



QUARTERLY REPORT

**Period Ending
30 September 2022**

FOR PUBLIC RELEASE

1 PERFORMANCE OVERVIEW

1.1 FINANCIAL PERFORMANCE

Synergy's financial performance for the period ending 30 September 2022 is presented along with the FY2022-23 State Budget Forecast (SBF).

\$ Millions	Actual	SBF	Variance
Revenue	846.2	764.6	81.6
Direct costs	715.9	633.6	(82.3)
Gross Profit	130.3	131.0	(0.7)
Other income	26.8	25.9	1.0
Operating costs	132.2	141.7	9.5
Doubtful debt expense	7.8	5.2	(2.6)
EBITDA	17.2	10.0	7.2
Depreciation & amortisation	8.7	16.7	7.9
EBIT	8.4	(6.7)	15.1
Net finance costs	7.0	4.2	(2.8)
Share of profit of joint ventures	(0.3)	0.3	0.6
Reported NPBT / (NLBT)	1.1	(11.2)	12.3

Synergy's reported net before tax was \$1.1 million and is \$12.3 million favourable to the SBF.

The material variances underpinning this performance are:

- (a) Favourable revenue of \$81.6 million, predominantly the result of:
 - (i) higher electricity retail sales revenue, driven by an increase of 182 GWh, primarily due to improved residential, retail sales, a result of colder weather conditions during winter and changes in competitors' bidding practices a potential consequence of coal supply issues.
- (b) Adverse direct costs of \$82.3 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;
 - (iii) higher network costs, primarily due to higher retail sales volumes and account numbers; and
 - (iv) higher renewable energy costs, primarily due to a higher quantity of certificates required, along with the LGC market price increase over budget.
- (c) Adverse other income of \$1.0 million, predominantly due to timing of recognition of project funding.
- (d) Favourable operating cost of \$9.5 million, predominantly due to the timing of project related costs.

- (e) Doubtful debt expense is \$2.6 million adverse to the SBF. This is predominantly due to seasonality of actuals with larger winter bills coming overdue versus a flat phased budget.
- (f) Favourable depreciation of \$7.9 million is predominantly due to the impact of FY22 asset impairment that was not included within SBF submission.
- (g) Net finance costs \$2.8 million adverse to the SBF, predominantly due to the unwinding of discounts.

2 CORPORATE PERFORMANCE INDICATORS

Measure	YTD Actual	Target	Variance
EBITDA (\$M)*	(17.2)	178.1	(195.3)
RIFR**	1.3	1.7	0.4
Customer Engagement***	69.2%	68.2%	1.0%

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

** RIFR - recordable injury frequency rate. End of year target was 1.7

*** 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 30 SEPTEMBER 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.

Quarterly Report: period ending 30 September 2022

30 September 2022	GBU \$'000	WBU \$'000	RBU \$'000	CSS \$'000	Eliminations \$'000	Group \$'000
Revenue						
External customers	2,669	101,471	766,913	811	-	871,864
Inter-segment	109,712	312,748	-	-	(422,460)	-
Total Revenue	112,381	414,219	766,913	811	(422,460)	871,864
Cost of sales	(153,856)	(284,114)	(700,470)	-	422,460	(715,980)
Operating costs	(73,987)	(1,726)	(21,569)	(34,959)	-	(132,241)
Bad Debts	-	-	(7,720)	(73)	-	(7,793)
Other income	115	52	575	1,105	(687)	1,160
EBITDA	(115,347)	128,431	37,729	(33,116)	(687)	17,010
Depreciation and amortisation	(7,104)	(177)	(250)	(1,211)	-	(8,742)
Finance income	-	-	-	1,629	-	1,629
Finance costs	(3,588)	(2,306)	-	(2,607)	-	(8,501)
Net finance costs	(3,588)	(2,306)	-	(978)	-	(6,872)
Segment profit/ (loss)	(126,039)	125,948	37,479	(35,305)	(687)	1,396
Unallocated items						
Share of profit of joint ventures and associates						(319)
Tax equivalent expense						-
Profit for the year from continuing operations						1,077

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.