7 million is predominantly due to the MYR assuming capital additions which have not occurred.

(g) Net finance costs $7.0 million favourable to the MYR, predominantly due to interest rates and the unwinding of discounts being lower than MYR.

2 CORPORATE PERFORMANCE INDICATORS

Measure	YTD Actual	Target	Variance
EBITDA ($M)*	(14.0)	178.1	(192.1)
RIFR**	3.8	5.0	1.2
Customer Engagement***	69.6%	68.2%	1.4%

* FY 2022-23 SCI. End of year target was $178.1 million.

** RIFR - recordable injury frequency rate. Revised end of year target 5.0 following adjustment of methodology to include modified duties injuries and noise induced hearing loss.

*** Customer engagement score: Percentage of customers that rate Synergy at least 9 out of 10, or 10. End of year target was 68.2%

3 COMMERCIAL IN CONFIDENCE

Commercially sensitive information was deleted in accordance with section 109(3) of the *Electricity Corporations Act 2005*.

4 SEGMENT REPORT FOR PERIOD ENDING 31 DECEMBER 2022

For management purposes, Synergy is organised into business units based on functions and activities. It has four reportable operating segments (**the Group**) detailed as follows:

(a) generation business unit (**GBU**) - manages operations involving the construction or operation of generating works (as defined in the *Electricity Industry Act 2004* section 3);

(b) wholesale business unit (**WBU**) - manages operations involving the wholesale supply of energy and related products (including pricing in respect of such acquisition or supply);

(c) retail business unit (**RBU**) - manages operations involving the pricing, sale and marketing of energy and related products to customers;

(d) corporate shared services (**CSS**) - manages operations relating to the following activities:

(i) corporate development and strategy;

(ii) accounting;

(iii) finance;

(iv) compliance and legal matters;

(v) human resources;

(vi) information technology support; and

any other operations undertaken in connection with two or more business units. CSS includes the operations of the South West Solar Development Holdings Pty Ltd and its subsidiary Synergy Renewable Energy Development Pty Ltd, which provides asset management services and vehicle management services.

The Group must present segment information under Part 2 of the *Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013* (**the Regulations**). Regulations do not require comparative information to be presented.

Inter-segment revenues are eliminated upon consolidation. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Formal arrangements exist between:

(a) WBU and RBU, whereby WBU sells energy to RBU in accordance with the Regulations; and

(b) WBU and GBU, whereby WBU compensates GBU for maintaining and making available a fleet of plants and the efficient utilisation of that plant.

31 December 2022	GBU $'000	WBU $'000	RBU $'000	CSS $'000	Eliminations $'000	Group $'000
Revenue						
External customers	5,008	237,118	1,446,152	1,879	-	1,690,157
Inter-segment	204,429	559,546	-	-	(763,975)	-
Total Revenue	**209,437**	**796,664**	**1,446,152**	**1,879**	**(763,975)**	**1,690,157**
Cost of sales	(296,310)	(569,053)	(1,316,531)	-	763,975	(1,417,919)
Operating costs	(146,937)	(4,218)	(41,347)	(77,940)	-	(270,442)
Bad Debts	-	-	(17,692)	(117)	-	(17,809)
Other income	246	90	577	2,148	(1,293)	1,768
EBITDA	**(233,564)**	**223,483**	**71,159**	**(74,030)**	**(1,293)**	**(14,245)**
Depreciation and amortisation	(13,922)	(276)	(499)	(2,382)	-	(17,079)
Finance income	-	-	-	3,866	-	3,866
Finance costs	(7,455)	(4,586)	-	(538)	-	(12,579)
Net finance costs	(7,455)	(4,586)	-	3,328	-	(8,713)
Segment profit/ (loss)	**(254,941)**	**218,621**	**70,660**	**(73,084)**	**(1,293)**	**(40,037)**
Unallocated items						
Share of profit of joint ventures and associates						(585)
Tax equivalent expense						-
Profit for the year from continuing operations						**(40,622)**

Note: The segment report is prepared based on accounting conventions under the Australian Accounting Standards. Hence, some line items may not match the summary table of financial performance on page 1, prepared on a management reporting basis.