



# **QUARTERLY REPORT**

**Period Ending  
31 December 2021**

## 1 PERFORMANCE OVERVIEW

### 1.1 FINANCIAL PERFORMANCE

Synergy's financial performance for the period ending 31 December 2021 is presented along with the FY2020-21 Mid-Year Review (MYR).

\$ Millions	Actual	MYR	Variance
Revenue	1,561.8	1,469.5	92.3
Direct costs	1,326.5	1,236.3	(90.2)
<b>Gross Profit</b>	<b>235.3</b>	<b>233.3</b>	<b>2.1</b>
Other income	73.1	53.2	19.9
Operating costs	207.5	238.3	30.8
Doubtful debt expense	16.4	10.7	(5.7)
<b>EBITDA</b>	<b>84.5</b>	<b>37.4</b>	<b>47.1</b>
Depreciation & amortisation	35.8	35.4	(0.4)
<b>EBIT</b>	<b>48.7</b>	<b>2.0</b>	<b>46.7</b>
Net finance costs	3.4	4.6	1.3
Share of profit of joint ventures	(0.4)	0.3	0.7
<b>Reported NPBT</b>	<b>44.9</b>	<b>(2.9)</b>	<b>47.8</b>

Synergy's net profit before tax is \$44.9 million and is \$47.8 million favourable to the MYR. The material results underpinning this performance are:

- (a) Favourable revenue of \$92.3 million, predominantly the result of:
  - (i) higher electricity retail sales revenue, driven by an increase of 350 GWh, largely due to improved residential retail sales, a result of both favourable weather conditions particularly in July and December, as well as outages across competitor's facilities.
- (b) Adverse direct costs of \$90.2 million, predominantly the result of:
  - (i) higher direct fuel costs and bilateral purchases, due to higher retail sales volumes and mix of power purchase agreements utilised;
  - (ii) higher network costs, primarily due to higher retail sales volumes and account numbers; and
  - (iii) higher renewable energy costs, primarily due to a higher quantity of certificates required, along with the LGC market price increase over budget.
- (c) Favourable other income of \$19.9 million, predominantly due to recognition of Big Battery Project grant and timing of WEMMR funding.
- (d) Favourable operating cost of \$30.8 million, predominantly the result of:
  - (i) timing of project and maintenance spend; and
  - (ii) reduction in outsourced customer service costs due to lower than forecast call volumes.

- (e) Doubtful debt expense is \$5.7 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) Net finance costs in line with SBF.

## 2 CORPORATE PERFORMANCE INDICATORS

Measure	YTD Actual	Target	Variance
EBITDA (\$M)*	84.5	219.7	(135.2)
RIFR**	1.85	1.90	0.05
Customer Engagement***	68.4%	68.2%	0.2%

\* FY 2021-22 SCI. End of year target is \$219.7 million.

\*\* RIFR - recordable injury frequency rate. End of year target is 1.9

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

## 3 COMMERCIAL IN CONFIDENCE

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

#### 4 SEGMENT REPORT FOR PERIOD ENDING 31 DECEMBER 2021

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 is in the business of providing asset management services and vehicle management services.

The Group is required to 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 GBU is compensated by WBU for both maintaining and making available a fleet of plant, as well as the efficient utilisation of that plant.

Quarterly Report: period ending 31 December 2021

31 December 2021	GBU \$'000	WBU \$'000	RBU \$'000	CSS \$'000	Eliminations \$'000	Group \$'000
<b>Revenue</b>						
External customers	6,339	200,492	1,411,605	-	-	1,618,436
Inter-segment	199,965	470,014	-	-	(669,978)	1
<b>Total Revenue</b>	<b>206,304</b>	<b>670,506</b>	<b>1,411,605</b>	<b>-</b>	<b>(669,978)</b>	<b>1,618,437</b>
Cost of sales	(183,293)	(591,433)	(1,221,717)	-	669,929	(1,326,514)
Operating costs	(110,509)	(3,146)	(37,638)	(56,491)	(70)	(207,854)
Impairment	-	-	(16,195)	(245)	-	(16,440)
Other income	206	-	2,152	14,125	-	16,483
<b>EBITDA</b>	<b>(87,292)</b>	<b>75,927</b>	<b>138,207</b>	<b>(42,611)</b>	<b>(119)</b>	<b>84,112</b>
Depreciation and amortisation	(25,711)	(2,330)	(1,286)	(6,479)	-	(35,806)
Finance income	-	-	-	290	-	290
Finance costs	(590)	(1,289)	-	(1,413)	-	(3,292)
Net finance costs	(590)	(1,289)	-	(1,123)	-	(3,002)
<b>Segment profit/ (loss)</b>	<b>(113,593)</b>	<b>72,308</b>	<b>136,921</b>	<b>(50,213)</b>	<b>(119)</b>	<b>45,304</b>
<b>Unallocated items</b>						
Share of profit of joint ventures and associates						(396)
Tax equivalent expense						-
<b>Profit for the year from continuing operations</b>						<b>44,908</b>

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