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Syft Technologies FY2023 Annual Report

Syft presents the FY2023 audited annual report.

Financial performance overview

Total operating revenue has decreased from \$33.8m to \$17.3m and predominantly relates to a delay in orders from our key customers. Over the period, recurring revenue grew 87% to \$8.5m. This is driven by our customer centric focus and renewal of support contracts. In the accounts, service revenue is reflected in both revenue over time and at a point in time.

Gross Margin decreased from 50% to 34%, due to a combination of product mix on a lower number of instrument sales and a greater proportion of service revenue (with a lower margin than instrument sales) making up total operating revenue for the period.

Operating expenses of \$21.5m (excluding impairment) were 29% higher than FY2022. The key drivers of this increase were: investment in our brand and lead generation, which resulted in our pipeline doubling over the year from this time last year; flow through of FY2022 hiring and product investment; and depreciation and amortisation charges. Foreign exchange losses were also up on prior year as we implemented hedge accounting during the period and some FX forward contracts were ineffective.

An impairment loss of \$2.5m was recognised during the period. This related to some uncertainty around the timing of a small number of development projects that became lower priority.

The delay in sales has meant higher than normal inventory levels (\$9.3m) which will be sold down in FY2024. There is immaterial risk of obsolescence as stock is consistently monitored throughout the period.

FY2023 annual report

Please see the attached FY2023 annual report for further detail. Note that due to the shareholder Q&A held on 17 July, and the special meeting of shareholders scheduled for 21 July, we will not be providing an additional shareholder update for the FY2023 annual report.

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About Syft

Syft Technologies Limited is a world leading provider of Selected Ion Flow Tube Mass Spectrometry (SIFT-MS) solutions. Revolutionizing the trace analysis world, Syft's instruments enable the rapid, targeted and comprehensive analysis of compounds in air to a parts-per-trillion level. Syft's technology is used in industries including semiconductor, biomedical, pharmaceutical, automotive, environmental, food and flavour and air quality monitoring. Head office is based in Christchurch, Syft trades on New Zealand's Unlisted Securities Exchange (USX: SYF). Further information is available at syft.com.