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10 July 2024

Syft Technologies Market Update

Syft Technologies is providing an update on recent business performance and future plans.

Full FY24 results will be released in late July. Today we are announcing our preliminary, unaudited results showing revenues increased by 50% to $26.2m, with EBITDA of ($4.2m).

The first half of last financial year saw a continuation of the lack of investment by our major customers as we sought to diversify revenues and prepare for the launch of products into the Life Sciences market. Actions were taken to reduce cost, and a capital raise by way of a convertible note was issued and subsequently converted to equity by all noteholders. By means of post FY24 year-end subsequent information, Syft has been EBITDA positive the last 9 months to date, ending 30 June 2024.

Annuity revenues (service contracts and rental agreements) have continued to grow and in FY24 represented close to 40% of revenue at >$10m.

Against a backdrop of a slow market for instrumentation companies, as noted by nearly all public peers, FY25 has started positively with strong orders in Q1 ending 30 June, and with a solid pipeline for the year. Approximately 50% of the instrument pipeline is in semiconductor, and 50% is in Environmental and Air Quality and Life Sciences, demonstrating the ongoing diversification of revenue.

As previously disclosed, our previous CEO, Alex Fala, provided ample notice and resigned in April for personal reasons; Board Chair, Al Monro, stepped in as Acting CEO while a search is undertaken for a new CEO. A new VP Sales North America and Europe, Gary Williams (https://www.linkedin.com/in/garywilliams49/), has joined effective July 1; he is a highly experienced mass spectrometry sales executive and will lead all direct and indirect channels in these vital geographies.

While the sales pipeline remains strong and the aforementioned business behaviour is favourable, there are timing issues with the conversion of these opportunities into revenue and cash receipts. A number of large orders are in late-stage procurement processes or under Government tenders, creating uneven revenue and a projected transitory cash shortfall in the August-October timeframe. As a result, today we are prudently announcing a rights issue to raise an additional $8m at a price of 10c per ordinary share, consistent with the recent USX trading price but substantially below the Board’s view regarding company valuation. This opinion is supported by an independent valuation report prepared in association with the proposed rights issue, and which shall accompany the subscription documents.

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Syft's major shareholders have continued to be highly supportive, have indicated their support for the rights issue, and the equity raise is conditional upon shareholder approval. The rights issue will be open to participation from all shareholders who are eligible to invest. The detailed terms will be announced in coming days.

While a capital raise is necessary at this time, the Board and management remain confident and excited by the future prospects, and pledge to properly scale the company's cost basis against realizable revenue levels. The semi-conductor market is going through major change as a result of geo-political frictions, and regulations in the Environmental and Air Quality, and Life Sciences, markets are continuing to create new opportunities for our technologies. The search for a new CEO will be intensified when the Capital Raise is completed.

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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, energy, life sciences, environmental, consumer products, laboratory and research, security and air quality monitoring. Based in Christchurch, Syft trades on New Zealand's Unlisted Securities Exchange (USX: SYF). Further information is available at syft.com.